

Minutes

Board meeting	Public session
Date	25 March 2025
Venue	Watercare House, Level 4 Boardroom, 73 Remuera Rd, Remuera and via Microsoft Teams
Time	9:43am

Attendance		
Board of Directors	Watercare staff	Guests
Geoff Hunt (Chair) Julian Smith Frederik Cornu Andrew Clark Karen Sherry John Crawford	Dave Chambers (Chief Executive) Jamie Sinclair (Deputy Chief Executive) (incoming Chief Executive) Mark Bourne (Chief Operations Officer) Shayne Cunis (Chief Programme Delivery Officer) Richie Waiwai (Tumuaki Rautaki ā-lwi me ngā Hononga) Sarah Phillips (Chief People Officer) Angela Neeson (Chief Financial Officer) Priyan Perera (Chief Strategy and Planning Officer) Emma McBride (Head of Legal and Governance) Pinaz Pithadia (Legal and Governance Advisor) Via Microsoft Teams Tracey Carter (Legal and Governance Business Partner) (from item 6)	Members from Auckland Council Trudi Fava (Principal Advisor, CCO Governance & External Partnerships) Members from Commerce Commission Charlotte Reed, Water Implementation Director (from item 6) (via Microsoft Teams)

1.	Opening karakia Andrew Clark opened the meeting with a karakia.
2.	Apologies Apologies were received from Graham Darlow and Councillor Ken Turner.
3.	Quorum Six directors were present at the meeting, so a quorum was established.
4.	Declaration of any conflicts of interest Andrew Clark noted his usual conflict of interest when it comes to tax issues, as he is the CFO of Ports of Auckland Limited. No other conflicts of interest were noted.
5.	Minutes of the previous Board meeting of 26 February 2025 <i>The Board resolved that the minutes of the public session of the Board meeting held on 26 February 2025 be confirmed as true and correct.</i>
6.	Public deputations There were no public deputations.
7.	Health, safety, and wellness update Jamie Sinclair took the report as read. The following key points were made: <ul style="list-style-type: none"> • In terms of resourcing within the HSW team, two safety leads have been appointed. • There is a focus on improving the performance of HSW metrics. An analysis of open iCare cases is provided in the report which indicates that the large number of cases can be closed shortly. • Next month's HSW report will include an update on our contractors' performance, and requested that this explain why TRIFR remains high. • The Board requested that the critical risk incidents and close calls include details of the previous months' results so trends can be easily seen. • Regarding the close call event involving the switchboard, the Board was not comfortable with the actions taken and noted that this was a fundamental failure of the system. They asked management to consider seeking an external investigation into this close call. • The Board recommended that more "safety mangers" inspect the sites regularly as this can help reduce events such as this. • The Board requested a detailed update on the lead indicators, including the critical risk inspections, including what is required to drive compliance as some of these numbers seem low. (page 13 of the pack).

	<i>The Board noted the report.</i>
8.	<p>Review of Watercare’s Business Plan</p> <p>The CE introduced the report. The following key points were made:</p> <ul style="list-style-type: none"> • The Business Plan was under development since last 2024. The Board and Capital Finance Committee (CFC) have previously reviewed the draft at various occasions. The Business Plan responds to the Watercare Charter and sets out how Watercare will respond to external challenges and deliver on business priorities over the 10-year period from 1 July 2024 to 30 June 2034. • Only a few changes have been made since the Board last saw the draft – on page 106 of the pack, the amount of Civil Defence Emergency Management Act discretionary funding has been changed from \$76m to \$55m. Given financial independence, \$55m is now a standalone number for Watercare. • To launch the Business Plan publicly, Management has completed around eight media interviews which are embargoed until tomorrow. <p><i>The Board approved the Watercare Business Plan.</i></p>
9.	<p>Review of Capital Finance Committee Terms of Reference</p> <p>Julian Smith and Jamie Sinclair introduced the report. The following key points were made:</p> <ul style="list-style-type: none"> • The Terms of Reference (ToR) was approved by the Board in July 2024 when the CFC was established. • Since then, the main activities of the CFC have evolved and the ToR are therefore being refreshed. • The long-term future of the CFC will be considered by the Board in next three-four months when it is likely to be wound up, and capital finance decisions become the responsibility of management. <p><i>The Board approved the updated Terms of Reference of Capital Finance Committee.</i></p>
10.	<p>Chief Executive’s report.</p> <p>The CE introduced the report, which was taken as read. The following key points were made.</p> <p>Operations</p> <ul style="list-style-type: none"> • Mark Bourne was on TV3 news yesterday where he spoke about dam levels in Auckland (currently 61.7%). • Since the drought in 2020, our modelling has been updated to assess the potential impact of climate change as a result of the ongoing dry weather. Mark noted that we seem to be moving into a period of change where history is not a good indicator of the future. • Rainfall for December 2024 to February 2025 was below normal. In March 2025, we had 33ml of rainfall in the catchment and no more rainfall is predicated in March. • The 7-day rolling average was 495MLD in early March and has fallen slightly to 471MLD as at today, but yesterday alone was 496MLD which is a very high level of usage. We are also observing water demand daily.

	<ul style="list-style-type: none"> • A cross-functional drought management incident team has been stood up being, led by Sharon Danks, Head of Water. We are pulling all three levers available to us, namely: <ul style="list-style-type: none"> ○ Demand Management – reducing demand via our “Easy Does It” campaign ○ Utilising non-stored water (eg. maximising the production at Waikato Treatment Plants – currently around 185MLD, and will move to 200MLD, and once planned maintenance is complete, 225MLD), ○ Network efficiency to reduce waste (eg. reducing the number of leaks) and using non-potable water supply where we can (eg. for flushing sewers). • There was a robust discussion around the operational costs associated with the water production from Waikato River. Angela Neeson noted that at the 16 April 2025 Capital Finance Committee meeting, an update on FY26 budget and the impact on revenue due to use of the Waikato River will be provided to Board members for discussion. • The Economic Level of Leakage target (page 153 of the pack) was updated 12 months ago to be at 98.2 (l/c/d) for FY25. The Charter includes a leakage target of ≤140 (l/c/d) (for FY25). <p>Key Performance Measures (KPIs)</p> <ul style="list-style-type: none"> • Debt to revenue ratio is very close to the cap of 400%, but we will not be asking Council for additional cash this year. • The trust score represents the direct and indirect messaging we have had with the customers. While it has dropped slightly, we know that the best way to lift this is to ensure that we communicate well with our customers. <p>Our people</p> <ul style="list-style-type: none"> • Our engagement “pulse” survey closed in mid-March 2025. Overall, the score has improved slightly from 7.7 in November 2024 to 7.8 in March 2025 which is an encouraging result. The participation rate also increased compared to last survey. The next full survey will be in June 2025. <p>Programme delivery</p> <ul style="list-style-type: none"> • The switch on event for the southern half of Central Interceptor tunnel was held on 14 February 2025. • The Snells Wastewater Treatment Plant (WWTP) completion remains on track for end of September 2025. • The completion of the Judges Bay wastewater upgrade remains on track for end of May 2025. • AT has made changes to traffic management rules for the projects, which could make work more challenging. <p><i>The Board noted the report.</i></p>
11.	<p>Capital Finance Committee meetings update</p> <p>Julian Smith, the Capital Finance Committee (CFC) Chair advised that the CFC met on 5 March and 20 March 2025 and noted the following progress:</p> <ul style="list-style-type: none"> • We are now at the execution phase of the bank debt request for proposal (RFP) and the bond programme preparatory work is underway. • From funding perspective, we now have more flexibility in our funding model which allows the team more options. This maturity puts Watercare in a good position.

	<ul style="list-style-type: none"> • The Board noted that the Asset Management Plan is comprehensive, and it should be monitored by an inhouse regulatory economist. Angela Neeson confirmed that the recruitment is underway including other resources we may require in light of the Watercare Charter. • At the Board only session, held earlier today, the Board discussed how they can share their experience from working in regulatory environments, which can be used as potential lessons learnt for Watercare. Chris Dew (Capital Raising Programme Manager) will reach out to the Board to schedule a focus session with Board members that have regulatory experience.
12.	<p>Board Planner</p> <p>The CE noted that the draft agenda for 12 May 2025 Board Strategy Day was discussed at the Board/CE only session earlier today and a final version would be circulated to the Board shortly.</p> <p><i>The Board noted the Board planner.</i></p>
13.	<p>Directors' appointment terms, committee memberships and meeting attendance</p> <p><i>The Board noted the report.</i></p>
14.	<p>Disclosure of Directors' and Executives' interests</p> <p><i>The Board noted the report.</i></p>
15.	<p>General business</p> <p>The public session closed at 10:30am.</p>

CERTIFIED AS A TRUE AND CORRECT RECORD

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Geoff Hunt, Chair