

Minutes

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| Board meeting | Public session |
| Date | 27 May 2025 |
| Venue | Watercare House, Level 4 Boardroom, 73 Remuera Rd, Remuera and via Microsoft Teams |
| Time | 10:05am |

| Attendance | | |
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| Board of Directors | Watercare staff | Guests |
| Geoff Hunt (Chair) Julian Smith Frederik Cornu Andrew Clark John Crawford Graham Darlow Karen Sherry | Dave Chambers (Chief Executive) Jamie Sinclair (Incoming Chief Executive) Mark Bourne (Chief Operations Officer) Richie Waiwai (Tumuaki Rautaki ā-Iwi me ngā Hononga) Meg Wiltshire (Chief Corporate Affairs Officer) Sarah Phillips (Chief People Officer) Tere Ryan (Security Co-ordinator) Priyan Perera (Chief Strategy and Planning Officer) (from item 9 until the end) Andrew Mercer (Head of Health, Safety and Wellbeing) (from the start until the end of item 7) Michael Webster (Head of Business Performance) Emma McBride (Head of Legal and Governance) Via Microsoft Teams Tracey Carter (Legal and Governance Business Partner) | Members of the public Derek Manning, Chartered Civil Engineer and Watercare customer Members from Auckland Council Trudi Fava (Principal Advisor, CCO Governance & External Partnerships) (from second half of item 7 to end) (via Microsoft Teams) |

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| 1. | Opening karakia Graham Darlow opened the meeting with a karakia. |
| 2. | Apologies Councillor Ken Turner sent his apologies for the public session and the Commerce Commission sent their apologies for both the public and confidential sessions. |
| 3. | Quorum All 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 29 April 2025 <i>The board resolved that the minutes of the public session of the Board meeting held on 29 April 2025 be confirmed as true and correct.</i> |
| 6. | Public deputations There were no public deputations. |
| 7. | Health, safety, and wellness update Andrew Mercer presented the report which was taken as read. The following key points were made: <i>Review of leadership and kaimahi engagement</i> <ul style="list-style-type: none"> • April had several public holidays, which contributed to slightly lower engagement from leaders due to staff absences. However, overall participation remained strong, and there were few incidents of concern reported. • In response to a question regarding the safety induction completion rate, Andrew explained that at the time the report was run, 1-2% of staff – equating to 15 people out of 1,357 staff, had not yet completed their safety induction. Since then, this number has reduced. • In relation the safety leadership in action training, the CE noted that this had now been brought in-house to provide greater flexibility in scheduling. |

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| | <p><i>Details of events with very/high potential of harm</i></p> <ul style="list-style-type: none"> • The board recently visited Ardmore Water Treatment Plant (WTP), where they viewed the storage and chlorination systems and discussed the grave consequences of failure. • The chemical spill at the Waikato WTP (Tuakau) involved aluminium sulphate, which is an irritant and not as dangerous as chlorine. The spill was fully contained within the chemical bund, as designed. This was a minor operational issue with low consequence. The team were well trained to respond to the spill. • The incident involving a bleach spray bottle caused a splash back onto the technician's safety glasses. No injury occurred. • The CE highlighted Watercare's strong reporting culture, ensuring even minor events are recorded. • The board raised concerns about a dog-related incident, involving two field technicians and enquired if dog safety training is provided. Andrew stated that lab and field staff are most exposed to the risk and dog safety training is available, but it is not mandatory. <p><i>Risk management and insight into the permit audits</i></p> <ul style="list-style-type: none"> • The board acknowledged the permit audit results continue to show strong performance. • The board expressed concern at there being over 900 open items in iCare and encouraged management to reduce this number. • The board noted that TRIFR is trending down, which is positive. <p><i>The board noted the report.</i></p> |
| 8. | <p>Disestablishment of Capital Finance Committee and establishment of Economic Regulation Committee</p> <p>The CE introduced the report. The following key points were made:</p> <ul style="list-style-type: none"> • The Capital Finance Committee (CFC) has achieved its purpose and will be formally disestablished. A new Economic Regulation Committee (ERC) will be established, chaired by Julian Smith. • The first ERC meeting will be on 17 June 2025. • Julian Smith noted there are some minor edits to the Terms of Reference (ToR). The most substantive is that the CFC ToR included external specialists from Auckland Council and an Independent Committee Advisor (Jim Reardon). The ERC will not require this kind of support. • The Commerce Commission has advised they will not attend ERC meetings or require the papers. <p><i>The board approved: the disestablishment of the Capital Finance Committee; the establishment of the Economic Regulation Committee (ERC); the ERC's Terms of Reference; and the appointment of Julian Smith (Committee Chair), Geoff Hunt, John Crawford, and Rukumoana Schaafhausen as members of the ERC.</i></p> |
| 9. | <p>Chief Executive's report.</p> <p>The CE introduced the report, which was taken as read. The following key points were made.</p> |

Key Performance Measures

- In response to questioning about our education programmes, Management explained that we know our short-term education campaigns lead to noticeable moderation in usage. However, it is difficult to measure the impact of education programmes over a longer period of time and whether these result in greater water efficiency. Over the long term, we can correlate per capita consumption trends with major events. For example, the global financial crisis (GFC) caused an obvious reduction in water usage. Management will provide an update on the long-term trend analysis to show where reductions have occurred and what they correlate to.
- It was noted that weather, particularly days exceeding 25°C, is a significant driver of increased water use.
- We have not met the community trust score target. A decline in trust during Q1 and Q2 of FY25 has impacted the 12-month rolling average. While trust has begun to stabilise in recent months, there have been some dips in response to announcements about our price increases.
- In response to questioning from the board, it was explained that the community trust score is influenced by several factors, including perceptions of price and affordability. While the recent business plan received positive coverage, the required price increases for infrastructure funding have led to a dip in trust.
- On the education front, we have taken a more intentional approach with our water use campaigns. While people often resist being told what to do, there is a growing awareness among customers of the city's water needs, and this sentiment has been captured in our engagement.
- Meg Wiltshire will report back to the board with a deep dive into the drivers behind the trust score.
- The board noted that building trust in utilities is challenging, and that confident, clear communication is crucial. The board's observation is that Watercare's cautious approach has limited impact and expressed interest in testing a more direct stance. For example, clearly stating, "We are limiting growth in this region due to specific concerns; it's unfortunate but necessary," could help improve trust and public understanding.

Customers

- We engaged residents on population growth, ageing infrastructure, and climate change to shape the Metropolitan Servicing Strategy.

Partnerships

- A Kōtuitanga agreement will be signed by Ngāti Whatua CEO Mārama Royal and Watercare's board Chair on the principles of partnership. The Kōtuitanga agreement is a high-level relationship document.

People

- In April, we held a health and safety deep dive workshop for our senior leaders, focusing on the recent Ports of Auckland prosecution. This was led by an external facilitator and expert witness from the trial. The session highlighted critical risk management and safety leadership. The insights gained will inform and strengthen our ongoing health and safety strategy.
- The Workday HR software project remains on track for an end of July launch.
- There has been an increase in FTEs due to a lower number of leavers for the month compared to previous months.
- Watercare conducts engagement surveys twice a year, with the next one scheduled for 3 June 2025. Results will be reported back to the board. Scores are usually around 7/10.

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| | <ul style="list-style-type: none"> • The board recalled the HSE Global review conducted at the end of 2023. The reviewer highlighted that Watercare employees show exceptionally high intrinsic motivation—among the highest they had seen—comparable to St Johns Ambulance. • The board was pleased to see that Dam Safety Manger, Shreesh Basnyat, attended the CEATI conference to present on manging Auckland’s high-risk dams and lessons from recent extreme events. <p>Operations</p> <ul style="list-style-type: none"> • Dam storage levels are 70.2% boosted by 50mm of recent rainfall in the southern catchment, sitting about 3% below the historical average. • April rainfall was well above normal (188% Hūnua, 193% Waitākere), bringing the year-to-date total to 85-90% of average. • With storage above the drought preparation threshold, the Level 2 drought incident has been closed. • Normal to above-normal rainfall is forecast for the next three months. • Auckland Council plans a 1080 operation in the Hūnua catchments in July, with mitigation plans ready. • A Level 3 incident was declared recently after a failure caused a wastewater overflow at Hobbs Bay Wastewater Pump Station. The incident occurred on the weekend, and the station was returned to service by Sunday morning, with environmental monitoring ongoing. • The station’s low-lying location in a depression causes inflow to exceed outflow during large storms. The station was originally built by Rodney District Council, and it would not meet current engineering standards. Our short-term fixes include relocating electrical equipment and adding a pump bypass. Longer term plans involve replacing several pump stations as part of Army Bay wastewater expansion. <p>Programme delivery</p> <ul style="list-style-type: none"> • The Traffic Management Plans for works on Mayoral Drive is advancing, with Auckland Transport approving Mayoral Drive traffic permits. The board requested an update on these works and the changes made to the Temporary Traffic Management approval. • The Branch 3B Judges Bay project is complete, and the pump was turned on yesterday. In the next couple of weeks there will be water quality testing so that the Safeswim black flag can be removed. • The board expressed their disappointment regarding the further delays to the Snells Beach Wastewater Treatment Plant (WWTP) project and cautioned against compressing the commissioning phase as this can be risky. <p><i>The board noted the report.</i></p> |
| 10. | <p>Audit and Risk Committee meeting update</p> <p>Andrew Clark, Chair of the Audit and Risk Committee (ARC) advised that the ARC met on 21 May 2025 and the meeting covered the following:</p> <ul style="list-style-type: none"> • The ARC reviewed various matters which have been included in today’s confidential pack. • The ARC discussed critical water supply assets and single points of failure. The ARC asked management to ensure they were talking with other utilities, such as Waka Kotahi and Auckland Trasport, so that we are all prepared in the event of a failure and, if necessary, have a specific Business Continuity Plan in place. • The year end preparations with Deloitte have been very positive. There is uncertainty around timing of Bill 3 and some of the levels of disclosure. Management will manage this by ensuring we “over disclose”. |

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| | <ul style="list-style-type: none"> • Deloitte has urged us to start working on the statement of service performance early. • The ARC queried whether they will need the 28 August meeting. It remains in the diary as a placeholder. • Insurance renewals are on track for an out of cycle board approval on 11 June 2025. • The ARC reviewed three policies which will be recommended to the board for approval in June. |
| 11. | <p>Capital Finance Committee meeting update</p> <p>Julian Smith, Chair of the Capital Finance Committee (CFC), advised that the CFC met on 21 May 2025 and the meeting covered the following:</p> <ul style="list-style-type: none"> • This was the final CFC meeting. The minutes will be tabled at the Board meeting in June for approval. • Outstanding progress has been made with the bank debt facilities which will be executed on 6 June. • The syndication programme is materially oversubscribed and in excellent shape. • Watercare has reduced its capital cost by \$24 million. The benefit was generated by the executive working with our partners and is an outstanding result. • The focus is now moving to the debt capital programme (bonds), which is likely to occur in October and be New Zealand based. • There has been discussion regarding director oversight on the Due Diligence Committee, but a decision has been made that no director oversight is required. • Law firm, Mayne Wetherell, has been appointed specifically for the debt capital programme. • Jim Reardon is transiting to the Treasury Management Committee and in time he will pass the reigns to another external treasury expert who is an ex ASB executive. • The CFC Chair noted that the team must have a celebration to recognise how hard the team have worked on this large capital raise. <p><i>The board noted the report.</i></p> |
| 12. | <p>Board Planner</p> <ul style="list-style-type: none"> • The next board meeting will be a one-hour insurance renewal meeting on 11 June 2025. • Karen Sherry will be an apology for the August Board meeting. <p><i>The board noted the Board planner.</i></p> |
| 13. | <p>Directors' appointment terms, committee memberships and meeting attendances</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> |

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| 15. | General business The public session closed at 10:42am. |
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CERTIFIED AS A TRUE AND CORRECT RECORD

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Geoff Hunt, Chair