

Minutes

Board meeting	Public session
Date	29 April 2025
Venue	Watercare House, Level 4 Boardroom, 73 Remuera Rd, Remuera and via Microsoft Teams
Time	10:05am

Attendance		
Board of Directors	Watercare staff	Guests
Geoff Hunt (Chair) Julian Smith Frederik Cornu Andrew Clark John Crawford Graham Darlow Via Microsoft Teams Karen Sherry	Dave Chambers (Chief Executive) Mark Bourne (Chief Operations Officer) Shayne Cunis (Chief Programme Delivery Officer) Richie Waiwai (Tumuaki Rautaki ā-Iwi me ngā Hononga) Angela Neeson (Chief Financial Officer) Meg Wiltshire (Chief Corporate Affairs Officer) Priyan Perera (Chief Strategy and Planning Officer) Tuan Hawke (Head of Operations Performance) (from second half of item 7 until the end of item 9) Shreesh Basnyat (Dam Safety Manager) (from second half of item 7 until the end of item 9) Andrew Mercer (Head of Health, Safety and Wellbeing) (from the start until the end of item 7) Darren Cadman (Head of Commercial Customer) Emma McBride (Head of Legal and Governance) Via Microsoft Teams Pinaz Pithadia (Legal and Governance Advisor) Tracey Carter (Legal and Governance Business Partner)	Members from Auckland Council Councillor Ken Turner (Watercare's Lead Councillor) Trudi Fava (Principal Advisor, CCO Governance & External Partnerships) (from second half of item 7) (via Microsoft Teams) Members from Commerce Commission Charlotte Reed, Water Implementation Director (from second half of item 7) (via Microsoft Teams) Members from the public Eric Duggan, Managing Director, Auckland Private Laundry Limited (from start until the end of item 6) (via Microsoft Teams)

1.	Opening karakia Frederik Cornu opened the meeting with a karakia.
2.	Apologies There were no apologies.
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 25 March 2025 <i>The board resolved that the minutes of the public session of the Board meeting held on 25 March 2025 be confirmed as true and correct.</i>
6.	Public deputations Mr Eric Duggan, Managing Director of Auckland Private Laundry Limited, attended the Board meeting. Mr Duggan made the following key points: <ul style="list-style-type: none"> • Auckland Private Laundry Limited manages a small-medium sized commercial laundry in Auckland that services private hospitals, schools and three international airlines. • Auckland Private Laundry is dedicated to protecting the environment. Overall, they have a good set up with infrastructure that ensures the PH level entering the wastewater network is at the required levels. • Managing the business has been tricky post covid-19 and past three years have been tough. The increase in Infrastructure Growth Charges (IGCs) by Watercare has put more pressure on their business. • Mr Duggan noted that the NZ Government is keen to promote business development in New Zealand especially for small to medium sized enterprises. Other countries, such as Denmark, offer incentives for businesses to invest in water saving initiatives. However, in Auckland, once an IGC is paid, there is no incentive to further invest in water saving technology as there is no IGC rebate if the business starts using less water. • Additionally, if the business grows and moves to a bigger premises, they may still need to pay IGCs again as the IGCs sit with the property and are not owned by the tenant. The Chair thanked Mr Duggan for his presentation and noted that Watercare is now economically regulated. Under our Watercare Charter, we need to review the way Watercare charges IGCs. When we undertake this review, Mr Duggan's feedback will be taken into account.

	<p>The Chair advised Mr Duggan that a formal response would be sent to him from the board within seven days.</p> <p>Mr Duggan thanked the board for providing an opportunity to present at the meeting.</p>
7.	<p>Health, safety, and wellness update</p> <p>Andrew Mercer presented the report which was taken as read. The following key points were made:</p> <ul style="list-style-type: none"> • Craig Marriott from Craig Marriott Consulting will be attending a bimonthly leadership hui for Tier 2 and 3 leaders tomorrow. The session will review Watercare’s responsibilities in light of the decision in the Gibson/Ports of Auckland case. • There was a detailed discussion regarding the event involving a contractor, who was injured while performing vertical cuts with a concrete saw. Shayne Cunis explained that this incident was due to inadequate planning. Our investigation suggests that while this task was a five-minute job, the works should have been stopped and properly planned before starting. The injured worker was also wearing a scarf that was loose and not official PPE. Worksafe was notified 1.5 days after the event. A review of this incident was undertaken with the contractor and they have been put on notice regarding this incident. We have shared the key learnings with our teams via a safety alert. • The high potential event where a piece of pallet timber fell on to the hard hat of a contractor involved in removing the steel wrapping from the liner for Stage 2 works of Ōrākei Main Sewer. <p><i>Review of safety performance of contractors</i></p> <p>There was a robust discussion regarding the safety performance of contractors. The following key points were made:</p> <ul style="list-style-type: none"> • In the past, the Total Recordable Injury Frequency Rate (TRIFR) was viewed as the primary measure of contractor performance. However, industry wide, TRIFR is no longer considered a reliable measure of performance. • The board expressed their concerns regarding the contractors’ performance at Watercare sites and wish to know why their performance appears to be worse on Watercare sites compared to other sites. In the future, the board wishes to see better information regarding the incidents involving our contractors, including their safety record in general as a company, compared with their safety record on Watercare sites. The challenge, however, will be obtaining a consistent set of data across a number of different contractors. • Our senior managers (Shayne Cunis and Suzanne Lucas) meet with the leaders of our major contractors regularly to discuss safety and lead indicators. • The board noted that they were concerned with the contractors who had repeat incidents and noted they were supportive of standing down contractors for repeat safety breaches, and if necessary, cease using those contractors in the future. • Shayne Cunis noted that we have stood down contractors in the past. However, we prefer that they stand themselves down as that shows they too know there is an issue and drives culture change. • The board discussed whether penalties would assist, however, it was acknowledged that this drives bad behaviour and false reporting. • The board acknowledged that there was a culture in the business to improve the safety of contractors and encouraged Management to continue their works on this. The CE confirmed that some of the improvements suggested by the board today have been completed or underway. These include restructuring the HSW team which will improve the capabilities of the team. The focus is now on leadership engagement and critical risks control work being led by the HSW team and the programme delivery team.

	<i>The board noted the report.</i>
8.	<p>Review of Corporate Governance Charter</p> <p>The Chair introduced the report. The following key points were made:</p> <ul style="list-style-type: none"> • The board asked Management whether the section on strategy should be amended to include the role of a Crown Monitor. • The board noted that Watercare is now regulated by a Crown Monitor and whether this will require any amendments in the clause 11.4 of the Constitution. • Trudi Fava noted that the Council anticipated changes to be made to the Constitution in light of the Watercare Charter. However, they were waiting for Bill 3 to pass first, before amending the Watercare Constitution. <p>The Board asked Management to review the Charter again in light of the discussion held and present the amended version for Board's review in due course.</p>
9.	<p>Dam safety at Watercare</p> <p>Mark Bourne introduced Tuan Hawke and Shreesh Basnyat to the meeting. The following key points were made:</p> <ul style="list-style-type: none"> • Watercare manages 89 dams in its portfolio, including 19 owned by Waikato District Council. These range from large, High Potential Impact Classification (PIC) water storage dams to Low PIC wastewater oxidation ponds that are part of the wastewater treatment process. Watercare's portfolio of dams also includes attenuation and stormwater ponds. • Watercare's dam portfolio includes eleven High PIC Dams, five Medium PIC, and seventy-three Low PIC Dams. • Watercare has one of the largest portfolios of high PIC dams in New Zealand. • Watercare's dam safety assurance programme is overseen by the Dam Safety team and Headworks team, supported by other multiple business units. • Watercare has Emergency Preparedness Plans (EPPs) in place for all Medium and High PIC dams. The EPP includes a generic procedure and procedures specific for each dam site. The EPPs are prepared in consultation with the regional Civil Defence Group and Emergency Services. • The dam surveillance and monitoring programme uses various data sets and instruments to evaluate and monitor any abnormal trend, event, or issue as it develops. The aim is to have an early identification of any abnormal behaviour. Both instruments review and visual inspections are undertaken on each dam. • New Zealand's dam safety guidelines have recently been updated in light of the Christchurch and Kaikoura earthquakes and lessons learnt locally and internationally from incidents and emergencies. • The company, Dam Safety Intelligence, are Watercare's Technical Advisors and assists us with the monitoring of our dams. In the future, the main things impacting the future management of our dams will be: climate change; seismic changes; and aging infrastructure. To continuously improve, we are always seeking new data, learning lessons from the industry, globally, and lessons learnt from the industry and the use of technology advancements. • The board asked whether Watercare is using the satellite tools to see the physical changes as well as the GIS technology. Shreesh explained that while we trialled satellite technology a few years ago, it was decided that you can't use satellite technology alone and still need on-the-ground instrumentation and visual monitoring. Additional resources were required to analyse satellite technology data which was determined to be better utilised with established surveillance procedures.

	<ul style="list-style-type: none"> • The company Dam Safety Intelligence undertakes a yearly review of the performance of our dams which includes visual site inspections, however, there are ongoing monitoring and investigations in a manner commensurate with the potential adverse impacts posed by the facilities. • In response to a question from Councillor Ken Turner, Mark Bourne noted that Watercare must reapply for the consents to take water from the dams when they expire, typically after 35 years. It was also noted that the dam itself was designated and that designations remained active as long as it remains in the Unitary Plan. Whereas the construction and ongoing monitoring is controlled by the Building Act. • In response to a questioning from a board member, Shreesh noted that the high PIC dams have spillways designed for probable maximum flood events. We monitor the amount of water that the dam holds and amount of water it spills. During the 2023 Auckland Anniversary Floods, the dams were 100% full and they spilled. However, the dams' infrastructure was not at risk as the spillways operated as designed and the dams performed well. There was some flooding downstream of our dams, but this related to environmental factors and was not as a direct result of our dams. Inundation maps are public and hazards are noted on the property file managed by Auckland Council. Our highest risk dam is Rosedale as this has the most people living downstream. Around 400-500 people live downstream of a few of our Hūnua Dams • Shreesh noted he regularly meets with his managers to ensure that the team has sufficient resources to manage the dam safety assurance programme. • The CE noted that while the 10-year Business Plan does not include significant dam investment over the next 10 years, our dams will require further capital investment in the decades following that. <p><i>The board noted the presentation.</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><i>March 2025 update</i></p> <ul style="list-style-type: none"> • The Watercare Charter was enacted into law in March. Our journey to achieve financial independence is progressing well which included the signing of financial documents by Geoff and Angela recently, as well as our credit rating announcement by Moody's. • The announcement of Jamie Sinclair as a new chief executive has been received well by both staff and the industry. <p><i>Key Performance Measures (KPIs)</i></p> <ul style="list-style-type: none"> • Item 33 on page 51 of the pack includes our March 2025 performance on ratio of procurement sourced through Māori owned businesses. Our total spend for FY25 as at March was \$26.11m and at the same time in FY24, our spend was \$20.64m. While we are not meeting the FY25 target of 5%, we are continuing to increase our spend with Māori suppliers. <p><i>Customers</i></p> <ul style="list-style-type: none"> • Our <i>Trusted to Deliver</i> communication plan, which launched the Business Plan, was well received. We had 271 pieces of media coverage – record high for proactive coverage for Watercare. • Trust results have also risen which appears to be due to better service-related performance such as leak management and meter reads.

	<p><i>Our people</i></p> <ul style="list-style-type: none"> • There is a programme in place to monitor contractor numbers. We have noticed a continuous decrease in the number of contractors. • The board requested details on the average number of sick days per person, as well as data on sick leave per department (page 60 of the pack). <p><i>Operations</i></p> <ul style="list-style-type: none"> • Currently, the storage levels are 64.7% which is 3% above the preparing for drought level in the Drought Management Plan and 7% below average for this time of year. There has been significant rain in April, which means we are no longer preparing for drought. • Residual disinfection compliance was achieved for all distribution zones except for the Auckland zone due to one sample with less than 0.1 mg/L chlorine. The operations improvements were put in place and the zone is now compliant. • Jamie Sinclair and Dave Chambers met with the CE of Taumata Arowai to discuss two measures: residual disinfection and sampling errors (which despite being sampling errors, still result in a breach even though there is no danger to the public). We have encouraged Taumata Arowai to review the rules around these measures when there is no risk to public health. <p><i>Programme delivery</i></p> <ul style="list-style-type: none"> • The Traffic Management Plans for works on Mayoral Drive have been rejected. We are continuing to work with Auckland Transport regarding this. This may have an adverse effect on cost of the works. The board asked for an update on the additional costs incurred for traffic management in due course. • Watercare is taking the opportunity to prepare for future water and wastewater pipelines to be installed across the Penlink bridge, through engagement with the Waka Kotahi NZTA Alliance. The aim is to avoid the issues we have had on other bridges that are unable to accommodate pipelines. <p><i>Matters for noting</i></p> <ul style="list-style-type: none"> • In March 2025, a director signed a document in relation to New Zealand Emissions Trading Register application. This was in relation to our forestry right. <p><i>The board noted the report.</i></p>
11.	<p>Asset Management Committee meeting update</p> <p>Graham Darlow, the Asset Management Committee (AMC) Chair advised that the AMC met on 7 April 2025 and noted the following progress:</p> <ul style="list-style-type: none"> • The AMC reviewed various business cases and project updates which have been included in today's confidential pack. • The AMC discussed the North Harbour no.2 watermain project which will be presented to the board for approval in May 2025. • The AMC also discussed the asset capitalisation update and project dashboards. The asset capitalisation works is progressing well.
12.	<p>Board Planner</p> <p>The Chair noted that the board is meeting for a strategy session on 12 May 2025. Pre-reading for this session will be circulated on 5 May 2025.</p> <p><i>The board noted the Board planner.</i></p>

13.	<p>Directors' appointment terms, committee memberships and meeting attendance</p> <p>The Chair noted that an eighth and final director has been appointed by Council. They are working through the formal appointment process, and the information will be made public shortly.</p> <p><i>The board noted the report.</i></p>
14.	<p>Disclosure of Directors' and Executives' interests</p> <p>Graham Darlow noted that he is now an advisor to Wellington City Council regarding the Wellington Metro Water Services Delivery Plan. This appointment is for a month, but may last longer.</p> <p><i>The board noted the report.</i></p>
15.	<p>General business</p> <p>The public session closed at 11:20am.</p>

CERTIFIED AS A TRUE AND CORRECT RECORD

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Geoff Hunt, Chair