

## Minutes

<b>Board meeting</b>	Public session
<b>Date</b>	5 November 2024
<b>Venue</b>	Watercare House, Level 4 Boardroom, 73 Remuera Rd, Remuera and via Microsoft Teams
<b>Time</b>	9:48am

Attendance		
Board of Directors	Watercare staff	Guests
Geoff Hunt (Chair) Julian Smith Frederik Cornu Andrew Clark	Dave Chambers (Chief Executive Officer) 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) Brent Evans (Acting Chief Customer Officer) Priyan Perera (Chief Strategy and Planning Officer) Andrew Mercer (Head of Health, Safety and Wellbeing) Tere Ryan (Security Coordinator) Emma McBride (Head of Legal and Governance) Pinaz Pithadia (Legal and Governance Advisor)  <b>Via Microsoft Teams</b> Alan Foubister (Security Manager) Tracey Carter (Legal and Governance Business Partner)	<b>Members from Auckland Council</b> Councillor Ken Turner (Watercare's Lead Councillor) Trudi Fava (CCO Programme Lead) (Via Microsoft Teams) (for items 1 to 6)  <b>Members from the public</b> Lina Jang and Ruby Wilson, Equal Justice Project, Faculty of Law, University of Auckland  <b>Members from Commerce Commission</b> Charlotte Reed, Water Implementation Director

1.	<b>Opening karakia</b> Julian Smith opened a meeting with a karakia.
2.	<b>Apologies</b> Graham Darlow (Director) and John Small (Chair of the Commerce Commission) sent their apologies.
3.	<b>Quorum</b> Four directors were present at the meeting, so a quorum was established.
4.	<b>Declaration of any conflicts of interest</b> No conflicts of interest were noted.
5.	<b>Minutes of the previous Board meeting of 15 October 2024</b> <i>The Board <b>resolved</b> that the minutes of the public session of the Board meeting held on 15 October 2024 be confirmed as true and correct subject to following amendments (in <a href="#">blue</a>) on page 10 of the pack.</i> <ul style="list-style-type: none"> <li>Andrew Clark, the Audit and Risk Committee (ARC) Chair advised that <a href="#">he Nicki Crauford (previous ARC Chair) and Angela Neeson (Chief Financial Officer)</a> attended Auckland Council's ARC meeting on 17 September 2024.</li> </ul>
6.	<b>Public deputations</b> Emma McBride introduced the students from the Equal Justice Project, Lina Jang and Ruby Wilson to the meeting. Ahead of the meeting, Lina and Ruby sent their presentation (attachment 1). Lina and Ruby presented their submission to the Board (attachment 2). The Chair thanked Lina and Ruby for their presentation and their deep analysis of our annual report and Statement of Intent (SOI). A formal response would be sent shortly and in the meantime, Lina and Ruby are welcome to visit one of our treatment plants to see first-hand the work we do and challenges we face.
7.	<b>Our performance under the 2023 – 2026 Statement of Intent</b> Emma McBride took the report and presentation as read. The following points were made: <ul style="list-style-type: none"> <li>There was a robust discussion around the SOI measure on attendance at sewerage overflows (page 31 of the pack). It is one of the Department of Internal Affairs (DIA) measures that Watercare is required to report on. Mark Bourne explained the way that overflows are triaged as either P1s (1 hour for overflows into the environment), or P2s (4 hours for overflows that are relatively contained). For FY23, the target of this measure was ≤60 minutes. Given Auckland's heavy traffic, it was impossible for crews to get to a call-out within 60 minutes. Accordingly, for FY24, the target was changed from ≤60 minutes</li> </ul>

	<p>to ≤75 minutes for FY24. The CE noted that the SOI measure for the resolution of sewerage overflows has not changed and continues to be met (item 20 on page 28 of the pack). This measure is more important as it involves the cleanup of an overflow. The target for attendance at sewage overflows is to be reviewed for the SOI 2025-2028.</p> <ul style="list-style-type: none"> <li>• The CE noted that in FY23, we delivered a very large capital programme and met 27 SOI measures, which was a great result and represents the enormous efforts of our people. Previously, the controllable cost measure was reported against the Long-Term Plan (LTP) budget rather than the P&amp;L. From FY24, we have aligned the LTP budget with the FY25 budget and therefore this measure is now being reported against the P&amp;L. This means the variance reported in the finance update (confidential business update) and this measure have been aligned.</li> <li>• Julian Smith noted that FY24 was a transformational year for Watercare with many key staff seconded to the DIA for Affordable Water Reform. Then, those people returned to Watercare once Local Water Done Well was announced. Despite all of these challenges, the SOI measures related to water quality, which is Watercare's core purpose of providing safe and reliable drinking water services, were all met.</li> </ul> <p><i>The Board <b>noted</b> the report and the presentation.</i></p>
8.	<p><b>Health, safety and wellbeing update</b></p> <p>Andrew Mercer took the report as read and responded to questioning from the Board. The following points were made:</p> <ul style="list-style-type: none"> <li>• In relation to the incidents noted on pages 44 and 45 of the pack and learnings from those incidents, Andrew noted that we are making sure these learnings are being captured in our system. We have a regular forum with our contractors to discuss key learnings from incidents. We also have an online learning library.</li> <li>• Regarding the Priority 1 recommendation from the HSE Global Review (page 48 of the pack), Andrew noted that the delay in delivering this recommendation is due to the recent organisational changes that occurred mid-year. We are now on track to complete the update of HSW policy before Christmas. From December 2024, our reporting on the HSE Global Review will be folded in our "business as usual" reporting.</li> <li>• Regarding the HSW metric on leadership walks (page 43 of the pack), the focus is on the quality of engagements rather than the number of engagements. Overall, there has been an increase in walks from operations and programme delivery teams and we expect to see positive safety outcomes on site in the coming months. We are ensuring that our people leaders have a KPI on leadership walks, and the example is to be set by the Executive.</li> <li>• A refresh of the individual safety commitment cards has been completed which focuses on an individual's accountability for their own safety. The cards explain how we should act at work.</li> <li>• Mark Bourne reported that following a safety incident at one of our sites, a drug and alcohol test identified that the person was under the influence of a Class A drug. The union was called in and that person is no longer employed by Watercare.</li> </ul> <p><i>The Board <b>noted</b> the report.</i></p> <p>The Chair reordered the agenda and invited Sarah Phillips to present item 10.</p>

10.	<p><b>Good Employer Policy – update</b></p> <p>Sarah Phillips took the paper as read.</p> <p>The Board noted that the Policy sets out principles that ensure we meet our legal obligations as an employer under the Local Government Act 2002.</p> <p>In response to questioning, Sarah noted that gender pay gap reviews are undertaken twice a year and this issue is being addressed separately outside of the Good Employer Policy. The gender pay gap is reported publicly on our website, and via the Mind the Gap Registry.</p> <p><i>The Board <b>approved</b> the updated Good Employer Policy.</i></p>
9.	<p><b>Chief Executive’s report</b></p> <p>The CE and executive team introduced the report, which was taken as read. The following key points were made.</p> <p><b><i>September 2024</i></b></p> <ul style="list-style-type: none"> <li>• The CE acknowledged the many Watercare presenters at the 2024 Water NZ Conference in Hamilton and congratulated Gabriela Campos Balzat and Kevan Brian for winning awards at the Conference.</li> <li>• Next year’s Water NZ Conference will be held in conjunction with the International Water Association ASPIRE Conference at Auckland’s new convention centre. This will be a great opportunity to invite international attendees to tour our sites. Auckland will host up to 2,000 delegates.</li> <li>• The results from our recent staff engagement survey continue to remain stable. Given the significant changes across the organisation, the CE noted that these results are remarkable.</li> </ul> <p><b><i>Key Performance Measures (KPIs)</i></b></p> <ul style="list-style-type: none"> <li>• For the SOI measure on economic level of leakage (ELL) (item 18 on page 58 of the pack), we are focussing on proactive leak detection programme. Our aspirational target for the measure is to reach at 98.2 litres/connection/day. The ELL is the point at which the cost of producing water is equivalent to the cost of the efforts to keep leakage at those levels through a combination of leakage repairs, managing water pressure, and renewal of watermains. If the measure remains above the ELL, this means our efforts to reduce leakage remains a worthwhile investment. The ELL will change in future, e.g. if a new water source has been introduced.</li> <li>• The Board recommended that for next year’s SOI 2025-2028, when we report the ELL, we should use the current performance numbers rather than ‘Achieved’ or ‘Not achieved’.</li> </ul> <p><b><i>Our people</i></b></p> <p>Sarah Phillips provided the following update.</p> <ul style="list-style-type: none"> <li>• The 2024 diversity, belonging and inclusion (DIB) awards event was held in October 2024. The next report will cover an insight on this event.</li> <li>• The company has celebrated our new values and purpose. Some of our staff also performed the Watercare haka during the celebration.</li> </ul>

### ***Operations***

Mark Bourne provided the following update.

- The Ōrākei main sewer (OMS) failure analysis report had 13 recommendations. The only outstanding recommendation is recommendation 4 that relates to a cleaning methodology. The previously used method to clean the pipes, the plough, involves health and safety risks, so we are trialling a 'high volume flushing methodology' with the selected contractor from Sydney. Once recommendation 4 has been addressed, this OMS recommendation update will be removed from the CE's report and become "business as usual".
- Water quality: Due to a software glitch, a sample was missed at the Laingholm Distribution Zone. This resulted in a non-compliance for the residual disinfection measure. However, a high degree of confidence has been established that our water quality was not compromised. Taumata Arowai's new rules came into effect from 1 January 2023. Due to the impact of these new rules, there have been a few non-compliances each month. However, they are all technical non-compliances and no risks to public health were identified. In our reporting cycle, Taumata Arowai has recognised that any non-compliances have been technical and that our water remains safe. Our water quality reports are publicly available on our website. Given these disclosures are scientific and quite technical in nature, the Board asked that the team update the website to include introductory comments for the public to easily understand the water quality reports.
- Non-compliances with resource consent (pages 78 and 79 of the pack): For Wellsford Water Treatment Plant (WTP), process improvement is in place to address the issue. The issue at Owhanake Wastewater Treatment Plant (WWTP) was concerning. This plant serves 32 customers who are primary commercial businesses. Process improvements have been completed (i.e. reseeded the WWTP with base biology from the Māngere WWTP) and the quality has improved. We expect to be compliant this month.

### ***Programme Delivery***

Shayne Cunis provided the following update.

- As of today, the Central Interceptor (CI) Tunnel Boring Machine (TBM) has reached a total length of 13.4km, 700m away from Tawaraki St, Ponsonby.
- Commissioning of Māngere Pump Station (MPS) is progressing well. We have a high degree of confidence it should be ready by December, and there will be a ceremonial opening in mid-late February 2025.
- Work is getting underway in Queen Street, Central Auckland. Council wants our works to be complete at the same time as the CRL works are complete. The project is challenging as there are many competing stakeholder expectations to manage, and residents and businesses in the city have construction fatigue. Councillor Turner recommended that Watercare be forthright with elected members regarding the very tight deadlines and competing priorities that Watercare is managing.
- In late November, the Asset Management Committee will receive a draft report for the Warkworth Growth Servicing wastewater pipeline, which will then be sent to the Board for approval on 12 December 2024. This follows significant work and consultation with the One Mahurangi Business Association.
- Ōrākei Main Sewer (OMS): The reinstatement of the carpark on St Georges Bay Road has been completed and the site has been returned to the owners. Stage 2 works on the OMS are now getting underway. Our Stakeholder team is working closely with impacted neighbours and local board members.

	<p><b>Policy update</b></p> <ul style="list-style-type: none"> <li>The Board queried the impact of the Fast Track Approvals Bill. Priyan Perera noted that some of the applications are for developments that do not align with the Future Development Strategy, and some are seeking to install private water and wastewater plants. This raises risks for Watercare as it has ramifications for the environment (e.g. in Warkworth, we are working to remove our discharge from the Mahurangi Harbour, but private developers want to come and put their wastewater discharges into the Harbour). Private schemes also have ramifications for our IGCs and asset management planning. One of the issues with private schemes is that sometimes property buyers are not aware they are connecting to a private scheme. While the developers do say they will build the plants to our standards, there remains a risk that the schemes run into trouble later on and that Watercare/Auckland Council will be asked to step-in. This is what has occurred in Whitford. Charlotte Reed from the Commerce Commission noted that the Commerce Commission is aware of this issue and that all councils around New Zealand are struggling with this issue.</li> <li>One option the team discussed as national design standards that would apply to all developments. National qualifications for running a water or wastewater treatment plant could also be considered. These are all important conversations for the industry and regulators to have.</li> <li>The Board asked that this issue be noted, and that it needs to remain a continued focus for Watercare, as it involves careful management of a future risk. The Board asked Management to arrange a workshop with Taumata Arowai and Auckland Council to discuss these industry issues.</li> </ul> <p><i>The Board <b>noted</b> the report.</i></p>
11.	<p><b>Capital Finance Committee meeting update</b></p> <p>Julian Smith, the Capital Finance Committee (CFC) Chair advised that the CFC received various updates at its meeting held on 24 October 2024 and the team has completed a huge job on the first draft of the business plan, which is now with the Board for review. The next CFC meeting is tomorrow.</p>
12.	<p><b>Board planner</b></p> <p>Emma McBride noted that an additional confidential Board meeting on 29 January 2025 has been scheduled to approve the Business Plan following receipt of the final Charter from the DIA.</p> <p><i>The Board <b>noted</b> the Board planner.</i></p>
13.	<p><b>Directors' appointment terms, committee memberships and meeting attendances</b></p> <p><i>The Board <b>noted</b> the report.</i></p>
14.	<p><b>Disclosure of Directors' and Executives' interests</b></p> <p>The Chair noted that he is no longer a member of AUT Engineering Industry Advisory Committee.</p> <p><i>The Board <b>noted</b> the report.</i></p>

<b>15.</b>	<b>General business</b> There was no general business. The public session closed at 11:22am.
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CERTIFIED AS A TRUE AND CORRECT RECORD

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Geoff Hunt, Chair

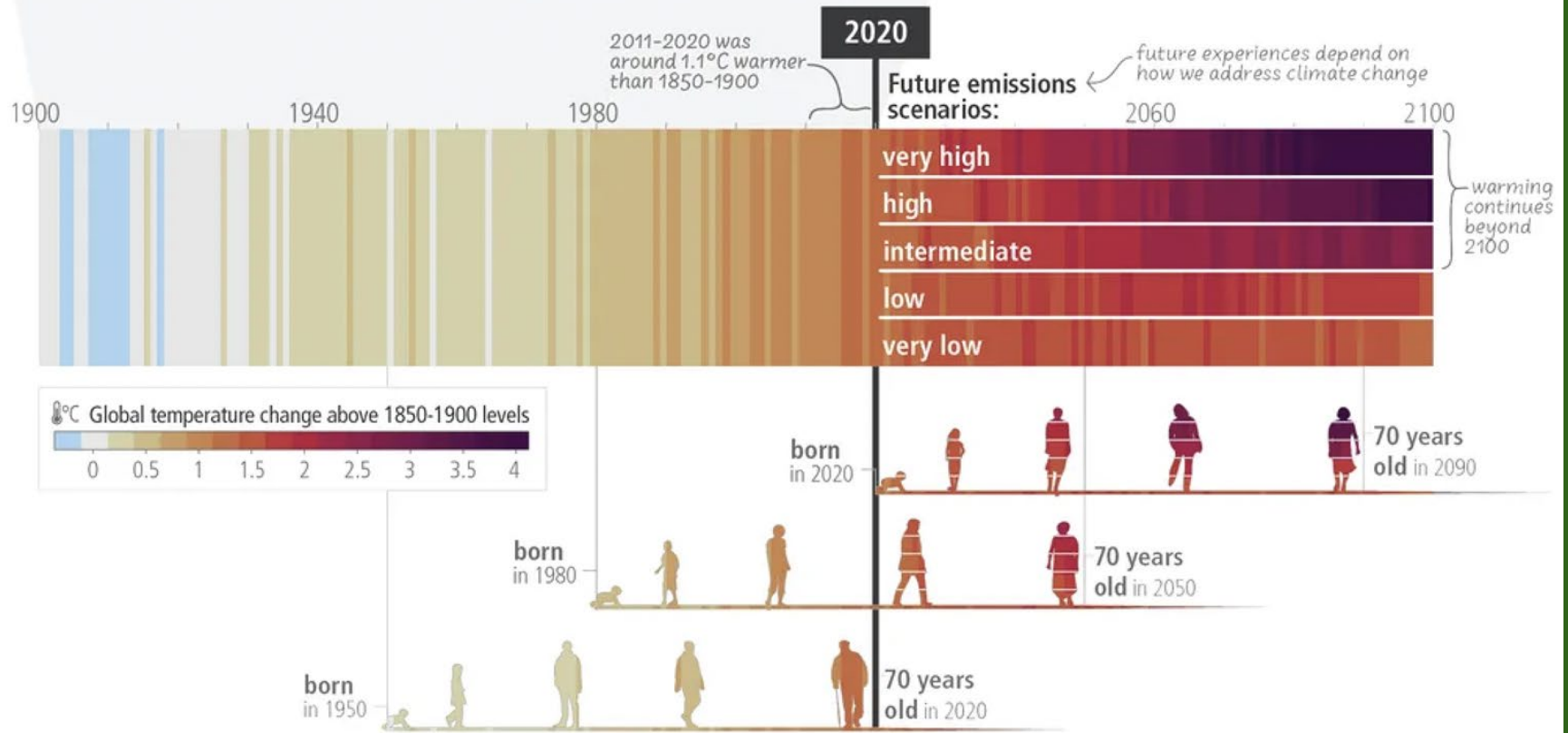
Attachment 1

# Equal Justice Project

The University of Auckland



c) The extent to which current and future generations will experience a hotter and different world depends on choices now and in the near-term

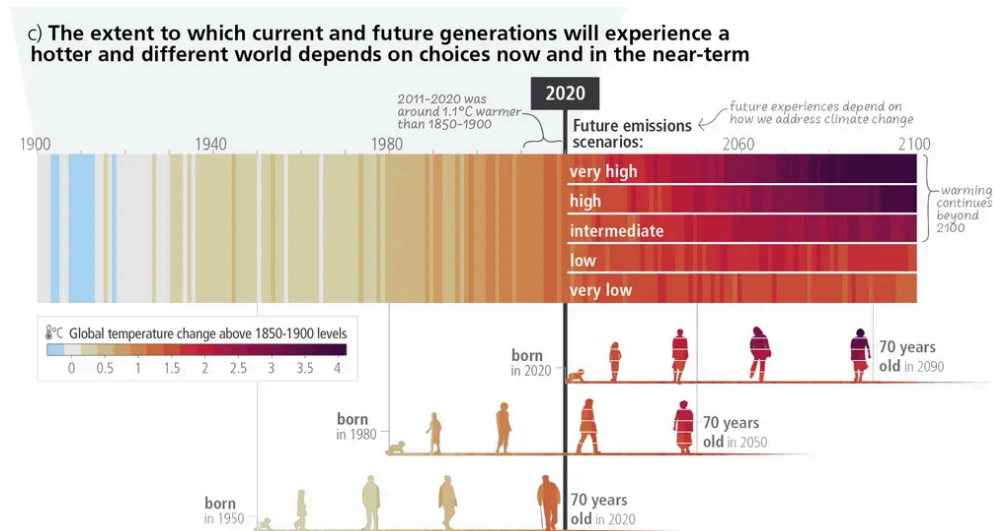




Presentation to Watercare  
5 November 2024

Tēnā koutou katoa, I'm Lina and this is Ruby. We are representing the Equal Justice Project from the University of Auckland. EJP is a non-partisan, pro-bono charity that empowers law students to use their legal knowledge and training to advocate for community change. Our team specifically promotes effective climate action.

Our presentation will focus primarily on the need for urgent action to reduce greenhouse gas emissions. To begin, we direct the committee to this diagram. Climate scientists are warning that some impacts of climate change are so severe they cannot be adapted to. Not only is there an over 50% chance that global temperature rise will reach or surpass 1.5°C between 2021 and 2040, it is likely it will happen sooner. This diagram illustrates severe temperatures and the possibility of a different world for current and future generations. As rangatahi, we emphasise that the outcome and reality of this figure, is highly dependent on the decisions made now.



With regard to this, we want to turn to Watercare's Annual Report 2024 published recently. We note at page 5 of the report 2024, Watercare has set an ambitious target to reduce operational emissions (scope 1 and 2) by 50 per cent by 2030 and to achieve net zero emissions by 2050.

We understand that process emissions are the largest contributor to Watercare's operational footprint, in particular nitrous oxide generated from Watercare's wastewater treatment processes. However, we could not see from the Report how nitrous oxide emissions were being specifically reduced.

The Annual Report broadly says that Watercare will continue to implement initiatives to reduce emissions and update its decarbonisation roadmap in the coming year alongside a finalised process emissions strategy.

We read that Watercare has progressed long-term actions in line with this roadmap, working towards the 50% reduction target for 2030. The main focus appears to be on reducing wastewater process emissions, with a specialist panel which consists of five international experts having set a strategy with key actions.

The students from the EJP look forward to reading the decarbonisation roadmap in 2025 where the key steps, investment and challenges are articulated. However, we could not find the members of this panel in any publicly available information, or their strategy. We would be grateful if we could be emailed a copy.

Further, at page 58 of the Annual Report, Watercare notes that the Statement of Intent (SOI) Target 2023/24 was 89,000 tonnes CO<sub>2</sub>e and 66,539 tonnes CO<sub>2</sub>e was achieved. However, the report also highlights that Toitu Envirocare (Toitu) was not engaged to provide any assurance of the GHG emissions inventory in FY24. Rather, an operational control approach was used. In addition to this, the target set in the Statement of Intent excluded emissions from Puketutu Island due to difficulties in obtaining accurate data at the time of setting the target. Consequently, this means that both the target and reported results exclude Puketutu Island. We have some concerns that the emissions from Puketutu Island are unknown and therefore pose a risk.

Given that GHG emissions are, by nature, seen to be subject to uncertainty, we believe that a precautionary approach should be taken. We observe that Watercare uses recognised frameworks for calculating its GHG inventory and continues to improve its reporting approach and is responding to changes in both the science and methodology to GHG reporting. In particular, for the FY24 figures, Watercare have adopted the guidance from the IPCC AR6 report as well as emissions factors released by the Ministry for Environment in June 2024.

Looking deeper into FY24, more than half of the electricity Watercare purchased was certified 100% renewable electricity leading to a significant reduction in Watercare's overall GHG emissions and this alone largely contributed to Watercare meeting the Statement of Intent target. We have some concern that this was a one-off benefit and, as most of NZ's electricity is renewable, are surprised that this has had to be certified as such. We also understand from *Auckland Council's Annual Report 2023/2024: Climate Statement* that the decrease in the volume of wastewater treated in FY24 (compared to FY23 when Auckland experienced the major storm rainfall events) led to reduced electricity consumption.<sup>[1]</sup>

To focus directly on Watercare's main Scope 1 emissions, we know that these emissions arise from the use of natural gas in its operations, treatment of wastewater and fugitive emissions from biosolids. Wastewater process emissions are dependent on biological processes and the GHG calculations rely on the best current understanding of the mechanisms by which GHG are produced and the associated levels of carbon dioxide equivalent volumes. However, again, this is surprising given that the processes that led to these Scope 1 emissions have likely not changed since accounting for emissions started many years ago.

Considering extreme weather events, we turn to focus on how wastewater volumes were significantly lower this year when compared to FY23. Given that Auckland did not have the events as in 2023, this has led to a decrease in the key parameters that drive wastewater process emissions and electricity consumption. We therefore wonder how much of the decrease in the emissions this year over last year is due to this? Further, we are also concerned that the extreme weather events of FY23 will reoccur more frequently in future and that this does not appear to have been factored into the emissions targets. We also note that Auckland's population increases will also drive emissions and ask how population projections are being factored into the emissions targets.

The Watercare Annual Report also says that a change in energy production at the Māngere WWTP also resulted in reduced natural gas consumption which influenced the emissions. Watercare is reviewing its co-generation operating philosophy and the high inflows into the wastewater treatment plants to better understand trade-offs between operating procedures, energy production, natural gas use, budget efficiency and meeting Watercare's long-term targets for GHG emissions. We look forward to hearing more about this next year.

Moreover, direct monitoring equipment for process emissions has also been purchased and will be installed in FY25 and will provide more insights into Watercare's wastewater process emissions. Again, we look forward to seeing the results of this in 2025.

We thank you for the opportunity of making this presentation today. We specifically thank Emma and Atisha for fostering this relationship and look forward to continuing this connection between EJP and Watercare. We appreciate Watercare's efforts to reduce its emissions in line with its ambitious target to reduce operational emissions (scope 1 and 2) by 50 per cent by 2030.

**Equal Justice Project**  
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