

Minutes

Board meeting	Public session
Date	5 March 2024
Venue	Watercare Services, Level 3 Boardrooms, 73 Remuera Rd, Remuera and via Microsoft Teams
Time	9:54am

Attendance		
Board of Directors	Watercare staff	Guests
Margaret Devlin (Chair) (except for People and Operations update) Julian Smith Nicola Crauford (Acting Chair for People and Operations update) Via Microsoft Teams Graham Darlow	Dave Chambers (CE) (except for People, Operations and Enterprise Model update) Mark Bourne (Chief Operations Officer) Steve Webster (Chief Infrastructure Officer) (except for Enterprise Model and Central Interceptor update) Jamie Sinclair (Chief Corporate Services Officer) Amanda Singleton (Chief Customer Officer) Shayne Cunis (Exec Programme Director CI) Richie Waiwai (Tumuaki Rautaki ā-lwi me ngā Hononga) Sarah Phillips (Chief People Officer) Suzanne Lucas (GM – Asset Upgrades and Renewals) (from start until first half of item 7) Paula Luijken (Acting Head of Health, Safety and Wellbeing) Emma McBride (Head of Legal and Governance) Pinaz Pithadia (Legal and Governance Advisor) Tere Ryan (Security Coordinator) (for items 1 to 8) Via Microsoft Teams Matthew Hill (Senior Legal Counsel)	Via Microsoft Teams Trudi Fava (CCO Programme Lead) Councillor Shane Henderson (Chair, CCO Oversight and Direction Committee) (from start until first half of item 8)

1.	<p>Meeting administration</p> <p>The Chair acknowledged the recent death of MP Fa'anānā Efeso Collins'. Efeso will be remembered for his contribution to local government and connection to Watercare as a previous Councillor of Auckland Council.</p> <p>The Chair thanked Management for arranging yesterday's site visit to Huia Water Treatment Plant. Deputy Mayor Desley Simpson, Lead Councillor Ken Turner, Cr Shane Henderson, and Cr Julie Fairey attended from Council.</p> <p>The Chair noted that Auckland Council is advertising for two new directors for Watercare. The skill set required for the candidates are finance, audit and risk, and capital delivery. Applications close on 10 March 2024.</p> <p>The Chair noted that Watercare's deep dive session with the CCO Direction and Oversight Committee has been rescheduled to 9 April 2024, directly after the Watercare Board meeting. The current presentation will need to be refreshed ahead of this new meeting date.</p> <p>Opening karakia</p> <p>Graham Darlow opened the meeting with a karakia.</p>
2.	<p>Apologies</p> <p>Apologies were received from Frances Valentine. Councillor Ken Turner, Watercare's Lead Councillor, also sent his apologies.</p>
3.	<p>Quorum</p> <p>Four directors were present at the meeting, so a quorum was established.</p>
4.	<p>Declaration of any conflicts of interest</p> <p>No conflicts of interest were noted.</p>
5.	<p>Minutes of the previous meeting of 8 February 2024</p> <p><i>The Board resolved that the minutes of the public session of the Board meeting held on 8 February 2024 be confirmed as true and correct.</i></p>
6.	<p>Public deputations</p> <p>There were no public deputations.</p>
7.	<p>Chief Executive's report</p> <p>The CE and Executive team introduced the report. The following key points were made:</p>

- Our water supply situation is currently stable. Demand has decreased around 50-60MLD over last few days given the wetter weather.
- The final investigation report on the Ōrākei Main Sewer collapse will be tabled at the confidential session of today's Board meeting. A briefing with Ngāti Whātua Ōrākei is scheduled for this afternoon, with the report being made public Thursday, 7 March 2024.
- In January 2024, the Environment Court granted resource consent for Huia Water Treatment Plant replacement project.
- Last week, we held a pōwhiri to welcome 15 Māori businesses and celebrated the creation of Watercare's new Māori business network. These Māori owned businesses will help us deliver our Assets Upgrades and Renewals programme.
- Auckland Council has approved an increase in Watercare's debt headroom by \$130m, to accommodate in particular Watercare's response to the Anniversary Weekend flooding events and the impact of Cyclone Gabrielle. This will take Watercare over the 340% debt to revenue ratio for the remainder of FY24.

Key performance measures

- In relation to the comment on page 24 of the pack, the CE advised that year to date core expenses are \$191.53m against a budget of \$199.97m.

The Chair and CE departed the meeting at this point and Nicki Crauford was appointed Acting Chair.

People update

- Watercare's Summer Internship Programme for 23/24 recently finished and seven interns have received employment offers.
- Our Whānau Day on 25 February 2024 was cancelled due to rain. The kai for the event was shared with our teams across the company, with each site having a BBQ on the Monday. Remaining kai was donated to a food bank.
- Our next employee engagement pulse survey is planned for March 2024.
- New hires were down in January 2024, which naturally occurs around the Christmas period.
- Average leave liability per employee has dropped, following the Christmas/Summer holidays. High leave balances are being managed by line managers, and we anticipate a further reduction in the next few months.
- In response to questioning from the Board, Sarah Phillips noted that the staff are anxious now to know what Watercare will look like under "Local Water Done Well", including the structure of the organisation (internally) and our relationship with Council.

Operations

- Our first annual report under the Drinking Water Quality Assurance was submitted on 28 February 2024. The report required manual entry of around 28,000 lines in an excel spreadsheet. Taumata Arowai is developing new technology for next year's reporting, which should be more user-friendly.
- On page 29 of the pack, there is a typographical error. The sentence should read '*Microbiological and chemical compliance has been achieved for the month of January for all water treatment plants (WTPs) and distribution zones (DZs)*'.
- On page 31 of the pack, the sentence '*Residual disinfection compliance has also been fully achieved for all distribution zones*' is incorrect. Residual disinfection compliance was achieved in 34 distribution zones and not achieved for six distribution zones in January 2024. A similar situation occurred last summer. Mark Bourne explained that residual disinfection was introduced as a compliance reporting requirement from January 2023. Proactive network flushing has been implemented in the six zones in the short term to improve turnover. However, the ultimate solution to this issue is the replacement of the Huia Water Treatment Plant.

- Over the weekend, a number of water quality complaints were received from Glen Eden. Two events happened, which resulted in some confusion for our customer team and customers. One event involved a planned flushing; and the other event involved a mains break. Our water sampling programme confirmed that the water being supplied complied with the Drinking Water Standards of New Zealand.
- On page 35 of the pack, Mark clarified that 23,000 kms of pipeline (not 23km) has been surveyed for leaks.
- In response to a questioning from the Board, Mark noted that we have a strong relationship established with the compliance managers at Taumata Arowai (TA), and Nigel Toms, General Manager, Risk, Quality and Assurance is also forming a relationship with TA for matters related to public health.

The Chair returned to the meeting at this point.

Enterprise Model update

- Fletcher Construction is no longer one of Watercare's Enterprise Model partners.
- Management is working with them during the transition period.
- Fletcher Construction will continue to fulfil their existing construction contract obligations, including the Snells Beach Wastewater Treatment Plant.

The CE returned to the meeting at this point.

Central Interceptor

- The Māngere Pump Station (MPS) works are nearing completion. A Watercare team is working towards the power being turned on and the first half of the tunnel being commissioned later this year. Initially, the pump station will be tested with recycled water in a loop, before wastewater is released into the tunnel and pump station handed over to the Watercare operations team. Turning on the CI will be a challenging step, and will change the way we operate our entire Māngere connected wastewater system.
- The CC9 collector sewer has been put into service at Keith Hay Park.
- Two of the CI sites have now been reinstated, and grass is now growing where construction sites used to be. The team is conscious that how we leave the sites is how we will be remembered.
- The Board reminded the team that whilst we have a timeline for the project to be completed, this is not to be met at the expense of safety.
- The team is developing a strategy for how to best deliver the Point Erin extension, and this will be presented to the Board in April 2024.

Flood response recovery

- Suzanne Lucas provided an update to the Board and noted the number of damaged assets has stabilized.
- The total forecast cost of the floods/storms is approximately \$80m with \$13m spend forecast for this financial year.
- Watercare's working relationship with AON has improved and we are having productive workshops with the loss adjustors to progress our insurance claim.
- Landslips and turbidity are not covered under our insurance policy. We are working with AON to understand exactly what we can claim under our policy.
- Our original insurance estimate signal was quite high and therefore, AON is ensuring the claim numbers are correct.
- The Board asked Management to consider self-insurance for severe weather risks, given this is going to be more common as the impact of climate change intensifies. Additionally, in the medium to long term, insurance for this type of severe weather may not be available at all.

- The Board was concerned about time it has taken to obtain an insurance payout and recommended that Management start to involve our lawyers in the meetings. In summary, the Board wants to see progress on the insurance claim and is dissatisfied that works have had to stop as insurance payouts are still to be received.

Risk and compliance update

- The Board expressed their disappointment that workers did not follow the standard operating procedure at Ardmore. Mark Bourne explained it was a low-level alarm, and the worker went to investigate without safety equipment, which is indefensible.
- The Board requested that they be notified about any such events in future.
- A group Climate Risk Management framework is being developed in collaboration with Auckland Council. The climate related disclosures will be presented to the Board for approval.
- A Privacy Act module has been introduced as a compulsory learning tool for all Watercare staff, following the recent privacy breach.
- The non-RMA related legal claim of \$1.2m noted in the report relates to a pipe burst in 2018. Watercare’s lawyers (appointed by our insurance company) arranged a technical meeting with the experts from each side in February 2024. The next step will be mediation.

Gold clams at Waikato Water Treatment Plant

- We are managing an emerging issue at the Waikato Water Treatment Plant (WTP) where we have found freshwater gold clams, a highly invasive species of non-native clam.
- The clams were discovered upriver by the Ministry of Primary Industry (MPI) in May 2023.
- They breed rapidly and are known to clog water infrastructure. They can survive for 30 days in a droplet of water and can survive changes in temperature. The only way to kill them is to either boil or freeze them.
- We have been monitoring three areas and found them in our sand separators. We are now undertaking thorough investigations, including a recent 90-minute shutdown to fly drones through the pipes.
- We have put in place controls to stop materials moving off the Waikato site (e.g. sand) to ensure we do not spread the clams further. We have also put controls in place for staff moving between Waikato and other sites, to again control spread or cross-contamination.
- We have also stood up a Level 2 incident team to monitor and manage this issue. Nigel Toms is the incident controller and we are coordinating with Mercury Energy, and other upstream water treatment plants, who have been dealing with the clams since last year.
- There are two risks associated with this event. 1. Quantity – our ability to draw water from the Waikato River as the clams risk blocking our raw water intake; and 2. Quality – the clams could damage our membranes, which could compromise our ability to treat the water and cause a shut-down of the plant. While the plant is currently producing 50MLD, it has the capacity to produce 165MLD.
- Currently, there is no risk to public health.
- In response to a question from the Board, Cr Henderson confirmed a memo regarding the incident, addressed to Councillors, would be the best way to advise the Council of the incident.

Non-compliance with resource consents

- A corrected update and graph for pages 43 to 45 of the pack was circulated to the Board ahead of the meeting (attachment 1). The update and graph confirms that there are no non-compliances reported for ‘Design and Construction’. Mark apologised for the error and explained that all consents are

	<p>assumed “non-compliant” until manually updated every month; and the graph went to the Board before the full updates had been completed. In total, there are three non-compliances in the operational areas, as described in the report.</p> <ul style="list-style-type: none"> • The Board was updated regarding the breach of resource consent for Raglan Wastewater Treatment Plant and Waikato Regional Council’s (WRC) decision to issue Watercare with a formal warning. <p>Policy update</p> <ul style="list-style-type: none"> • Watercare is working with Council on the National Policy Statement for Freshwater Management. <p><i>The Board noted the report.</i></p>
<p>8.</p>	<p>Health, safety and wellbeing update</p> <p>The CE, Jamie Sinclair and Paula Luijken noted the following key topics:</p> <ul style="list-style-type: none"> • Final certification for 45001 ISO health and safety management was received in January 2024. It is rare for an organisation to achieve certification on the first application. • The detailed update on the six critical risk events for contractors noted on page 54, including the action and response, will be provided to the Board in the next report. <p><i>Cr Henderson departed the meeting at this point.</i></p> <p>HSE Global’s report</p> <ul style="list-style-type: none"> • HSE Global’s review was commissioned by the Board and Management to review how we approach health and safety and our performance. The continued rising TRIFR result was one of the key drivers for the commissioning of this report. • The CE noted that the reviewers at HSE Global advised Management verbally that the only other place where they have seen the same high level of intrinsic value placed on health and safety is at Hato Hone St Johns. • As a part of our journey to improve HSW performance at Watercare, we introduced seven lead indicators in late last year. This is being reported to the Board via the HSW reports. • Management agrees with the recommendations as set out on pages 58 to 60 of the pack. The key priorities are now the need to agree on HSW strategy, define a suite of HSW metrics that can be used in combination to understand the company’s performance, and improve psychological safety throughout the organisation, i.e. ensuring everyone feels comfortable to raise issues. • The report notes that TRIFR is no longer a reliable benchmark in the industry. However, if this is no longer used, it needs to be replaced by other metrics. • The Board asked Management to consider how these recommendations can be embedded into the business to ensure we are working on a right direction. Management is to report back to the Board on our plan including how we will measure success, suggested metrics, at the April Board meeting. • The CE confirmed that Management will discuss this report in detail at the HSW committee meeting scheduled for next week. The HSW team is also rolling out a new suite of HSW metrics that will be reported to the Board. • It was noted that it is everybody’s job at Watercare to integrate the health and safety commitments into their normal day to day jobs.

	<i>The Board noted the report.</i>
9.	<p>Asset Management Committee meeting update</p> <p>Graham Darlow, the Chair of Asset Management Committee (AMC), provided an update on the AMC meeting held on 19 February 2024. He noted that the AMC discussed:</p> <ul style="list-style-type: none"> • the Waiuku water supply system upgrade. • the Southwest Wastewater Servicing Scheme. • the Huia Water Treatment Plant Replacement project scope and delivery strategy; and • AMP financials, delivery report, traffic light reporting and the SOI measure reporting on the Capital Programme (time/cost).
10.	<p>Board planner</p> <p>Following key topics were discussed:</p> <ul style="list-style-type: none"> • The Board requested that a summary of Watercare’s contract with Veolia in Papakura be included in the April 2024 Confidential Business update. • Another Board Strategy session to be scheduled for later this year, approximately October 2024, once the new Board members have been appointed. <p><i>The Board noted the Board planner.</i></p>
11.	<p>Directors’ appointment terms, committee memberships and meeting attendances</p> <p><i>The Board noted the report.</i></p>
12.	<p>Disclosure of Directors’ and Executives’ interests</p> <p>Julian Smith advised that he is no longer a Chair of The Residences Body Corporate.</p> <p>The CE advised that his term as a director of Paper Plus New Zealand Limited ends in March 2024.</p> <p><i>The Board noted the report.</i></p>

13.	General business The public session closed at 11:15am.
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CERTIFIED AS A TRUE AND CORRECT RECORD

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Margaret Devlin, Chair

Attachment 1

Non-compliance with resource consents

Overall consent compliance for Operations is similar to December, only three sites had full non-compliances and the majority (72%) of non-compliances were technical. Non-compliance issues at Hays Creek and Waitākere Dams related to compensation flows and have been resolved. At Owhanake WWTP the resolution is ongoing, we are waiting on more recent sample results to confirm the issue has been resolved.

The technical non-compliances remain relatively high because of single conditions triggering multiple consents. Procedural issues continue to affect the eight wastewater network discharge consents and an associated pump-station consent with very similar conditions, and at four WWTPs the technical non-compliances are due to historical exceedances affecting the 12-month average results.

~~The relatively high increase in the Design and construction non-compliances is likely due to missed forms in the compliance management system. The respective contacts have been notified to review it, but the system hasn't been updated in time for this report.~~

The grading Watercare applies in the detailed breakdown of full non-compliance is consistent with Auckland Council's criteria. The grading is below:

Rating	Detail
Category 1	Watercare has complied with the consent condition.
Category 2	Watercare has not complied with the consent condition. Watercare has assessed the non-compliance as technical or having no more than a minor adverse effect.
Category 3	Watercare has not complied with the consent condition. Watercare has assessed that non-compliance has the potential to result in minor adverse effects on the environment. Alternatively, since the last audit, there is evidence of repeat Category 2 non-compliance.
Category 4	Watercare has not complied with the consent condition. Watercare has assessed the non-compliance as having the potential to cause significant adverse effects on the environment. Alternatively, since the last audit, there is evidence of repeat Category 3 non-compliance.

Active resource consents in January 2024

369

Consents with non-compliances in January 2024

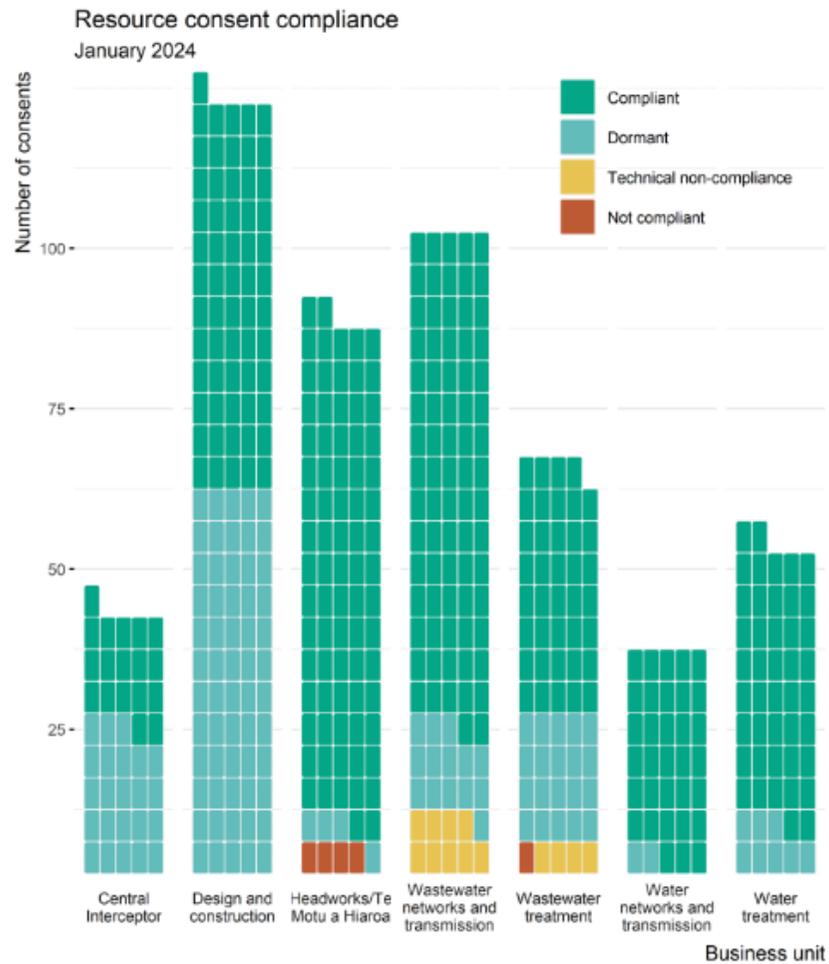
18 ↓

Rolling 6-month average (non-compliant consents)

21 ↓

Consents under enforcement in January 2024

0 -



Significant non-compliances for January 2024 (excludes technical non-compliances)

Facility/Asset	Consent	Condition(s)	Issue(s)	Commentary	Resolution	Significance
Owhanake WWTP	DIS60263346	35	High phosphorus in discharge	Total phosphorus exceedances in effluent wetland sample. Caused by varying phosphorus in the influent. Operators are adjusting alum dosing accordingly.	Ongoing. Operators are adjusting alum dosing accordingly. Awaiting more recent sample results to confirm resolution.	Minor (Grade 2): Potential environmental effects mitigated by buffering capacity in discharge environment.
Hays Creek Dam	WAT80317020 DIS80298308 WAT80316391	18	No compensation flow	No compensation flow for five days as the valve tripped on torque and alarm wasn't seen.	Resolved.	Minor (Grade 2): Potential environmental effects mitigated by flows from wider catchment.
Waitākere Dam	DIS60382532	4	Insufficient compensation flow	Compensation flow below the minimum required flow on 16 days.	Resolved.	Minor (Grade 2): Potential environmental impacts immediately downstream of the dam, mitigated by the confluence of other tributaries further downstream.