

## Minutes

<b>Board meeting</b>	Public session
<b>Date</b>	7 May 2024
<b>Venue</b>	Watercare House, Level 3 Boardrooms, 73 Remuera Rd, Remuera and via Microsoft Teams
<b>Time</b>	9:45am

Attendance		
Board of Directors	Watercare staff	Guests
Margaret Devlin (except for a period during Item 7)	Dave Chambers (CE)	Councillor Ken Turner (Watercare's Lead Councillor)
Julian Smith	Mark Bourne (Chief Operations Officer)	
Nicola Crauford	Jamie Sinclair (Chief Corporate Services Officer)	Adam Lovell (Executive Director, Water Services Association of Australia) (from start until partway through Item 7)
Frances Valentine	Amanda Singleton (Chief Customer Officer)	
Graham Darlow	Richie Waiwai (Tumuaki Rautaki ā-lwi me ngā Hononga) (except for a small portion of Item 7)	Stuart Wilson (Deputy Executive Director, Water Services Association of Australia) (from start until partway through Item 7)
	Sarah Phillips (Chief People Officer)	
	Suzanne Lucas (General Manager Asset Upgrades & Renewals)	
	Nigel Varcoe (Commercial Manager CI)	
	Andrew Mercer (Head of Health, Safety and Wellbeing)	
	Tere Ryan (Security Co-ordinator) (from start until partway through Item 7)	
	Emma McBride (Head of Legal and Governance) (except for a portion of Item 7)	
	Matthew Hill (Senior Legal Counsel)	
		<b>Via Microsoft Teams</b>
		Trudi Fava (CCO Programme Lead) (except for a short period during item 7)

1.	<p><b>Opening karakia</b></p> <p>The Chair opened the meeting with a karakia.</p> <p>The Chair welcomed Adam Lovell, Executive Director, and Stuart Wilson, Deputy Executive Director from Water Services Association of Australia who were attending as observers for the first half hour of the meeting.</p> <p>The Chair noted the joint announcement made at our CI worksite by Mayor Wayne Brown, Prime Minister Christopher Luxon, and Minister Simeon Brown on Sunday, 5 May 2024 in relation to financial independence for Watercare. At this stage, there are no further details, although it is expected that there may be some further information as part of the completion of the LTP process. The Board agreed that there would be a need for flexibility during this period and there may need to be a need to increase the frequency of Board meetings.</p> <p>The Chair also acknowledged Amanda Singleton, who is moving on from Watercare at the end of this week. The Board thanked Amanda for her passionate work over the last six years in the customer space, which has helped us deliver better outcomes for Aucklanders. In particular, the Chair commended Amanda for her work on the Citizens’ Assembly.</p>
2.	<p><b>Apologies</b></p> <p>There were no apologies.</p>
3.	<p><b>Quorum</b></p> <p>All directors were present at the meeting, so a quorum was established.</p>
4.	<p><b>Declaration of any conflicts of interest</b></p> <p>No conflicts of interest were noted.</p>
5.	<p><b>Minutes of the previous meeting of 9 April 2024</b></p> <p>Trudi Fava requested that the following clarification be made to the minutes:</p> <ul style="list-style-type: none"> <li><i>In response to questioning from the Board, Trudi Fava advised that <del>the consultation feedback on the Long Term Plan was lower than anticipated</del> feedback numbers on the Long Term Plan were lower than last year’s annual budget.</i></li> </ul> <p><i>The Board <b>resolved</b> that the minutes of the public session of the Board meeting held on 9 April 2024 be confirmed as true and correct, subject to a minor clarification notified by Trudi Fava prior to the meeting.</i></p>

6.	<p><b>Public deputations</b></p> <p>There were no public deputations.</p>
7.	<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>Operating cost increases since FY19</i></b></p> <ul style="list-style-type: none"> <li>• The CE provided an update on Management’s analysis, following a comment made by Minister Simeon Brown during the press conference that Watercare’s operating costs had increased 46% in five years.</li> <li>• Management confirmed that the information would most likely have been obtained from our statutory accounts. Over the relevant period, operating costs increased approximately \$102m. Of that, \$43m can be accounted for as CPI inflation. In FY19, software-as-a-service was not included in our operating costs but due to a change in accounting treatment, is now included and accounts for circa \$18m in opex. FY23 also included \$10m in flood recovery. There has also been considerable population growth in Auckland, leading to higher operating costs, on an aging network. There are also some differences in the way our statutory accounts work compared with management accounts - for example how we deal with Waikato District Council.</li> <li>• Management will finalise its review of the operating cost increase and provide a full update to the Board, which will also be provided to the Mayor’s office, the Deputy Mayor, and Cr Turner.</li> </ul> <p><b><i>Key performance measures</i></b></p> <ul style="list-style-type: none"> <li>• The Board queried whether the “attendance at call outs” measures are necessary, given resolution is arguably more important. Management clarified that the measures are required by the DIA but Watercare can set the target. In light of the new certainty of longer-term capital funding, Auckland Council is likely to expect our performance against these measures to improve.</li> <li>• Graham Darlow noted he was impressed by Watercare’s response and communications regarding leaks he recently reported in his neighbourhood, especially as staff did not know who he was.</li> </ul> <p><b><i>Our people and customers</i></b></p> <ul style="list-style-type: none"> <li>• Sarah expressed her condolences for the two Watercare team members who passed away over the last month due to medical events.</li> <li>• Collective bargaining between the unions and Watercare has been initiated. The team involved is planning for negotiations and a further update will be provided to the Board in due course.</li> <li>• Staff sentiment following the Government/Council announcement about the future of funding for Watercare is a mixture of surprise and relief. Management will be engaging with staff to provide clarity about what the changes mean for them and Watercare.</li> <li>• The Board was pleased to learn of the large portion of women who make up the engineering graduate cohort.</li> <li>• The “Every Drop Counts” peak demand campaign over summer was a success and was very low cost as it was mostly via social media.</li> <li>• There are two pilot initiatives for the use of recycled water including an ice-skating facility near the Rosedale wastewater treatment plant and irrigation of Rosedale Park’s softball and soccer fields.</li> </ul>

- Management explained how these proposals are different from a past proposal in relation to the Titirangi Golf Club, which was to connect directly to a wastewater interceptor pipe and treat the raw wastewater for irrigation purposes. The economics of this proposal did not work out.
- In summer, Mark Bourne explained that Watercare has a subterranean treated wastewater discharge consent for the Omaha golf course.
- Watercare is working with Taumata Arowai in relation to the regulations around the use of recycled water. Auckland Council is also a regulator, under the Unitary Plan, and is being included in the conversations as well – indeed, Auckland Council is Watercare’s biggest customer, and during summer, much of our potable water is used for irrigation and street cleaning.
- The Board encouraged Mark and the rest of the team to continue their work to make progress on the use of recycled wastewater. Amanda Singleton noted that part of the work will include education and increasing people’s water literacy.

#### **Partnerships**

- Richard Waiwai reported that there has been a concerted effort to reconnect with Waikato River Iwi. There was a recent meeting with Te Arawa River Iwi Trust, and meetings are scheduled for Ngāti Māniapoto and Ngāti Tahu Ngāti Whaoa.
- As part of the review of the Mana Whenua Kaitiaki Forum, communications have been sent to the Chairs and CEs of the 19 iwi. Management is setting up dates for meetings over May and June 2024. The iwi have all advised that they highly value the 1:1 relationships that they have with Watercare.

#### **Ōrākei main sewer (OMS)**

- The relining works have been completed, and the grouting is due to be completed in the next fortnight.
- Odour issues remain because it is still an open sewer. Once the hole is closed in July 2024, the odour issues should resolve. The noise issues will conclude once the bypass pumps are removed.
- Management is continuing to engage with the community on the works and will increase these if required.

#### **Operations**

- Water quality compliance requirements were all met in March, except for the residual disinfection measure. This measure was introduced in January 2023 by Taumata Arowai. Out of 40 distribution zones, four distribution zones did not achieve the residual disinfection compliance in March. Watercare has increased proactive network flushing to assist with meeting this measure. Some capital expenditure, such as the Huia WTP upgrade project, will also help over the longer term by reducing organics in the water, which means chlorine lasts longer in the system.
- Management clarified that any public health risk associated with not meeting the residual disinfection measure is very low. If chlorine can be detected (which it was in the four zones that did not achieve compliance), the chlorine is still working. However, the purpose of the residual disinfection measure is to protect the integrity of the network and for quality assurance, rather than to directly protect public health. However, the expectation is that over time Watercare will achieve 100% compliance of this measure.
- Management clarified that the Kingseat WWTP, treats water for approximately 35 households and used to be a private network.

*The Chair left the meeting for a few minutes, so Nicki Crauford took over as Chair. The Chair returned for the Enterprise Risk update.*

***Enterprise risk management***

- Jamie Sinclair provided an update on the Co-ordinated Incident Management System (CIMS) training. CIMS trained Watercare representatives will be placed in the Auckland Emergency Management Centre to act as liaison with our incident management team to improve our response and coordination during an Auckland-wide incident.

***Central Interceptor***

- The main TBM has travelled a record 634m in April and broke through at Lyon Avenue, having now travelled 11km from Māngere. The micro TBM has also travelled 5 km and had a breakthrough at Norgrove Terrace in Mt Albert. Lids have also been placed on the confluence chamber at Māngere, which is an important safety and odour reducing step.
- There were two Lost Time Injuries in April, which are the first after 2 million hours without incident.
- On Saturday evening, smoke, both seen and smelt, was noticed at May Road. The Tunnel was evacuated as a precaution, there was nobody in the Southern Tunnel, and all workers in the Northern Tunnel were promptly evacuated. Investigations revealed that the smoke had travelled 5km from where gas cutting had occurred hours before. The smoke and gas detectors in the tunnel had not been triggered. The decision was made to re-enter the tunnel safely, which was how the source of the smoke was discovered. The incident was notified to Worksafe because under mining regulations any incident involving evacuation of a tunnel must be notified.
- Initial findings are that the incident response was good, but there is room for improvement in relation to the hot works that caused the smoke. Management will complete their investigation, including into why the smoke and gas detectors were not triggered.
- There have been some changes in the delivery team – David White has been appointed as CI Programme Director, Jon Sickling is Construction Manager, Axel Dumont is Commissioning & Handover Manager, and Chris Johnson has been seconded to GAJV to assist with commissioning. The Board noted the depth in the team and was pleased that staff have been able to step up into these more senior roles.

***Climate change delivery and sustainability***

- In response to concerns from the Board about the momentum Watercare is maintaining in relation to climate change, Jamie Sinclair noted that the greenhouse gas emission reduction measure is a quarterly measure. Achieving progress is driven by capital investment. Management is in the process of revisiting the Decarbonisation Roadmap and is also recruiting a new Head of Sustainability.

***Policy update***

- Management is monitoring the proposed reforms to resource management legislation. The CE raised with Ministers the cost for Watercare around consenting existing major facilities, such as the Māngere WWTP, where the cost does not necessarily achieve better outcomes.
- Watercare decided against submitting any projects onto the “List” as part of the Fast-Track Approvals Bill process, which aligns with Auckland Council’s position.

***Matters for noting***

- A meeting was held last week between the Planning and Engagement teams from Watercare and the One Mahurangi community group in relation to the Warkworth Northwest Growth Servicing Pipeline and the proposed alignment down Hill Street to Lucy Moore WWPS in Warkworth.

	<i>The Board <b>noted</b> the report.</i>
<b>8.</b>	<p><b>Health, safety and wellbeing update</b></p> <p>Jamie Sinclair introduced the report and Andrew Mercer then covered the following key topics:</p> <ul style="list-style-type: none"> <li>• The report presents the outline plan for addressing the recommendations in the HSE Global’s report.</li> <li>• The limitation with the safety leadership training is the number and availability of trainers. All the courses that have run have been fully subscribed. Management is looking at how to increase these or bring this training in-house.</li> <li>• The Health, Safety and Wellbeing team is working on how to better connect with operators at our sites to ensure that their health and safety competence increases. The aim is to improve the interface between those with operational knowledge and those with health and safety expertise.</li> <li>• Psychological safety is broader than health and safety and creates learning opportunities and the ability to effect change. People should feel comfortable putting their hand up and raising issues, without their concerns being simply dismissed by Management. Safety Leadership in Action training helps our people learn how to respond when incidents occur.</li> <li>• Management is working on KPIs for leaders, including how to measure and track the leadership behaviours we want.</li> <li>• The Chair commended the two MSN field crew workers who provided first aid to a member of the public who was having a cardiac arrest.</li> <li>• Andrew clarified the incident involving a suspended load and the worker who strained his back. The situation did not justify stopping work because the lifting mechanism was appropriate. The problem was the worker’s instinct to reach out to catch the load, instead of stepping away. The worker suffered strain but no substantial injury.</li> </ul> <p><i>The Board <b>noted</b> the report.</i></p>
<b>9.</b>	<p><b>Audit and Risk Committee meeting update</b></p> <p>Nicola Crauford, the Chair of the Audit and Risk Committee (ARC), provided an update to the Board on the ARC meeting held on 23 April 2024. She noted the Committee had discussed the following:</p> <ul style="list-style-type: none"> <li>• Proposed update to Watercare’s accounting treatment for fixed assets. This paper is going to the confidential board session today.</li> <li>• The capitalisation project, which is heading in the right direction.</li> <li>• Compliance in relation to storage of hazardous chemicals.</li> <li>• Insurance, including the current renewal and medium-term possibilities.</li> <li>• The Finance and Deloitte team are also going to do their best to finalise the Annual Report by the end of August 2024.</li> </ul>
<b>10.</b>	<p><b>Asset Management Committee meeting update</b></p> <p>Graham Darlow, the Chair of the Asset Management Committee (AMC), provided an updated to the Board on the AMC meeting held on 23 April 2024. He noted the Committee discussed the following:</p> <ul style="list-style-type: none"> <li>• Enterprise Model lessons learnt and tracking. There is now a specific tab for lessons learnt in ProjectWise.</li> </ul>

	<ul style="list-style-type: none"> <li>• Digital capital programme.</li> <li>• The Waikato District Council capital delivery programme.</li> <li>• The Major Project dashboard overview and the improvements that are proposed.</li> </ul>
<b>11.</b>	<p><b>Board planner</b></p> <p>Given two directors will be located in the UK, Board meetings may need to start at 8:30am. The Governance Team will liaise with the Chair to organise this.</p> <p>Watercare is expecting feedback from Auckland Council on the draft Statement of Intent 2024-27 later this month. To date, no formal or informal feedback has been received.</p> <p><i>The Board <b>noted</b> the Board planner.</i></p>
<b>12.</b>	<p><b>Directors' appointment terms, committee memberships and meeting attendances</b></p> <p>Trudi Fava advised that Auckland Council will consider the recommendations from the Interview Panel on 14 May 2024. The Governance Team will work with Trudi on their inductions. Trudi had no update in relation to an appointment of a new Board Chair.</p> <p><i>The Board <b>noted</b> the report.</i></p>
<b>13.</b>	<p><b>Disclosure of Directors' and Executives' interests</b></p> <p>Graham Darlow advised:</p> <ul style="list-style-type: none"> <li>• he has been invited to sit on the governance board of the North Shore Golf Club; and</li> <li>• he is no longer a director of Tainui Auckland Airport Hotel GP (No.2) Limited.</li> </ul> <p><i>The Board <b>noted</b> the report.</i></p>
<b>14.</b>	<p><b>General business</b></p> <p>The Chair reported that tomorrow a contingent from the Board and Management will travel to the Waikato to sign the Kawenata with Waikato-Tainui.</p> <p>The Chair acknowledged that this meeting is Margaret and Nicki's last in-person board meeting before they both relocate to the UK. It is also their last meeting with Frances before her term ends on 30 June 2024. On behalf of the Board, Julian shared some farewell sentiments for Frances, and with the assistance of Richie Waiwai, presented her with a taonga. Frances offered parting remarks and thanked the Board and Watercare staff and noted the passion that the staff and the Board had for the company and remarked on how much she had learnt over her five years with Watercare.</p> <p>The Chair also acknowledged that this was Amanda Singleton's last Board meeting and thanked her for contribution to Watercare. Amanda took the opportunity to say some farewell words.</p>

	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