

Minutes

Board meeting	Public session
Date	9 April 2024
Venue	Watercare Services, Level 3 Boardrooms, 73 Remuera Rd, Remuera and via Microsoft Teams
Time	9:13am

Attendance		
Board of Directors	Watercare staff	Guests
Margaret Devlin Julian Smith Nicola Crauford Frances Valintine Via Microsoft Teams Graham Darlow	Dave Chambers (CE) Mark Bourne (Chief Operations Officer) Steve Webster (Chief Infrastructure Officer) 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) Nigel Toms (General Manager – Risk, Quality and Assurance) Andrew Mercer (Head of Health, Safety and Wellbeing) Emma McBride (Head of Legal and Governance) Pinaz Pithadia (Legal and Governance Advisor) Via Microsoft Teams Matthew Hill (Senior Legal Counsel)	Trudi Fava (CCO Programme Lead) Councillor Ken Turner (Watercare’s Lead Councillor) Via Microsoft Teams Councillor Shane Henderson (Chair, CCO Oversight and Direction Committee) (for item 7)

1.	<p>Meeting administration</p> <p>The Chair noted that Watercare’s deep dive session with the CCO Direction and Oversight Committee has been scheduled for later this afternoon. The Board and Management representatives will need to travel to the Council office for this, directly after the confidential session of the Board meeting.</p> <p>The Chair advised that a briefing with the Mayor scheduled for today, has been postponed until tomorrow.</p> <p>The Chair congratulated:</p> <ul style="list-style-type: none"> • Management for winning a Digital Workplace Award for the most impactful transformation; • Andrew Mercer for being appointed as a Head of Health, Safety and Wellbeing; and • The Elected Members Team for receiving a great feedback and scores from the 2023 Elected Member Relationships survey results. <p>Opening karakia</p> <p>Julian Smith opened the meeting with a karakia.</p>
2.	<p>Apologies</p> <p>There were no apologies.</p>
3.	<p>Quorum</p> <p>All 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 5 March 2024</p> <p><i>The Board resolved that the minutes of the public session of the Board meeting held on 5 March 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>

February 2024

- In response to questioning from the Board, Trudi Fava advised that the feedback numbers on the Long Term Plan were lower than last year's annual budget. A summary is being prepared and all feedback relating to Watercare, particularly around the proposed price path, will be shared with Watercare once available.
- An automated solution for our pre-start site inspection process would save \$279,249 over three years. The Board and CE are keen to see this saving being realised.
- The CE confirmed that Watercare and the Ghella Abergeldie JV (GAJV) is supporting the family of a GAJV construction worker, who suffered a sudden fatal medical event whilst at work on the Central Interceptor (CI) project.

Key performance measures

- The KPMG review of performance measures across CCOs recommended that we include SOI performance measures that considered reactive and proactive maintenance spend. In response, Management proposes two measures as set out on page 19 of the pack.
- The Board acknowledged that the proposed measures capture KPMG's suggestions and look forward to seeing reactive spend coming down as planned spend increases and the network is proactively renewed.
- The Chair noted some of the SOI measures were not met in February 2024 particularly item 11 being attendance at sewerage overflows. She also noted that overachieving the resolution of non-urgent faults is costing the company money. In relation to the percentage of real water loss, the Chair expressed concern that the number has swung almost 4% in one month, which raises concerns as to the reliability of the measure. Meter reading and leakage will be discussed in more detail at the confidential session.

Cr Henderson joined the meeting at this point.

Our people

- The overall score from the pulse survey is unchanged since November 2023 and remains at 7.6. Given the uncertainty we have been faced with, this stable engagement is encouraging.
- Participation was higher at 84%, which shows we have an engaged team.
- A full survey is planned for June 2024. In the meantime, turnover remains steady and low.

Partnerships

- Richard Waiwai reported that we are undertaking a comprehensive review of the Mana Whenua Kaitiaki Forum to ensure its alignment with upcoming reform measures, scheduled for completion by June 2024. From the review findings, we will have an understanding of resource gaps and opportunity to streamline the programme of works using a new model. Feedback to date is that iwi prefer a 1:1 model.
- Iwi engagement on individual projects continues as part of our "BAU". An update on river iwi engagement will be provided at the May Board meeting.
- The official signing event of the Kawenata is being set up by Management before 23 May 2024. The Chair confirmed that Julian Smith will attend and also lead iwi engagement once she departs New Zealand, and whilst recruitment of new board members is underway.

- Amanda Singleton reported that Council conducts an Elected Member Relationship survey once every 18 months. The survey gauges elected members' satisfaction with the quality of support and advice provided by council staff and CCOs. The survey results recognised Watercare's open and transparent messaging during incidents. Watercare's performance has been benchmarked against the other CCOs. This is due to an outstanding performance of Ben Halliwell and Elizabeth Stewart, our elected members team members, who are supported by Brent Evans, Head of External and Strategic Relations. This team of only three people works with the business to cater the needs of elected members, 21 local boards, councillors, MPs, Council staff and the Mayor.
- The Board asked Trudi Fava to provide an update on the Board intern recruitment process.

Ōrākei main sewer (OMS)

- The final investigation report by WSP has been received.
- The intent of all recommendations has been accepted. For some, we plan to achieve the recommended outcome using a different method, e.g. cleaning the pipe using more modern and safe methods than the mechanical plough.
- We will continue to provide monthly progress and traffic light reporting against the recommendations until they are completed.
- Work to rehabilitate the damaged section of the OMS is ongoing. We are currently relining the pipe between manholes 16 and 15. The first half of the relining work has been completed. Work will then commence to determine grouting methodology, and then getting that underway. The bypass will need to remain in place whilst the grouting is completed. Fortunately, future relining works will not require a bypass solution.
- The Board noted that given the site is an active construction site, it is safer not to hold a community open day at this stage.

Update on Waikato District Council (WDC) Contract

- WDC is currently reviewing the draft variation to the Contract. The variation to the contract will then be formalised.
- Watercare is working with WDC to review and update the draft disestablishment plan, created in 2019, which will then be in place until 30 June 2026.
- The Chair noted that following her departure, the relationship with WDC will be overseen by Graham Darlow. A letter is to be sent to WDC to confirm this.

Operations

- Gold clams were discovered at the Waikato Water Treatment Plant (WTP) in late February 2024. We stood up a Level 2 incident team to monitor and manage the issue. We are currently focusing on monitoring the extent of the infestation, putting in measures to ensure the Gold Clams are not transported to other catchments and communicating with other stakeholders. We have set up a community group with other operators on the Waikato River e.g. Fonterra so we can all share intelligence and learnings.
- Compliance reporting for the first annual report for the period from 1 January 2023 to 31 December 2023 has been submitted to Taumata Arowai (TA).
- The two DIA SOI measures on water quality have been superseded by the eight new measures to align with the latest TA reporting requirements. 100% compliance has been achieved for these measures for all WTPs and distribution zones, except for residual disinfection compliance. Out of 40 distribution zones, three distribution zones did not achieve the residual disinfection compliance. Proactive network flushing has been implemented whilst long term solutions are being implemented.
- Fluoride dosing was not available at Huia WTP while the bulk HFA tank was being replaced and associated works completed. The works are now complete, and fluoride has been added to the water in Huia again since 15 March 2024. TA and the Ministry of Health have been updated.

- Number of repeat complaints were slightly lower in February 2024. Regarding the complaints of discoloured water in Lynfield, Mark Bourne noted that network flushing was undertaken in the area. This was an isolated event due to air in the line which affected two neighbouring properties.

Central Interceptor

- The tunnel has now travelled 10.1km and the TBM is 500m from Lyon Avenue. It is travelling at a consistent rate.
- A GAJV contractor suffered a medical event whilst working the CI tunnel. He was evacuated immediately and emergency services were on site within 15 minutes. Despite the team's best efforts to resuscitate the worker, he sadly passed away. The GAJV and Watercare are supporting the family.
- Three sites are undergoing final reinstatement: Dundale, Miranda and Haycock.
- Electrical works are going at the Māngere Pump Station and it is likely to be turned on in late May/early June 2024.
- The project received amazing coverage from Seven Sharp, which did a story on workers who have been hand-digging 22m of the tunnel that cannot be tunnelled with the Tunnel Boring Machine (TBM).
- The Board reminded the team that it is important that our learnings from this project be captured, to use for other capital infrastructure projects. Shayne Cunis confirmed that the learnings are being documented.
- The project team participated in a mock health and safety trial facilitated by Simpson Grierson. These exercises offered an authentic training experience.
- In response to a question from the Board, Shayne noted that commissioning is a biggest risk for the project.
- Mark and Shayne noted that the operations team and CI team are working closely to ensure the project is smoothly handed over to the operations team.

Cr Henderson departed the meeting at this point.

Initial notification – vacuum regulator SCE failure at Ardmore Water Treatment Plant

- Ardmore WTP is a Major Hazard Facility due to the volume of chlorine stored on site. On 17 March 2024 a small chlorine gas leak was detected in the chlorine drum room. The site was shut down and a notification was sent to Worksafe. Any chlorine leak must be notified to Worksafe, no matter how small it may be. In line with the new operating procedure, workers wore full breathing apparatus before investigating the leak.
- The incident that occurred in October 2023, and the March incident are unrelated – i.e. the root cause and contributing factors are different.
- On investigation, the source of the leak was caused by corrosion. We are working closely with the chlorine drum supplier to investigate drum history, quality checks, and maintenance.
- In response to a question from the Board, Mark confirmed that as of today the Ardmore site is compliant with other chemical storage compliance requirements.

Non-compliance with resource consents

- The risk team met with incident controllers from Auckland Transport and Auckland Emergency Management to foster better collaboration in major incidents such as the Auckland Anniversary weekend flooding.
- There was a privacy breach related to an administrative error. This caused 17 customers' physical bills to be sent to one customer by mistake. The breach was reported to the Privacy Commissioner. We are investigating in the background to see if there are any such errors that need to be corrected.
- Two sites had full non-compliances with resource consents and the majority (84%) of these were technical. The non-compliance at Hays Creek was related to compensation flows and has been resolved. At Kingseat Wastewater Treatment Plant the resolution is ongoing.

	<p><i>Climate change delivery and sustainability</i></p> <ul style="list-style-type: none"> • Chris Thurston, Head of Sustainability has resigned from Watercare and we are searching for a replacement. • The decarbonisation roadmap requires a refresh to ensure it aligns with the projects’ revised timeline and emission profiles. We have a steep curve to achieve, which relies on capital investment and reducing process emissions. There is currently great work underway to understand our process emissions. However, more work is required to explain our aspirational targets and work out how we will get there. The Board wants to understand what work is required to be done, i.e. the level of investment required, to achieve resilience in the network. • We are working with Council regarding the climate related disclosure and detailed methodology for risk assessment. • Rob Tinholt, Resource Recovery Manager was awarded with the sustainability champion award for his incredible works with the Emerge® fertiliser and reuse of biosolids in Aotearoa. • The Board asked Management how likely they are to meet the SOI measure relating to emissions reductions. The Board asked for an update in the CE’s report to cover what would need to be amplified in our capital programme to ensure we achieve this measure. <p><i>The Board noted the report.</i></p>
8.	<p>Health, safety and wellbeing update</p> <p>Jamie Sinclair introduced the new Head of Health, Safety and Wellbeing, Andrew Mercer and the report. First, he thanked Paula Luijken for her work as Acting Head of HSW. Jamie covered the following key topics:</p> <ul style="list-style-type: none"> • Open iCare cases has increased. The HSW team is working with the business to ensure the actions are completed and the cases are closed. • Safety and Training induction numbers need to be 100%. • Management has accepted HSE Global’s findings. An action plan to implement the findings is currently being developed with a plan to be in place before 1 July 2024. The Board requested a monthly progress update be provided until we have an action plan in place to implement these findings. It was noted that some “quick wins” will be achievable in the short term. • A sampler from the lab who got sprayed with caustic soda liquid has fully recovered and has returned to work at full capacity. • The HSW team has undertaken a few more trials for the Sensor Zone, using radar monitoring to detect and warn people moving into exclusion zones in the proximity to mobile plant. • Regarding the contractors’ critical risks incidents, the Chair asked the team to ensure the incidents are documented and formal procedures have been followed after the incidents. <p><i>The Board noted the report.</i></p>
9.	<p>Board planner</p> <p><i>The Board noted the Board planner.</i></p>

10.	<p>Directors' appointment terms, committee memberships and meeting attendances</p> <p>The Chair advised the following:</p> <ul style="list-style-type: none"> • Dave Chambers has been formally appointed Watercare's chief executive on a fixed term contract until 30 June 2025. This gives the company a degree of stability as we navigate several upcoming changes, including: the departure and appointment of board members, including a Board Chair and Audit and Risk Committee Chair; and the ongoing conversations with central and local government around financial independence. Dave's sabbatical from the Watercare Board has ended and today he will officially resign from the Watercare Board. • The Chair and Nicki Crauford's terms have been extended through to September 2024, to provide an oversight of Watercare's annual audit and financial and performance reporting. Both the Chair and Nicki are relocating to the UK in May, and so will be discharging their director duties remotely until September 2024. • Graham Darlow will lead the relationship with the WDC. • Julian Smith will lead iwi relationships. • Auckland Council is currently recruiting for two new board directors to replace Brendon Green and Hinerangi Raumatī Tu'ua, who resigned in July 2023. Six candidates have been shortlisted and interviews are taking place this week. We expect the two new directors to be appointed in mid-May. Until then, the current committee structure will remain the same. • Julian Smith will work with the Governance Team on the induction of the new board members. • Frances Valintine will be stepping down on 30 June 2024, when her current term finishes. • Auckland Council has extended the time to apply for a role of new board chair until 21 April 2024. We hope to have an announcement by June 2024, with the new Chair starting on 1 July 2024. <p><i>The Board noted the report.</i></p>
11.	<p>Disclosure of Directors' and Executives' interests</p> <p><i>The Board noted the report.</i></p>
12.	<p>General business</p> <p>In closing, the Chair recognised that this will be Steve Webster's last Board meeting.</p> <p>The Chair acknowledged and thanked Steve for his great work at Watercare and recognised his efforts in helping to shape and grow the capital programme. The Chair also extended her thanks and best wishes to Steve on behalf of the Board and Watercare for his leadership over the years, including during the challenging times such as the drought and other incidents.</p>

	The public session closed at 10:30am.
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CERTIFIED AS A TRUE AND CORRECT RECORD

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Margaret Devlin, Chair