

Minutes

Board meeting	Public session
Date	8 August 2023
Venue	Watercare Services, Level 3 Boardrooms, 73 Remuera Rd, Remuera and via Microsoft Teams
Time	9:45am

Attendance		
Board of Directors	Watercare staff	Guests
Margaret Devlin (Chair) Julian Smith Nicola Crauford Frances Valintine	Dave Chambers (CE) Mark Bourne (Chief Operations Officer, for items 1 to 9) Shayne Cunis (Exec Programme Director CI) Amanda Singleton (Chief Customer Officer) Sarah Phillips (Rem and People Insight Lead, for items 7 to 13) Steve Webster (Chief Infrastructure Officer) Bronwyn Struthers (Head of Health, Safety and Wellbeing, for items 1 to 8) Tere Ryan (Security Coordinator) Emma McBride (Head of Legal and Governance) Pinaz Pithadia (Legal and Governance Advisor) Via Microsoft Teams Richie Waiwai (Tumuaki Rautaki ā-lwi me ngā Hononga, for item 1)	Jim Jackson, a member of the public Councillor Ken Turner (Watercare's Lead Councillor) Via Microsoft Teams Councillor Shane Henderson (Chair, CCO Oversight and Direction Committee, for items 7 to 13) Trudi Fava (CCO Programme Lead, Auckland Council, for items 7 to 13)

1.	<p>Opening karakia</p> <p>The Chair opened the meeting with a karakia.</p> <p>Meeting administration</p> <p>The Chair noted the resignations of directors Hinerangi Raumati-Tu'ua and Brendon Green, who have been appointed to the Establishment Board of Wai Tāmaki ki Te Hiku. On behalf of the Watercare Board, the Chair acknowledged their valuable contribution to Watercare.</p> <p>The Chair noted that she had advised Council of the resignations and how the remaining Board of five directors could proceed over the coming year before the new entity, Wai Tāmaki ki Te Hiku starts on Day 1.</p> <p>The Chair congratulated the team for recent media coverage on our proactive assets and renewal programme.</p> <p>In July 2023, the Chair and Julian Smith visited MSN work sites and enjoyed engaging with our MSN staff and seeing the hard mahi they undertake out in the community.</p> <p>The Chair and CE acknowledged the good work done by the operations and maintenance teams for repairing a tomo (sink hole) that suddenly formed in Princess St, Otahuhu; as well as the water break in Queen Street, where the crews had to cut through 50cm of reinforced concrete and steel plates to get to the break.</p> <p>The Chair thanked Watercare's Te Rua Whetū team for organising the learning seminar on judicial recognition of tikanga and congratulated them on the successful launch of two online learning modules for our kaimahi. The modules cover te reo and tikanga.</p> <p>Audit and Risk Committee structure</p> <p>The Chair confirmed Nicola Crauford, Graham Darlow and herself as Audit and Risk Committee (ARC) members with Nicola to be the Committee Chair.</p> <p>The Board requested that Management appoint an external expert advisor to the ARC to support the new ARC Chair.</p>
2.	<p>Apologies</p> <p>Apologies were received from Graham Darlow.</p>
3.	<p>Quorum</p> <p>The Chair confirmed that 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 4 July 2023</p> <p><i>The Board resolved that the minutes of the public session of the Board meeting held on 4 July 2023 be confirmed as true and correct.</i></p>
6.	<p>Public deputations</p> <p>The Chair welcomed Jim Jackson, a member from the public. Mr Jackson confirmed he did not wish to make any comments and was attending the meeting as an observer.</p>
7.	<p>Chief Executive's report</p> <p>The CE introduced the report and highlighted the following key topics.</p> <p><i>June 2023 update</i></p> <ul style="list-style-type: none"> • Milestones continue to be achieved across the Central Interceptor project as construction continues across 16 sites. • Water reform continues to be a focus area for the business. Parliament needs to pass three pieces of legislation before end of August 2023. We are continuing to second people into Wai Tāmaki ki Te Hiku and the NTU, which is putting pressure on our kaimahi. However, our people are showing resilience. The cost of secondments including, for example, software licences, is being fully reimbursed to us by the DIA. <p><i>Our people and customers</i></p> <ul style="list-style-type: none"> • Our June 2023 engagement survey showed our engagement level had increased from 7.1 in November 2022 to 7.3 in June 2023. This is a positive result given the level of change across the organisation and impact of potential water reform changes. • Over the past year, Aucklanders' trust in Watercare has increased by 3% to 60%. • The voice of community net satisfaction score from large scale infrastructure projects has doubled – now sitting at 52%. <p><i>Central Interceptor (CI)</i></p> <ul style="list-style-type: none"> • The Tunnel Boring Machine has 365m further to travel before it reaches May Road. • We had a serious close call last Saturday involving a crane lift at 3am in the morning. The work was repetitive and normally the crane drivers would rotate every two hours, but the other worker called in sick. The crane driver was therefore working a whole shift in a heated cabin and momentarily fell asleep. Exclusion zones worked successfully. Tunnelling was stopped for short period and more formal controls are being put in place. • Francesco Saibene, Ghella Albergeldie Joint Venture (GAJV) appeared on TV news recently as a tunnelling expert to discuss the potential new tunnels under the Waitemata Harbour. He explained that the GAJV had tunnelled a similar distance under the Manukau Harbour in three months with little disruption to neighbours. It was great exposure for the CI project. • The CE noted that once the construction sites are complete from Māngere Wastewater Treatment Plant to May Road, the CI will go live in late 2024, whilst tunnelling continues on the northern section.

- In response to a query from Cr Ken Turner, Mark Bourne noted that at present we have a large diameter siphon under the Manukau Harbour between Hillsborough and Māngere Bridge. The CI tunnel will replace that siphon. The siphon requires ongoing operational interventions whereas the CI tunnel will not require such interventions.
- In response to a query from the Chair on community disruption from the project, Shayne noted that a kindergarten next to the Dundale Avenue construction site would consider the CI project to be a good neighbour. At Western Springs, we have left some hoardings blank so that graffiti artists could use those, rather than our informational hoardings.

Climate change delivery and sustainability update

- The need for the Māngere Peak Flow Treatment project was re-examined. The additional peak flow treatment will no longer be constructed as the need for the project can be fulfilled through other projects already planned. This has resulted in a cost saving of \$37m as well as a significant CO2 saving.
- Our Statement of Intent (SOI) target on greenhouse gas emission (GHG) will be achieved. This is because last year most of New Zealand's electricity was hydro-generated, which has lower GHG emissions than coal-generated electricity.
- The Board asked Management to take into consideration future sources of electricity generation to achieve our GHG targets.

Water resources

- Mark Bourne reported that since the start of the leak management programme ~20.1MLD of water savings have been achieved with 11,263 leaks found.
- The Chair noted that long term forecast is for a drier summer. Given this, water savings messages may need to start in October, as the situation can change very quickly.

Risk and compliance update

- In response to a query from the Chair, Emma McBride noted that there has been a steady increase in requests for information under the Local Government Official Information and Meetings Act 1987, with no particular pattern in respect of the request. However, the team continues to respond to all requests within 20 working days.

Performance against SOI measures

- Our performance, excluding the storms, for attendance at sewerage overflows would be 69 minutes; and average number of wet weather overflows, excluding storms would be 2.86. Even though these numbers are above the targets, they represent the performance without the two extreme weather events. This correlates with the fact that the weather continues to be wetter than normal this year, even discounting the storms. Our aim is to return wet weather overflows number under 2, but this is weather dependent.
- For our leakage performance target, 30,000 smart meter readings were missing from the data set. We have billed our customers and have collected revenue. We are now combining the data set for mechanical meter readings to be able to report on our leakage performance.
- In response to a query from the Chair, Amanda Singleton noted that our current "no read" of meters is sitting at 10% due to the floods resulting in some meters being hidden. However, we should return to normal rates of 3 to 4% "no read" from next month.
- Employee net promoter score (eNPS) result is 10 as compared to our target of 20. However, the leadership team is pleased with this result given the disruption that water reform is causing at present.

- In response to a query from Cr Turner, Mark noted that the current methodology for wet weather overflows measures overflows on the transmission lines. This methodology is changing for our FY24 reporting and will include transmission lines as well as local network overflow points. All of our engineered overflow points are alarmed.
- In response to a query from Cr Turner regarding overcharging customers with defective smart water meters, the CE noted that one of the suppliers of smart meters found a defective meter. The supplier disclosed it to Watercare and on review, we found that around 17,000 Watercare customers have these faulty water meters. Excess charges per meter were under \$10 on average for residential customers and this is being refunded. We are working with the supplier to fix the error and have stopped installing these meters until the error is fixed. The problem will be fully resolved by the end of September 2023. We now have samples of all the meters we use across Auckland in our training centre so we can monitor their performance.
- The Chair noted that the results for the SOI target on diverse water sources should be changed to 'On track to achieve' as we are continuing to develop the adoption of alternative sources of water.

Engagement survey results

Sarah Phillips provided an update on engagement survey results and the people update for June 2023:

- Steady improvement in numbers from the last survey of November 2023. However, we are not yet back to our 2022 peak.
- Reform is impacting people's sense of direction and has contributed to a lower score. The CE is urging Wai Tāmaki ki Te Hiku to provide our people with assurances around their positions, post Day 1.
- Our overall health and wellbeing score stands at 7.9, showing a positive improvement in our efforts to help our people cope with stress and stay healthy.
- Overall turnover has decreased to 17.33%, continuing a downward trend.
- The Chair noted that given the reform is still uncertain, we need to start addressing some of the weaker themes (e.g. systems issue) as soon as the 2023 election results are known.

Water quality

- Mark Bourne noted that we have achieved 100% compliance for all parameters for all water treatment plants and distribution zones under the new Taumata Arowai drinking water standards.

Non-compliance with resource consents

- There has been a minor increase in consent non-compliance as compared to last month, up 6 from May 2023. Each consent has its own unique conditions.
- There are two consents non-compliances at Grade 3, which are at elevated risk of non-compliance. They relate to Army Bay WWTP and Waikato WTP.

Army Bay WWTP

- In response to a query from the Board member, Mark noted that Army Bay WWTP has a unique consent condition relating to UV. An upgrade programme is provided for within the Asset Management Plan to address this issue. Performance has deteriorated this year, and this is related to the extreme weather events.

	<i>The Board noted the report.</i>
8.	<p>Health, safety and wellbeing update</p> <p>The Chair advised the Board that Bronwyn Struthers has accepted a job at ACC starting in September. The Chair acknowledged and thanked Bronwyn for her mahi during her time at Watercare.</p> <p>The CE noted that total recordable injury frequency rate (TRIFR) continues to increase, whereas lost-time injury frequency rate is decreasing. This represents a strong reporting culture at Watercare. Our focus is on continuous improvement in HSW outcomes for our kaimahi.</p> <p>The CE noted that the SOI measure on culture and leadership does not appear to be effective. We have therefore established six new entity wide HSW measures for 2023/24 as set out in the report. One of the measures also include leadership engagement. The performance on these measures will be reported at the executive monthly performance hui. The Board requested that critical risk oversight should be included within the HSW entity wide measures for 2023/24.</p> <p>Bronwyn noted the following key topics:</p> <ul style="list-style-type: none"> • An analysis of TRIFR data of Australian entities suggests that the lack of consistency in calculation means our numbers need to be manipulated to provide direct comparison. • Bronwyn noted that iCare closure rate target is 95% (rather than 100%) because 95% of cases that have been raised are closed within a month of having been raised. However, some cases take longer than a month to close due to longer time it takes to ensure effective actions are taken. • Mark noted that a kaimahi who was pouring sodium hypochlorite into jar was not wearing appropriate PPE. The kaimahi was placed on light duties following the incident and had to refamiliarize themselves with the standard operating procedures. • Mark noted that one of the operators felt discomfort while removing lime during a chlorine tank clean. Investigation found the legs for the Tyvek suits had been tucked into the gumboots, rather than over the gumboots. <p>The Chair thanked Bronwyn for providing information on benchmarking data on TRIFR as we continue to investigate why our TRIFR rate is increasing.</p> <p><i>The Board noted the report.</i></p>
9.	<p>Establishment of new capital committee</p> <p>The CE took the report as read.</p> <p>The Chair noted that the committee work plan should include:</p> <ul style="list-style-type: none"> • delivery and performance of the Enterprise Model including each major capital projects and the Enterprise Model in whole, • delivery and performance of the contract with Waikato District Council, • review of overall performance against AMP, • review of draft capital-related papers going to the Board (i.e. over \$50m), • deep dive into major capital projects that are high-value and/or high-risk, and

	<ul style="list-style-type: none"> • traffic light reporting on projects over \$50m. <p>The Chair noted that all Board members are welcome to attend the committee meetings as well as Cr Ken Turner.</p> <p><i>The Board resolved:</i></p> <ul style="list-style-type: none"> • to stand up a new capital committee, namely the Asset Management Committee/ Komiti Whakahaere Rawa; • to appoint Graham Darlow, Margaret Devlin and Nicola Crauford as committee members with Graham as the committee Chair; • to appoint Roger McRae to be a non- Board external Advisor to the committee. Note, Roger will not be a committee member; • to approve the committee's draft Terms of Reference, subject to amendments being made to reflect the composition of the committee as resolved above; and • to amend section 4 of the Corporate Governance Charter to note that Watercare now has two committees, the Audit and Risk Committee and the Asset Management Committee / Komiti Whakahaere Rawa. <p><i>The Board noted the report.</i></p>
10.	<p>Board planner</p> <p>Emma noted that a Board planner will be amended to accommodate the new Asset Management Committee.</p> <p>The Chair noted that the schedule for strategic pillar deep dive sessions will need to be revised following the outcome of the 2023 elections.</p> <p><i>The Board noted the Board planner.</i></p>
11.	<p>Directors' meeting attendances</p> <p><i>The Board noted the report.</i></p>
12.	<p>Disclosure of Directors' and Executives' interests</p> <p>Nicola advised that she is no longer a Chair of Electricity Authority.</p> <p><i>The Board noted the report.</i></p>
13.	<p>General business</p> <p>Cr Turner noted the great reception the Hūnua Traverse has received from mountain bikers, who can now access this Council owned land. The roads are private and owned by Council and used by Watercare.</p> <p>Before closing the meeting, the Chair checked with Mr Jackson as to whether he wanted to make any comments. Mr Jackson confirmed he did not wish to make any comments.</p>

	The public meeting closed a 11.02am
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CERTIFIED AS A TRUE AND CORRECT RECORD

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Margaret Devlin, Chair