

Minutes

Board meeting	Public session
Date	4 April 2023
Venue	Watercare Services, Level 3 Boardroom, 73 Remuera Rd, Remuera and via Microsoft Teams
Time	9:45am to 12:07pm

Attendance		
Board of Directors	Watercare staff	Guests
<p>Margaret Devlin (Chair) (except for the first part of item 7)</p> <p>Nicki Crauford (Acting Chair for first part of item 7)</p> <p>Julian Smith</p> <p>Frances Valintine</p> <p>Brendon Green</p> <p>Graham Darlow</p> <p>Via Microsoft Teams</p> <p>Hinerangi Raumati-Tu'ua</p>	<p>Dave Chambers (CE)</p> <p>Jamie Sinclair (Chief Corporate Services Officer)</p> <p>Mark Bourne (Chief Operations Officer)</p> <p>Amanda Singleton (Chief Customer Office, for items 1 to 9)</p> <p>Steve Webster (Chief Infrastructure Officer, for items 1 to 8)</p> <p>Sarah Phillips (Chief People Officer, for items 1 to 9)</p> <p>Bronwyn Struthers (Head of Health, Safety and Wellbeing, for items 1 to 8)</p> <p>Priyan Perera (Head of Strategy and Planning, for items 1 to 8)</p> <p>Craig Matthewson (Project Engineering Manager, for item 8)</p> <p>Suzanne Lucas (GM Asset Upgrade and Renewals, for items 1 to 7)</p> <p>James Talbot (Operations Manager – Environmental Assets, for item 10)</p> <p>Kirsty Cels (Head of People Experience, for item 9)</p> <p>Emma McBride (Head of Legal and Governance)</p> <p>Pinaz Pithadia (Legal and Governance Advisor)</p> <p>Via Microsoft Teams</p> <p>Richie Waiwai (Tumuaki Rautaki ā-lwi me ngā Hononga)</p> <p>Jenny Wigley (Customer Insights Specialist)</p>	<p>Councillor Ken Turner, Watercare's Lead Councillor</p> <p>Trudi Fava, CCO Programme Lead, Auckland Council</p> <p>Via Microsoft Teams</p> <p>Elizabeth Drayton (Watercare's Citizen's Assembly member, for items 6 to 14)</p>

1.	<p>Opening karakia</p> <p>Hinerangi Raumati-Tu'ua opened the meeting with a karakia.</p> <p>Meeting administration</p> <p>The Chair congratulated Sarah Phillips for being promoted to Chief People Officer.</p> <p>The Chair thanked Brendon Green for representing the Board at the launch of three new e- trucks for the Central Interceptor project.</p> <p>The Chair welcomed Councillor Turner to the meeting.</p>
2.	<p>Apologies</p> <p>There were no apologies.</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</p> <p><i>The Board resolved that the minutes of the public session of the Board meeting held on 7 March 2023 be confirmed as true and correct.</i></p>
6.	<p>Public deputations</p> <p>The Chair noted that there were no public deputations. Elizabeth Drayton, one of the members of Watercare's Citizen's Assembly was attending the meeting as an observer.</p>
	<p><i>The Chair departed the meeting at this point to attend to an urgent phone call and returned at 10:21am. Nicki Crauford was Acting Chair for this period of time.</i></p>
7.	<p>Chief Executive's report</p> <p>The CE introduced the report. The CE highlighted the following key topics from the report.</p>

Current significant issues

- Water supply situation is stable, but water quality is still an issue as the dams are still very murky. It could take up to 12 months for water turbidity to settle at our western dams.
- Of the 172 breakages reported during the flood/cyclone, we have 155 active jobs to determine a long-term solution after the Auckland Anniversary storm and Cyclone Gabrielle.
- In relation to three waters reform, our operating environment has a level of uncertainty as the Central Government undertakes its re-set. In the meantime, the NTU has commenced consultation with our staff on their transition pathway to Entity A.
- In response to questioning, in respect of the recent second harbour announcement and any impact on Watercare assets, Steve Webster explained that Watercare is involved in these discussions as we have water infrastructure crossing the Harbour bridge. If a second crossing is built, then Watercare may want infrastructure on that crossing as well to provide for further growth/resilience in the north. In parallel, Watercare is considering a driven pipe under the Harbour.

Water quality

- Mark Bourne noted that non-compliance of residual disinfection of chlorine level at Helensville area has not changed the water quality being supplied to customers. The water leaving our water treatment plants remained compliant. Proactive network flushing has been implemented in the short term to improve turnover, whilst medium to long term solutions are identified. There was no risk to public health.
- Due to the impact of Cyclone Gabrielle on raw water quality, the Helensville zone breached Trihalomethanes (THMs) compliance. We had a single result that was above the maximum allowable value. The risk posed by THMs is measured over a lifetime of exposure, and this single occurrence has a very low health risk. The remedy for this issue will be to improve treatment efficacy going forward.
- In response to a query from the Board, Mark noted that Taumata Arowai's (TA) final rules were not published until late last year. January 2023 was the first month of reporting under the new regulations. All additional monitoring equipment required under the new regulations is in place.
- Mark explained that TA do not approve our Drinking Water Safety Plans (DWSPs) but instead it undertakes a review of a sample of our DWSPs. We are confident that we comply with the requirement of the safety plans.
- Our Asset Management Plan reflects how ready are we for the future changes in standards (e.g. we are upgrading our Huia WTP in anticipation of future drinking water standards).

Key performance measures

- The average number of wet weather overflows will stay above the target for the rest of the year and may go higher due to the impact of Auckland Anniversary storm and Cyclone Gabrielle.

Update on the recommendations of the Citizens' Assembly

- Amanda Singleton welcomed Elizabeth Drayton, a member of the Citizens' Assembly, to the meeting.
- Amanda provided the Board with a progress update on Management's implementation of the accepted recommendations of the Assembly.
- One recommendation included educating the public on the value of purified drinking water. This work has begun with work underway on two pilot water treatment plants. Information on future water sources, including purified drinking water has also been added to our website.
- One of our pilot plants at Māngere will be commissioned in few months. More initiatives will be unveiled over the next few years, including the use of the recycled water for irrigation and other community uses (e.g. parks, ice-rinks). The aim is to slowly build the community's confidence in the use of purified recycled water, first for non-drinking purposes.
- Mark noted that TA do not yet recognise wastewater as drinking water. The potable water supply produced through this pilot plant will therefore be used for the industrial projects such as the Central Interceptor.

The Chair rejoined to the meeting at this point.

Financially vulnerable customers

- Amanda confirmed that the business has significantly increased its support around financially vulnerable customers, especially since Covid-19. Following the meeting, Amanda will discuss with Julian Smith about what are we doing to support financially vulnerable customers, including wider promotion of the Water Utility Consumer Assistance Trust (WUCAT).

Risk and compliance update

- In response to questioning from the Board, Emma McBride explained the Court case involving a \$1.2m claim is progressing slowly through the Courts. It is being managed by the lawyers appointed by our insurance company.

Flood response recovery plan

- Suzanne Lucas provided an update on flood recovery, which is being managed in Watercare by a cross functional team, including those involved in the complicated insurance claim processes. At this stage we are still in the "fixing" and "planning" stage.
- In response to a query from Board, we do not have an ETA for when all the damage will all be repaired. However, we anticipate that it will take almost two years to get back to the position we were in pre-storm/cyclone.
- Watercare is a part of Council's flood recovery group. Auckland Council holds three weekly stand-up meetings, which includes officers from Watercare, Healthy Waters and Auckland Transport. We are working together on the flood response to ensure coordination and a "dig once" approach where possible.

	<ul style="list-style-type: none"> Suzanne noted that the work being done is a combination of like for like replacement as well as resilience for the future. Immediate repairs are relatively low-cost. More permanent solutions can be expensive and go through the normal capital approval process. Given the overall cost of the repairs/rebuild will be between \$250m-\$460m, the AMP will need to be reprioritised, especially if we need to adapt rather than simply rebuild. This is because the repair/“build back better” needs to be included in the current funding envelope. On 16 March 2023, Auckland Council advised that 60 houses that had been red stickered at Muriwai were going to change to yellow/white stickers. By 27 March 2023, all those houses had drinking water via their taps. Watercare ensured customers were aware that it would take some time to get the water back on as we required time to check and disinfect the pipes leading to these houses. Watercare’s water treatment plant at Muriwai remains red-stickered. We are working with Council to see if we can access site to assess whether the groundwater source is still viable, and whether the plant can be revived. The CE stressed that our people will not go back on to the site unless it is safe to do so. <p><i>The Board noted the report.</i></p>
8.	<p>Health, safety and wellbeing update</p> <p>Bronwyn Struthers introduced the report, which was taken as read. The Board and Bronwyn discussed the following matters:</p> <p><i>HSW Governance</i></p> <ul style="list-style-type: none"> The Business Leaders’ Health and Safety Forum (BLHSF) has completed a study into HSW Governance in New Zealand and have launched a guidance document for officers supported by a <u>detailed report</u>. A copy has been placed into the Diligent’s Resource Centre. The report has been endorsed by both WorkSafe and the New Zealand Institute of Directors as good practice. An information session on this kaupapa is recommended as continuing professional development for officers. The report describes five principles around HSW Governance. Shaping KPIs around those five principles would be very useful to achieve better HSW outcomes for Watercare. A workshop with the CEO forum (i.e. the CEOs of our major construction and maintenance suppliers) is being held shortly and following that a session with the Board will be organised. The Board recognised that this represents a good start and queried whether we should consider looking to any investment required to address the critical risk exposures when we refresh our Asset Management Plan (AMP). <p><i>Service strikes</i></p> <ul style="list-style-type: none"> Following an update to the Board on service strikes earlier this year, we have set up a working group which consists of members of our maintenance delivery team, MSN group, Downer, CityCare and March Cato. We are now working collectively with Chorus, where we have our largest number of service strikes, to understand the issues and how we all can improve.

	<p><i>Progress update on Back to Basics Programme</i></p> <p>Steve Webster and Craig Matthewson provided an update on this programme, and noted the following key topics:</p> <ul style="list-style-type: none"> • The programme is successful in creating engagement of site teams around a key critical risk area each month. • The programme has also formed a “Teach the managers group”. • A WhatsApp group was created to connect staff across the partnership as they are all working on different software and email platforms. This was found to be effective. Going forward, we may create a different platform (e.g. mobile app). • The Board commended the team on keeping the programme updated and fresh to avoid complacency. <p><i>The Board noted the report.</i></p>
9.	<p>Strategic deep dive: our people</p> <p>Jamie Sinclair, Sarah Phillips and Kirsty Cels introduced the presentation and noted the following key topics:</p> <ul style="list-style-type: none"> • This Pillar’s focus is to ensure our people are informed, engaged, and supported to help them through transition and to be successful into the future. • The people team is extremely focussed on reform and supporting our people through a period of uncertainty. We are working closely with the NTU to deliver their first phase of training to our people. • Retention is a key part of our people strategic priorities. • The recent engagement survey result is heading in the right direction. • We are preparing companywide remuneration framework education module. • Our people have welcomed the more simplified company plan/pillars. • Voluntary turnover has remained steady (around 19%) for the last five months. Nationally, the voluntary turnover is around 20.5%. • The Board provided their feedback on the pātai included within the presentation. In terms of diversity and inclusion, the Board requested an update on what we are doing to recruit and retain Māori and Pasifica. • The Board also encouraged the team to focus on our Employee Value Proposition (EVP) and the unique features of working for Watercare. Interviews with staff as to why they choose to stay at Watercare are one way to obtain this information. <p>The Board thanked the team for the presentation.</p>
10.	<p>Waitākere tramlines (the rainforest express)</p> <p>Mark Bourne introduced James Talbot to the meeting. James took the report as read and noted the following key topics:</p>

	<ul style="list-style-type: none"> • In 2014, following concerns around rock falls and instability around the Tramlines, a geological report was commissioned which identified 20 risk sites across both Tramlines, nine of which posed a significant risk to public safety. • The report put the cost of reducing the risk to an acceptable level for paying public use at these nine sites to more than \$11m, and noted that even then, the residual risk could be “significant”. • Current operation and maintenance activities are focused solely on the pipeline infrastructure and can continue to be done at nil cost and minimal operational expenses. • Any future repairs or maintenance that require greater access requirements, e.g. transportation of plant or materials, will use alternative options to access the raw water mains, including helicopter, mini 4x4 and tracked carrier. Following the 2023 Auckland Anniversary Storm, the repairs were undertaken with the aid of a helicopter due to the condition of the tracks. <p>Cr Turner thanked the Board for putting this matter on the Board agenda. He noted that health and safety had brought this operation to a halt. However, the attraction is in a heritage area and could provide Watercare and Council, i.e. Tātaki Auckland Unlimited, with a unique opportunity to engage with the community.</p> <p>In response, the Board noted that they were supportive of Management’s position as outlined in the report. That is, whilst the Tramline remains Watercare owned it remains closed to the public; should there be a desire from a third party to return the Tramline to public use then the Tramline assets should be firstly acquired by Auckland Council ideally at book value; and any subsequent operation of the “Rainforest Express” would need to be facilitated by a change to the Headworks Lease Agreement to ensure Watercare’s core operations were not compromised and that Auckland Council or the third party took full responsibility for related health and safety.</p> <p><i>The Board resolved that should there be an interest from a third party to return the Tramline to public use, the Watercare team is to:</i></p> <ul style="list-style-type: none"> • <i>explore whether an arrangement can be achieved with Auckland Council to acquire the Tramline assets; and</i> • <i>identify the changes required to the Headworks Lease Agreement to enable the safe operation of the Tramline by a third party without compromising Watercare’s ability to operate and maintain the water supply assets; and</i> • <i>explore whether access to the rolling stock for the purposes of maintenance can be achieved.</i> <p>Management will keep the Board informed of developments.</p>
11.	<p>Board planner</p> <ul style="list-style-type: none"> • A monthly update on our flood response recovery is to be provided to the Board until June 2023. Following that it will be a quarterly update. • Trudi Fava will keep Watercare informed about this year’s CCO Direction and Oversight Committee visit to Watercare. • Lutra Limited’s SOI for 2023-2026 will be presented to the Board at May 2023 Board meeting for the Board’s formal feedback. <p><i>The Board noted the Board planner.</i></p>

12.	Directors' meeting attendances <i>The Board noted the report.</i>
13.	Disclosure of Directors' and Executives' interests Brendon Green noted that he is no longer a member of Infrastructure Committee of Waikato District Council. <i>The Board noted the report.</i>
14.	General business The meeting closed at 12:07pm.

CERTIFIED AS A TRUE AND CORRECT RECORD

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Margaret Devlin, Chair