

Minutes

Board meeting	Public session
Date	6 September 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 Graham Darlow Nicola Crauford Frances Valintine (for items 1 to 8)	Dave Chambers (CE) Mark Bourne (Chief Operations Officer) Shayne Cunis (Exec Programme Director CI) Amanda Singleton (Chief Customer Officer) Sarah Phillips (Rem and People Insight Lead) Richie Waiwai (Tumuaki Rautaki ā-lwi me ngā Hononga) Suzanne Lucas (GM Asset Upgrades & Renewals) (for items 1 to 8) Bronwyn Struthers (Head of Health, Safety and Wellbeing) (for items 1 to 8) Paula Luijken (Health, Safety and Wellbeing Business Partner) (for items 1 to 8) Emma McBride (Head of Legal and Governance) Pinaz Pithadia (Legal and Governance Advisor)	Murry Bain, Board Chair, Wai Tāmaki ki Te Hiku Establishment Board Councillor Ken Turner (Watercare's Lead Councillor) Via Microsoft Teams Trudi Fava (CCO Programme Lead, Auckland Council)

1.	<p>Meeting administration</p> <p>The Chair acknowledged passing of James Brown, former Chair of Ngāi Tai ki Tāmaki. James will be remembered for his contribution to iwi recognition within local and central government.</p> <p>The Chair welcomed Murray Bain, Board Chair of Wai Tāmaki ki Te Hiku’s Establishment Board. The Chair noted that Murray has a standing invitation to attend future Watercare Board meetings.</p> <p>The Chair noted that Richard Waiwai will attend all Board meetings to advise the Board for iwi and Māori matters.</p> <p>The Chair congratulated the Central Interceptor (CI) team and Francesco Saibene, Ghella Albergeldie Joint Venture (GAJV), for the CI breakthrough into the shaft at May Road in Mt Roskill.</p> <p>The Chair acknowledged the work done by finance team to prepare the annual financial statements for Board’s approval at today’s Board meeting.</p> <p>Opening karakia</p> <p>Graham Darlow opened the meeting with a karakia.</p>
2.	<p>Apologies</p> <p>No apologies were received.</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 8 August 2023</p> <p><i>The Board resolved that the minutes of the public session of the Board meeting held on 8 August 2023 be confirmed as true and correct.</i></p>
6.	<p>Public deputations</p> <p>The Chair noted that there were no public deputations.</p>
7.	<p>Chief Executive’s report</p> <p>The CE introduced the report and highlighted the following key topics.</p>

July 2023 update

- The annual remuneration review was completed in July. All but two staff had their performance reviews completed on time.
- In the future, our focus is to align our performance review, remuneration review, and salary increases to eliminate the need to provide backpay.
- There was an extensive discussion regarding workloads and “reform fatigue” as more kaimahi are being seconded to Wai Tāmaki ki Te Hiku or the NTU. The uncertainty around the upcoming general election/future of water reform is also causing some staff to become unsettled. Some staff are being seconded part-time, and are therefore working for two different organisations/managers. In response to this, senior management is encouraging people leaders to build engagement with their teams, and focus on what we have to do today to deliver for Auckland. Whilst some people have resigned, staff turnover overall is down, and our customer trust numbers are increasing.
- The CE noted that Watercare would face operational challenges if we were to second more staff to the new entity/NTU. The CE is meeting regularly with Jon Lamonte, CE of Wai Tāmaki ki Te Hiku to discuss the transition and manage the impact it is having on Watercare’s day-to-day operations.
- The Board encouraged the team to keep looking after their teams and escalate any issues promptly, and to keep the Board updated with this issue. The Chair also instructed the Board to ensure that any requests they place on the business need to be focussed and absolutely necessary.
- The Chair asked Cr Turner if Council is giving a thought to what may occur if water reform does not go ahead. Cr Turner advised that he is not aware of the Council preparing for this eventuality.
- Seven HSW KPIs for the 2023/24 have been confirmed.
- We have more than 190 active construction sites across Auckland. Nigel Toms, Head of Risk and Resilience continues to oversee the Alma Road contractor injury and will report back to the Board with our learnings at a future Board meeting.
- Water demand increased in July and August 2023. Our investigations suggest this is due to record international migration into Auckland and also the recent Woman’s Football World Cup event bringing more tourists into Auckland, as the bulk supply points around the games and hospitality areas measured increased water use. Our dams are currently 98.3% full. Even though the dams are basically full, we have already started encouraging our customers to use water wisely and will continue our water efficiency messaging over the summer period.
- With the new financial year, we have a new suite of SOI measures.
- The CI project is now active on every single site.

Enterprise risk management

- We are enhancing our incident management teams along with supporting resources to improve our ability to respond to future incidents.
- In response to a query from Cr Turner, Mark Bourne noted that Watercare is a member of Auckland Engineering Lifelines Group. We have a designated person available to go to Civil Defence head office, who can coordinate the required response at the time of emergency. In our Watercare Nerve Centre, we have a dedicated Civil Defence radio telephone, which is tested weekly. Amanda Singleton noted that the Communications team was also closely engaged with Civil Defence during the January/February 2023 flooding/cyclone event.
- Cr Turner asked whether Watercare contributed to Mike Bush’s Auckland Flood Response Review. Management confirmed that Watercare was not requested to contribute to the report. Watercare undertook its own flood response review. That said, Watercare has taken onboard the feedback in the Bush report, including the concern around a lack of connection across the council family as there is always room for improvement.

Operations

- The Board commended the leak management team's work to achieve ~20.1MLD of water savings. The Board requested an update on leak management programme and how we are progressing against our plan.
- In response to a query from the Board regarding the Helensville WWTP, Mark Bourne noted that the advanced treatment process (Membrane aerated biofilm reactor – MABR) is a new technology. The MABR has resulted in the plant operating better than we expected. Our operators at the plant say it is now a "joy to operate".

Legal action – RMA related

- In response to a query from the board regarding Huia Water Treatment Replacement Plant, the CE noted that discussions continue with the appellants following the mediation a few months ago. A further update will be provided to the Board in October 2023.

Whistleblowing

- In response to a Board request, an update on when was the whistleblowing line was last tested will be provided in next month's Board report.

Non-compliance with resource consents

- In response to a query from the Chair regarding the increase in consent non-compliance in July, Mark noted that the increase is due to the single issues triggering multiple consents. For example, a single non-compliance triggered conditions on two consents at Omaha WWTP. Similarly, at Hays Creek Dam, a single non-compliance triggered on three consents. At Army Bay WWTP, due to an ongoing non-compliance, a second consent condition has been triggered in July.

Performance against SOI measures

- The total recordable injury frequency rate (TRIFR) continues to increase, which remains concerning.
- Whilst the Statement of Intent (SOI) target on attendance at sewerage overflows is not being achieved, the SOI target on resolution of sewerage overflows is being met (SOI targets 11 and 12 on page 27 of the pack).
- The Board encouraged Management to review the SOI measures where we are overachieving as part of our efficiency review.
- Despite all the challenges weather events have caused to our network and many Auckland households, the community trust score continues to increase which demonstrates the hard work done by the customer team.
- Trudi Fava noted that as a part of Long Term Plan, Council is developing the methodology for various economic/capital measures. The new capital SOI measures need to be referred to the new Asset Management Committee and, where possible, the methodology aligned with that being developed for Council measures.

Our people

- New hires by month are standing at 32 which is linked to ongoing capital programmes.
- Our staff turnover continues trend down.
- Average Leave liability has remained stable and leave plans are being put in place those with high balances. Sick leave liability is down slightly.

Water quality report – July 2023

- Mark Bourne noted that we have achieved 100% compliance for all parameters for all water treatment plants and distribution zones.
- Wai Comply has completed their compliance report on drinking water quality. Taumata Arowai's new rules came into effect from 1 January 2023 so Wai Comply were required to review our compliance against two different requirements. From 1 July 2022 – 31 December 2022 we measured compliance against Parts 4 and 5 of the Drinking Water Standards 2005; and from 1 January 2023, new Drinking Water Quality Assurance Rules (DWQAR) introduced by Taumata Arowai took effect. Due to the impact of these new rules there were several non-compliances in January-March 2023. However, we have achieved 100% compliance from April-June 2023.

Policy update

- Auckland Council is developing their Plan Change to give effect to Urban Intensification (PC-78). It was noted that this plan change risks Watercare breaching our existing levels of service and network discharge consents due to being unaware of where and when growth is occurring in advance.

Water quality complaints

- In response to a query from the Board, Mark noted that the seven discoloured water quality complaints in the central network relate to the Onehunga reticulation system. The level of discoloration was minor, but we are investigating to identify root causes, as localised flushing has not resolved the issue.
- In response to a query from Cr Turner, Mark noted that Onehunga Water Treatment Plant was shut down last year, and will remain shut until it can be proven to consistently meet the new drinking water standards. In the meantime, we are supplying the Onehunga area from our southern water sources. The above complaints do not relate to the Onehunga WTP closure.

Flood recovery working group – update

Suzanne Lucas provided an update on the flood recovery.

- We have identified 33 new issues since the last update, but overall, the numbers of issues are reducing.
- We are continuing to prioritise work based on the criticality of work and environmental aspects. Work is being bundled into programmes.
- The number of projects requiring urgent repairs are reducing as we move into more permanent repair solutions.
- We plan to recommission the Muriwai water treatment plant in the next couple of months. Strict Health and Safety protocols are in place for staff and contractors undertaking the repairs. However, the recommissioning of the WTP is a temporary solution as it is more cost efficient to recommission the WTP rather than continue to tanker water. The permanent solution will be to build a new treatment plant, with a new water source.
- We are stabilising Akoranga and Unsworth Reserves while working with Auckland Council, DOC and Parks regarding their remediation plans of the reserves.
- We are currently forecasting approximately \$38m of spend on flood repairs for FY24, but this could increase as we finalise our design and business cases.
- We are working with Council to identify other sources of funding, including NIWE (North Island Weather Events), Crown and Civil Defence funding.
- In response to a query from the Board, Suzanne noted that estimated value for the insurance claim will likely to be around \$80m for a "like for like" replacement. The claim is extremely complicated and AON wishes to visit every site that is going to cost more than \$50k, which is all sites. We have retained experts with experience in the Christchurch and Kaikoura earthquakes to help us with the claim.
- Our draft adaptation framework has been shared with Auckland Council.

	<ul style="list-style-type: none"> The Chair noted that there is an ongoing opportunity for us to engage more with our iwi partners as we progress the flood repairs. <p>The Board noted this was Bronwyn's last Board meeting and wished her well for her new role at ACC.</p> <p><i>The Board noted the report.</i></p>
8.	<p>Health, safety and wellbeing update</p> <p>The CE noted that the TRIFR and Lost Time Injury (LTI) rates continue to increase despite our ongoing focus on HSW.</p> <p>Bronwyn Struthers noted the following key topics:</p> <ul style="list-style-type: none"> The seventh KPI covering critical risk oversight has been included into the new set of HSW KPIs. Progress against these KPIs will be available next month. The contractor who was injured in July has now returned home. <p><i>Critical Risk Review of mobile plant</i></p> <ul style="list-style-type: none"> Lifting operation occurs using mobile plants which has potential for things to go wrong. To control risk, we have exclusion zones in place for our sites which has proven to be very effective way of mitigating risk at Watercare sites. Signage, emergency response drill, spotters and truck waiting are important control. The last slide containing a video shows how open and exposed our kaimahi feel while working around the mobile plant. <p>The CE noted that the HSW report for next month will include the July performance against the HSW KPIs set for 2023/24.</p> <p><i>The Board noted the report.</i></p>
9.	<p>Audit and risk committee meeting update</p> <p>Nicki Crauford, the Chair of Audit and Risk Committee (ARC), provided an update to the Board on the most recent ARC meeting held on 31 August 2023. At the meeting, the ARC:</p> <ul style="list-style-type: none"> reviewed the end of year financial statements; and discussed Deloitte's external audit update. <p>The ARC Chair noted that she will be attending the 15 September 2023 meeting of Council's Audit and Risk Committee where CCOs are required to report audit findings for the year ended 30 June 2023.</p>
10.	<p>Asset management committee meeting update</p> <p>Graham Darlow, the Chair of Asset Management Committee (AMC), provided an update to the Board on the first AMC meeting held on 23 August 2023. He noted that the AMC:</p> <ul style="list-style-type: none"> recommended the terms of reference be amended to include health and safety as it relates to the capital programme.

	<ul style="list-style-type: none"> • will receive updates on projects over \$50m, and other projects (under \$50m with particular risk or reputational exposure). • will cover the Central Interceptor, the Enterprise Model, and the Digital programme, respectively over the next three meetings. Waikato District Council contract will also be considered this year by the Committee. • discussed various example reports and dashboards, including emerging risks, and what type of information the Committee wished to receive.
11.	<p>Board planner</p> <p>Emma McBride noted that Watercare is not required to attend the upcoming CCO Direction and Oversight Committee meeting at Council on 14 September 2023.</p> <p><i>The Board noted the Board planner.</i></p>
12.	<p>Directors' meeting attendances</p> <p><i>The Board noted the report.</i></p>
13.	<p>Disclosure of Directors' and Executives' interests</p> <p>Graham advised that:</p> <ul style="list-style-type: none"> • Piritahi Alliance Board is now called the LEAD Alliance Board. • He is now a Director of Hick Group Ltd. • Hick Infrastructure Limited has been dissolved and needs to be removed. • He is now a Director of Holmes GP ANZ Ltd. <p><i>The Board noted the report.</i></p>
14.	<p>General business</p> <p>The Chair noted that Auckland Council has approved the Statement of Intent 2023-26.</p> <p>The public meeting closed at 11:06am.</p>

CERTIFIED AS A TRUE AND CORRECT RECORD

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Margaret Devlin, Chair