

Minutes

Board meeting	Public session
Date	13 June 2023
Venue	Watercare Services, Level 3 Boardroom, 73 Remuera Rd, Remuera and via Microsoft Teams
Time	9:57am

Attendance		
Board of Directors	Watercare staff	Guests
Margaret Devlin (Chair) Nicki Crauford Julian Smith Brendon Green Graham Darlow Hinerangi Raumati-Tu'ua Via Microsoft Teams Frances Valintine	Dave Chambers (CE) Jamie Sinclair (Chief Corporate Services Officer) Mark Bourne (Chief Operations Officer) Amanda Singleton (Chief Customer Office, for items 1 to 12) Sarah Phillips (Chief People Officer, for items 11 and 12) Bronwyn Struthers (Head of Health, Safety and Wellbeing, for items 1 to 12) Richie Waiwai (Tumuaki Rautaki ā-lwi me ngā Hononga, for items 1 to end of item 11) Mathieu Wilson (Wellness Lead, for items 12) Emma McBride (Head of Legal and Governance) Pinaz Pithadia (Legal and Governance Advisor) Via Microsoft Teams Suzanne Lucas (GM Asset Upgrade and Renewals, for items 11)	Via Microsoft Teams Trudi Fava, CCO Programme Lead, Auckland Council

1.	<p>Opening karakia</p> <p>Julian Smith opened the meeting with a karakia.</p> <p>The Chair congratulated the 16 team members from Watercare’s retail operations team who recently graduated with a NZQA Level 3 Certificate in Contact Centre qualification. The Chair also congratulated Watercare Labs for gaining International Accreditation New Zealand (IANZ) accreditation for a robust method to detect total coliforms and <i>E. coli</i> in drinking water using MI Agar. Switching to this new method will save money and reduce plastic waste.</p>
2.	<p>Apologies</p> <p>Apologies were received from Councillor Ken Turner, Watercare’s Lead Councillor for the public session of the Board meeting. Councillor Turner will attend the confidential session.</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>The CE noted that Amanda Singleton had followed up a complaint received by Cr Turner regarding Wāitakere Primary School.</p> <p><i>The Board resolved that the minutes of the public session of the Board meeting held on 9 May 2023 be confirmed as true and correct subject to fixing typographical error on page 1.</i></p>
6.	<p>Public deputations</p> <p>There were no public deputations.</p>
7.	<p>Final draft of Watercare’s Statement of Intent 2023-26</p> <p>Jamie Sinclair presented the report and highlighted the following.</p> <ul style="list-style-type: none"> • This version of the draft SOI is longer than the first draft sent to Council, as the Shareholder, in their formal feedback, asked Watercare to include more information into the SOI. • Once the FY24 budget has been approved, the SOI will be updated with the financials. • The final SOI needs to be sent to Council by 31 July 2023.

	<ul style="list-style-type: none"> The Board and Management had a robust discussion around what the target for Māori business spend should be, and whether Watercare should change the “5% by 2025” target to instead adopt Council’s measure of 5% by 2025 and 15% with Māori /Pasifika/Social Enterprises. <p>The Board provided the following feedback to Management:</p> <ul style="list-style-type: none"> The financial information on page 9 and 10 of the SOI to be verified following the FY24 budget approval. Following the questions raised at the 6 June 2023 CCO Direction and Oversight Committee meeting regarding Local Infrastructure Growth Charges and total recordable injury frequency rate (TRIFR), a memo is to be sent to Councillor Wayne Walker, the Chair CCO Direction and Oversight Committee. This memo is also to be copied to Councillor Daniel Newman and Councillor Ken Turner. The cover letter to the Mayor should: <ul style="list-style-type: none"> Explain why Watercare’s priority is to keep our focus on the 5% target for Māori spend by 2025, rather than adopting Council’s measure; but also explain what steps we are taking towards Council’s target; Note that Watercare has not changed the 60 minutes target for ‘Attendance at sewerage overflows resulting from blockages or other faults’, and meeting this target is reliant on the normal weather conditions. Explain that despite the Mayor requesting a shorter SOI, it has been made longer in response to the formal feedback. Explain our plan around local network IGCs, referring back to the memo that will be sent to the CCO Directions and Oversight Committee regarding this topic. <p><i>The Board delegated final sign off of the draft SOI (including incorporation of any further changes, and the financials once the budget has been approved) for submission to the Shareholder, Auckland Council, by 31 July 2023, to the Chair and Chair of the Audit and Risk Committee.</i></p> <p><i>The Board delegated authority to the Chair to sign a cover letter to the Mayor, which will enclose the final SOI.</i></p>
8.	<p>Review of the Audit and Risk Committee Charter</p> <p>Jamie Sinclair presented the report, which was taken as read.</p> <p><i>The Board accepted the Audit and Risk Committee’s (ARC) recommendation to approve the revisions made to the Audit and Risk Committee Charter subject to last sentence of the Charter be amended to ‘The next review is scheduled for June 2025’.</i></p>
9.	<p>Review of the Corporate Governance Charter</p> <p>Jamie Sinclair presented the report, which was taken as read.</p> <p><i>The Board approved the revisions made to the Corporate Governance Charter (the Charter) subject to last sentence of the Charter be amended to ‘This Charter was last reviewed by the Board in June 2023. The next review is scheduled for June 2024’.</i></p>
10.	<p>Review of annual report requirements</p> <p>Jamie Sinclair presented the report and made the following key points.</p>

	<ul style="list-style-type: none"> • Management recognises that the Annual Report is an important document. However, it requires significant effort and resources to produce, and complete the assurance processes. • Watercare’s approach to communication and engagement has evolved significantly in recent years which reduces the dependency on the annual report for communicating all matters. • To maintain focus on core business activities, in this extremely busy time of transition, Management proposes a simplified annual report. The report would meet statutory requirements under the various legislations as set out in the report, and key non-financial information (e.g. carbon footprint) would be available through separate reporting or available on our website. • The Chair of the ARC noted that on 23 May 2023 the Audit and Risk Committee (ARC) agreed with Management’s proposed recommendation. However, they did note that it would be important for the business to ensure that we report a wider suite of metrics separately or on our website; and a mechanism may need to be developed to achieve this. <p><i>The Board approved the following recommendations of the Audit and Risk Committee (ARC) regarding Watercare’s 2023 Annual Report requirements.</i></p> <ul style="list-style-type: none"> • <i>The Annual Report 2023 is to comply with the various legislative requirements, and include three main sections:</i> <ol style="list-style-type: none"> 1. <i>Chair and CE’s letter, which demonstrates our performance beyond financial measures. Links will also be provided to key parts of our website, which tell a comprehensive story of the value we add beyond purely financial benefits.</i> 2. <i>FY23 year-end financial statements.</i> 3. <i>Statement of Service Performance (i.e. performance against the Statement of Intent measures).</i> • <i>Production of the Annual Report 2023 is to be done in-house, and avoid unnecessary marketing/photographs, to keep costs to a minimum.</i> • <i>In line with last year, Watercare is not to seek Global Reporting Initiative (GRI) framework assurance.</i>
11.	<p>Chief Executive’s report</p> <p>The CE introduced the report and highlighted the following key topics.</p> <ul style="list-style-type: none"> • In April 2023, Watercare sold our Invercargill and Queenstown based laboratories to Eurofins. All staff transferred their employment to Eurofins. • The Board reported that they were provided with an update this morning on Affordable Water Services from Entity A CE, Jon Lamonte. It was noted that we are awaiting guidance from the DIA regarding their oversight and monitoring role related to significant water-related decisions. • A session was held with more than 90 people from Kāinga Ora, Healthy Waters, Auckland Council, Auckland Transport and Watercare to share our collective vision of delivering infrastructure for Auckland more effectively. • The CE, through his site visits, has noticed that the standard of facilities at our various sites varies greatly, and has a bias towards male workers compared to female workers. The facilities for women need upgrading at many sites and the business is working to get this underway. <p><i>Our customers</i></p> <ul style="list-style-type: none"> • Our Customer Net Satisfaction Score is decreasing. The business is working to lift this score back up again. • Network Discharge Consent community engagement is undertaken every six years. The strategy will be submitted to Auckland Council in FY24.

Legal action

- The Board noted that the Huia Water Treatment Replacement Plant is an important part of our infrastructure and has been an ongoing project for the last 7 years. In the meantime, the existing WTP continues to become more challenging to operate.
- The Board requested an update on how many times the mediation has been deferred, and an update on the progress being made with negotiations with the neighbours. The Board also wants to know next steps should the next mediation session be deferred by the appellants again.

Key performance measures

- The Board noted that the Customer Net Satisfaction Score has decreased, but the number of complaints has not increased. Amanda Singleton explained that every fault notified is not a complaint, but an enquiry. Complaints are only complaints if issues are escalated.
- Amanda noted that an insight into the Score, and the work we do around it, as well as the themes and drivers of customer complaints, will be part of the Board deep dive session scheduled for October 2023 Board meeting.

Our people

- The annual and long service leave liability balance for Operations is a concern and is being actively managed from a HSW perspective. More staff are being hired in this area.
- Sarah Phillips noted that rolling sick leave has increased slightly. There are many drivers to this such as Covid-19, rain, and colder weather.
- Turnover is the lowest it has been for eight months.
- In response to questioning from the Board on how we should support our staff during the uncertainty of transition, Sarah recommended that the Management are ensuring they recognise staff and publicly do call outs for good performance. Sarah also recommended more site visits by Board members as this can often boost morale.

Operations and water quality

- Our leak management programme is ongoing. Since the start of the leak management programme, the total volume of water saved is estimated to be 19.6MLD.
- Mark Bourne presented the new water quality report. He explained that earlier in the year, we had a few non-compliances with the new regulations.
- We are now working with Taumata Arowai to establish how these will be reported in their annual report.
- The Board thanked Mark for the new dashboard reporting.

Te Rua Whetū

- Richie Waiwai updated the Board that the Te Rua Whetū team is now back from secondment with the DIA, but many kaimahi are now seconded to Entity A.
- In response to a query from the Chair, Richie Waiwai noted that he has been keeping lines of communication open with the CE of Entity A and Martin Butler (Chief Advisor to the Entity A CE). Whilst there is much work to do in Northland, Richie is also ensuring that Entity A does not lose focus on Tāmaki Makaurau during the transition.

	<ul style="list-style-type: none"> Richie noted that the team is very busy, and with a \$1b capital programme ahead for next year, the work will only increase. The CE confirmed that he is aware of this issue and explained that in early 2024, we are working on the basis that iwi engagement on capital programmes is likely to be between Entity A and iwi, not Watercare and Iwi. That said, we are also mindful of the risk that the start date of Entity A could be delayed. <p>Flood recovery working group – update</p> <p>Suzanne Lucas provided an update to the Board on the flood recovery.</p> <ul style="list-style-type: none"> We have identified a few new issues in the last week, but overall, the numbers of issues are reducing. Most like-for-like repairs are complete. For more complicated works, the majority are now in the design, delivery or construction phase. Portaloos at Rosecamp Road were removed on Friday, 2 June 2023. The ten properties are now reconnected to our network. Our main focus is now on the sites where we have bypasses and generators. We are seeking to reduce impact on our customers and noise disruption. The team has been working closely with Birkenhead College to fix a wastewater pipe and this work is now underway. The team is also working closely with Auckland Council in relation to Muriwai, public parks and campsites. Mark Bourne noted the operational cost of the Muriwai WTP was approximately \$300,000 a year. Tankering costs are budgeted at \$2.7m. The Muriwai WTP plant is still red stickered. The team is on site to undertake geotechnical work, which is being done under supervision of Auckland Council and in line with health and safety guidelines. Suzanne explained that the water source at the WTP is still there but is smaller in volume than it was before the storm. The WTP should hopefully be operating again in the next couple of months. The team is working with Chris Thurston, Head of Sustainability, on the adaptation framework. <p><i>The Board noted the report.</i></p>
12.	<p>Health, safety and wellbeing update</p> <p>The CE provided a brief update on the four recordable injuries recorded in April 2023. He noted that there were no high potential critical incidents or close calls.</p> <p>Bronwyn Struthers noted the following key topics from the HSW report:</p> <ul style="list-style-type: none"> HSW accreditation for ISO 45001 has passed through to stage two. We have successfully completed our ACC audit. The audit findings noted that our systems are in good shape and will be adopted by the 10 water services entities when they are formed. Representatives from Wellington Water will visit us in the next few weeks to see our control work system. Bronwyn provided an update on the three recent driving incidents. <ul style="list-style-type: none"> A driver was momentarily distracted and hit an electrical pole, which then landed on their car with live wires involved. The driver remained in the vehicle and were able to eventually walk free once emergency services arrived. He was taken to hospital for testing and scans, and although shaken and bruised, was fit to return to work from home the following day and did not have any time off. The driver was well protected as it was one of our modern fleet cars with airbags. No speeding, drugs or fatigue was involved.

	<ul style="list-style-type: none"> ○ In another incident, an unsecured load of another car on the road came loose and hit the windscreen of a Watercare driver. The driver did not swerve and responded appropriately to the situation. ○ In another incident, a non-Watercare car in front of our drivers, was swerving and sliding off road. Our team had 4WD training and were able to help the other driver to safety. ○ Finally, last Saturday, a contractor driving a truck for Puketutu Island hit a pedestrian. Police and ambulance services called. The pedestrian and their partner were both heavily intoxicated and suffered no harm. No charges were laid. The driver was understandably shaken and is receiving good support from their employer. <p>Bronwyn noted many of the vehicle incidents are due to forces outside our control. This means we need good vehicles, good training, and good communications. Bronwyn noted that all cars are fitted with e-road technology, and we are talking to them about whether we need to receive alerts from e-road if the car experiences a sudden stop or a rollover.</p> <p>Bronwyn introduced Mathieu Wilson, Wellness Lead to the meeting and noted that manual tasks are a major factor in the development of musculoskeletal disorders. This presents a risk to the business in terms of workforce and finance cost.</p> <p>Bronwyn shared a slide on Watercare Injury Claims Comparison (Attachment 1). The graph suggests Watercare has smaller number of claims compared to other businesses. This slide is to be included in next month's board pack with further detail.</p> <p>Bronwyn highlighted the positive impact of having a Board member visit sites. She will circulate a list of sites that the Board may consider visiting and Governance will also update the Board work plan with future site visit opportunities.</p> <p><i>The Board noted the report.</i></p>
13.	<p>Audit and risk committee meeting update</p> <p>Hinerangi Raumati-Tu'ua, Chair of the ARC, reported that the ARC meeting was held on 23 May 2023. She noted following key topics discussed at the ARC:</p> <ul style="list-style-type: none"> • The ARC reviewed and recommended the following items to the Board for its approval: <ul style="list-style-type: none"> ○ the updated Audit and Risk Committee Charter; ○ the Annual Report requirement; and ○ the placement of insurance for 2023-24. • As we get closer to June 2024, the Auditor-General has an area of focus on whether Watercare is a "going concern". Deloitte will be going to the Auditor-General for an opinion in July/August 2023. At this stage, we are likely to take the same approach as Te Pūkenga.
14.	<p>Board planner</p> <p>The Chair and Nicki Crauford will be apologies for the 4 July Board meeting. The Chair will be overseas but will dial in for the meeting if possible.</p> <p>Hinerangi Raumati-Tu'ua will be Acting Chair at the 4 July 2023 Board meeting.</p> <p><i>The Board noted the Board planner.</i></p>

15.	<p>Directors' meeting attendances</p> <p><i>The Board noted the report.</i></p>
16.	<p>Disclosure of Directors' and Executives' interests</p> <p>Nicki Crauford advised that from 19 June 2023 she will be a director of Lyttleton Port Company Limited.</p> <p><i>The Board noted the report.</i></p>
17.	<p>General business</p> <p>Mark Bourne provided an update on a recent theft from Watercare's New Lynn Water Pump Station:</p> <ul style="list-style-type: none"> • On the night of Wednesday, 7 June 2023, all the copper cables and earthing equipment were stolen. Our investigation confirms that the cables were cut with a professional cable cutter. The similar theft from a live generator occurred during the storm event on 27 January 2023. • Police are involved, and we are awaiting their report. • Operation of the pump station was not compromised. A construction project is also operating at the site. • As a part of our ongoing security upgrade, the Pump Station's security system and cameras are being upgraded. • The Board recommended that Mark speak to Vector about this incident. <p>Trudi Fava thanked the Chair and Management for providing a presentation on deep dive topics at the 6 June CCO Direction and Oversight Committee meeting. Trudi welcomed feedback from the Watercare Board on committee's new way of engaging with the CCOs.</p> <p>The public meeting closed at 11:50am.</p>

CERTIFIED AS A TRUE AND CORRECT RECORD

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Margaret Devlin, Chair

Watercare Injury Claims Comparison

ACC Work Injury Claims VS Risk Group VS Watercare

