

## Minutes

<b>Board meeting</b>	Public session
<b>Date</b>	4 July 2023
<b>Venue</b>	Watercare Services, Level 3 Boardrooms, 73 Remuera Rd, Remuera and via Microsoft Teams
<b>Time</b>	10:20am

Attendance		
Board of Directors	Watercare staff	Guests
Hinerangi Raumati-Tu'ua (Acting Chair) Julian Smith Brendon Green Graham Darlow Frances Valintine	Dave Chambers (CE) Mark Bourne (Chief Operations Officer, for items 1 to 9) Amanda Singleton (Chief Customer Office, for items 1 to 9) Justine Corbett (Rem and People Insight Lead, for item 1 to 8) Chris Thurston (Head of Sustainability, from second of item 8 to 9) Bronwyn Struthers (Head of Health, Safety and Wellbeing, for items 1 to 8) Emma McBride (Head of Legal and Governance) Pinaz Pithadia (Legal and Governance Advisor)  <b>Via Microsoft Teams</b> Richie Waiwai (Tumuaki Rautaki ā-lwi me ngā Hononga, from items 1 until first part of item 7)	<b>Via Microsoft Teams</b> Trudi Fava, CCO Programme Lead, Auckland Council (from start until item 7)  Laura Kvigstad, News Reporter

1.	<p><b>Opening karakia</b></p> <p>The Acting Chair noted that although this item was on the public agenda, Frances Valentine opened the confidential meeting with a karakia earlier this morning.</p>
2.	<p><b>Apologies</b></p> <p>Apologies were received from Margaret Devlin, Nicki Crauford, and Councillor Ken Turner (Watercare's Lead Councillor).</p>
3.	<p><b>Quorum</b></p> <p>There were five directors present at the meeting, so a quorum was established.</p>
4.	<p><b>Declaration of any conflicts of interest</b></p> <p>No conflicts of interest were noted.</p>
5.	<p><b>Minutes of the previous meeting of 13 June 2023</b></p> <p><i>The Board <b>resolved</b> that the minutes of the public session of the Board meeting held on 13 June 2023 be confirmed as true and correct.</i></p>
6.	<p><b>Public deputations</b></p> <p>The Acting Chair welcomed Laura Kvigstad, a news reporter with independent papers across Auckland, who was attending the meeting online as an observer.</p>
7.	<p><b>Chief Executive's report</b></p> <p>The CE introduced the report and highlighted the following key topics.</p> <p><b><i>May 2023 update</i></b></p> <ul style="list-style-type: none"> <li>• In the calendar year to June 2023, Auckland received more than its average annual rainfall.</li> <li>• Operational costs at the Waikato 50 Water Treatment Plant (WTP) are higher than our gravity fed WTPs at Ardmore and Huia. As the dams are currently full, the Waikato 50 plant is being put on standby to achieve considerable opex cost savings. It will be maintained in a state of readiness so it can return to service, if required.</li> <li>• Mark Bourne explained that our dams' total spill volumes are equivalent to about two days of production per day. They are designed to hold 100% of water, and when they are full, they spill over the top. If another extreme weather event occurred, such as that which occurred in January 2023, then the dams would slow the flow of water as it moved across the top of the flat dams, before it reaches the spillway and flowed into the catchment below.</li> <li>• In June 2023, Volaris Group officially took over ownership of Lutra Limited, so Lutra is no longer a subsidiary of Watercare.</li> </ul>

- Submissions are open for Water Services Entities Amendment Bill 4 until 5 July 2023. This Bill disestablishes the four water services and replaces them with 10 water services entities. Watercare will not make a submission but has contributed feedback to WaterNZ who are making a submission on behalf of the New Zealand water industry.
- The Select Committee has reported back on Bills 2 and 3. Bill 2's land access provisions have been changed slightly, but are still not the same as how we operate under the Local Government Act. Water NZ is preparing a submission on behalf of the industry outlining how this will impact water utilities. Watercare will not submit.
- An updated Entity A organisational/functional design was shared with our people in May 2023. The final organisation design will be released by the end of July 2023.
- The CE has completed 12 roadshows. Jon Lamonte (Establishment Chief Executive of Entity A) attended 10 roadshows. Vaughan Payne attended the Te Rapa roadshow where it was explained to staff that Watercare's contract with the Waikato District Council will transfer to Entity A. Entity A will continue to provide the three water services on contract to Waikato District Council until Entity B is formed.
- Our Māngere and Ardmore plants successfully completed their ACC audit.
- Our 2023 Developer Forum was held at Eden Park in May 2023. This was an excellent opportunity for developers and Watercare to build relationships.
- Annual performance reviews for our kaimahi will be completed by the end of July 2023, after which remuneration will be reviewed.
- The CE noted that our three kaimahi, who form our Elected Member Relationship team, are responsible for relationships with 193 elected members across Tamaki and respond to between 300-600 interactions every month. The Acting Chair acknowledged the hard work done by the Elected Member Relationship Team to respond to these interactions.

#### ***Key performance measures***

- The total recordable injury frequency rate (TRIFR) is slowly rising. However, lost time injuries were zero in May 2023.
- Attendance at, and number of, sewerage overflows both exceeded targets due to significant rain and storm events. But for the storm events, our performance would have been below our target of 60 minutes.
- The CE's report lists the engagement score (7.3/10). The eNPS score was 10 (on a scale from -100 to +100), up from 6 last time the score was measured. Over 1,000 staff undertook the survey. The overall score was 37% positive, 27% detractors, and 37% passives. The CE is reading all the written feedback points (over 1,000 individual comments) to look for themes in the responses.
- Our leakage calculation was unreliable due to the storm events. It is anticipated that our result for FY23 would be within our target. However, it is reliant on the actual numbers once we have completed actual reading of all meters.
- The Asset Upgrades and Renewals (AUR) procurement programme has gone live. In June 2023, a kanohi ki te kanohi (face-to-face) session was held with industry members, including Māori and Pasifika-owned businesses.
- The Board was pleased to see that we are meeting the 2% procurement target from Māori owned businesses. It was noted that the Government's target is now 8%. Any Māori owned businesses who wish to do business with Watercare should reach out to Stuart Bird, Head of Supply Chain.

#### ***Our customers***

- Customer complaints have increased. The strongest detractor theme is "network faults".

### ***Operations***

- Our internal audit team is preparing for audits of our Drinking Water Safety Plans.
- We have received the Annual Certificate on the Performance of our dams for 2022. This report will be presented to the Audit and Risk Committee (ARC) at the 16 August 2023 meeting.

### ***Central Interceptor (CI)***

- Milestones continue to be achieved across the project's 16 sites.
- The TBM should reach May Road by the end of August 2023.
- The southern part of the CI will be commissioned late next year, and should be in service by 2025, before the rest of the CI is complete to the north.
- The Acting Chair congratulated the eight HSW Champions on the CI team for their outstanding contribution to the safe execution of work.

### ***Risk and compliance update***

- A Level 3 incident was declared on 9 May 2023, ahead of the heavy rain and severe thunderstorm warning. After a risk assessment, the incident team was stood down the following day.
- For the Huia Water Treatment Replacement Plant, the Environment Court assisted mediation occurred on 29 and 30 June 2023. The mediation had been postponed a few times, so it was pleasing that further progress is being made.

### ***Water quality report***

Mark Bourne highlighted the following key topics:

- All our Water Treatment Plants were 100% compliant.
- Residual chlorine levels at the extremities of our network remain an area of concern. Mark noted that the characteristics of the water have not changed since the new rules have come into force, and the water remains safe to drink. To address the transgressions, we are using engineering to reduce the age of water at the extremities of our network. The ultimate solution, however, will be the upgrade or replacement of some of our older plants, such as Huia WTP.
- In May, a sample was not taken at one of the sample locations due to human error. To remedy this, the laboratory is going to barcode all sample collection sites.
- We are working with Taumata Arowai regarding how transgressions will be reported in their Annual Report.
- The Board requested that information on monthly water quality compliance be included in the body of the report, rather than as a footnote.

### ***Non-compliance with resource consents***

Mark Bourne highlighted the following key topics.

- Out of 389 active resource consents, 18 consents were non-compliant. This is an improvement from April, when 22 consents were non-compliant.
- The consents at Army Bay WWTP, Beachlands WWTP, and Māngere WWTP remain our top concerns. Wet weather means the volume of flows increase into these plants, resulting in breaches. We have short to long term plans in place to resolve the issues.

	<ul style="list-style-type: none"> <li>The Helensville WWTP is now compliant. The upgrade to the plant has been successful and exceeded expectations. The technology being used at this plant is being proposed for the Wellsford WWTP upgrade.</li> </ul> <p><b>Policy update</b></p> <ul style="list-style-type: none"> <li>Auckland Council is currently developing a 100-year adaptive policy. The policy is focused on water related impacts of climate change. We expect to contribute to the policy for water and wastewater related components.</li> </ul> <p><i>The Board <b>noted</b> the report.</i></p>
8.	<p><b>Health, safety and wellbeing update</b></p> <p>The CE noted that in last twelve months we had two critical events. In May, there were no lost time injuries and three recordable injuries to Watercare kaimahi.</p> <p>Bronwyn Struthers noted the following key topics:</p> <ul style="list-style-type: none"> <li>In May 2023, there were three visits from WorkSafe. During an impromptu visit to Puketutu Island, inspectors identified shortfalls in the layout of the tip-head and sought clarification on pre-start processes. The team has made improvements in the layout. We are waiting for a final report.</li> <li>The Fleet Manager is working with EROAD to identify potential improvements to our heavy vehicles. These vehicles are highly customised, so it is not a quick solution.</li> <li>Accredited Employer Programme (AEP) claim data summary suggests that by comparison to our levy risk group businesses, we have a significantly lower total number of claims. This reinforces the value of the work being done to prevent kaimahi being hurt. The analysis also confirms it is more cost effective for us to be part of this programme and pay partial ACC levies, rather than not be part of the programme and pay full ACC levies.</li> <li>Whilst the month-by-month number for TRIFR is variable, the average number of injuries has increased from two to an average of three injuries per month over a ten-year period. To meet our statement of intent performance TRIFR target of 10, we would need to reduce this to a maximum of two kaimahi having recordable injuries each month.</li> <li>Bronwyn noted that different businesses have inconsistent approaches to TRIFR calculation so when TRIFR is used to compare an organisation with another, care must be taken to check how the numbers are being calculated (e.g. some calculate it on 100,000 hours worked, and we calculate it on 1m hours worked).</li> <li>The CE noted that MSN undertakes approximately 48,000 jobs in a year using various equipment. It is important that all our kaimahi go home safely. We do so by keeping our focus on TRIFR, LTI, severity, critical risks, and ACC claims.</li> <li>In response to a query from a Board member, Bronwyn noted that we are working with Downer and CityCare to share our learning regarding TRIFR data. However, we do not have enough benchmark data within New Zealand. The Acting Chair requested an analysis of TRIFR data of Australian entities to see whether we could use that data for benchmarking purpose.</li> <li>The CE noted that in our May 2023 staff engagement survey, some of our strongest results were for questions regarding kaimahi feeling supported by HSW and there being no barriers to reporting HSW issues at Watercare.</li> </ul>

	<ul style="list-style-type: none"> <li>In response to a query on critical risk review, Bronwyn noted that the Learning and Organisation Development Team are investigating a Verification of Competency (VOC) for crane operators.</li> </ul> <p><i>The Board <b>noted</b> the report.</i></p>
9.	<p><b>Climate change governance update</b></p> <p>Emma McBride and Chris Thurston presented the report.</p> <p>The report as was taken as read and Emma highlighted following key topics.</p> <ul style="list-style-type: none"> <li>Now that we do not have a Committee for Climate Change Action, this report serves as a reminder to the Board about their governance obligations in relation to climate change.</li> <li>Watercare has significant and active programmes in place to progress climate change mitigation and adaptation. The Board also considers climate change matters via regular updates and deep dives by subject matter experts. However, there is no overarching Board governance plan or Board timetable in place to deal with climate change matters.</li> <li>The report sets out director's governance obligations in New Zealand concerning climate change and a summary of Chapter Zero's Board Toolkit, which outlines international best practices. This toolkit serves as a reference document for the Board to provide their feedback to Management.</li> </ul> <p>Chris made the following key points:</p> <ul style="list-style-type: none"> <li>We are currently completing a climate change risk assessment for reporting disclosure requirements. On 16 August 2023, the Audit and Risk Committee will be provided with an update on this, including our top 20 risks.</li> <li>The January 2023 storms are a reminder that climate change is already impacting our level of service, as well as our Green House Gas (GHG) emission targets (higher flows through WWTPs results in higher GHG emission). We are now starting to monitor GHG emissions at our WWTPs.</li> <li>Chris recently attended the Global Water Summit in Europe. Watercare is progressing well in managing nitrous oxide emissions and we are at or near to leading international best practice in this area. The University of Queensland will visit us shortly to undertake a peer review of one of our recent inventions that monitors GHG emissions.</li> <li>Darren Cadman, Head of Customer Solutions, recently won our inaugural sustainability champion award. Darren established a small sustainability committee at the Labs, which has resulted in a new recycling partnership. This initiative has reduced a certain plastic waste at our labs by 89%.</li> <li>The CE noted that a company plan has been re-evaluated to ensure we include sustainability along with te ao Māori values as priorities.</li> <li>The Board acknowledged the work done by our kaimahi to produce <i>Tapped In</i> Winter edition.</li> <li>The Acting Chair thanked everyone for the korero and asked Board members to provide suggestions to Management as to what could be incorporated into the Watercare Board Planner over the next 12 months from the Chapter Zero's Board Toolkit.</li> </ul> <p><i>The Board <b>noted</b> the report.</i></p>

<b>10.</b>	<b>Board planner</b> The CE noted that the Q4 Performance Report will be an out- of- cycle Board approval. Our deadline to submit the report is 25 August 2023. <i>The Board <b>noted</b> the Board planner.</i>
<b>11.</b>	<b>Directors' meeting attendances</b> Brendon Green and Graham Darlow will both be apologies for the 8 August 2023 Board meeting. <i>The Board <b>noted</b> the report.</i>
<b>12.</b>	<b>Disclosure of Directors' and Executives' interests</b> <i>The Board <b>noted</b> the report.</i>
<b>13.</b>	<b>General business</b> There was no general business. The public meeting closed a 11.59am

CERTIFIED AS A TRUE AND CORRECT RECORD

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Chair