

## Minutes

<b>Board meeting</b>	Public session
<b>Date</b>	12 December 2023
<b>Venue</b>	Watercare Services, Level 3 Boardrooms, 73 Remuera Rd, Remuera and via Microsoft Teams
<b>Time</b>	10am

Attendance		
Board of Directors	Watercare staff	Guests
Margaret Devlin (Chair) Julian Smith Graham Darlow Nicola Crauford Frances Valintine	Dave Chambers (CE) Mark Bourne (Chief Operations Officer) Jamie Sinclair (Chief Corporate Services Officer) Shayne Cunis (Exec Programme Director CI) Brent Evans (Acting Chief Customer Officer) Sarah Phillips (Chief People Officer) Suzanne Lucas (General Manager – Asset Upgrades and Renewals) (from start until end of item 10) Steve Webster (Chief Infrastructure Officer) Richie Waiwai (Tumuaki Rautaki ā-lwi me ngā Hononga) Paula Luijken (Acting Head of Health, Safety and Wellness) (for items 7 and 8) Nigel Toms (General Manager Risk, Quality and Assurance) (for items 7 to 9) Tere Ryan (Security Coordinator) (for items 1 to 6) Emma McBride (Head of Legal and Governance) Pinaz Pithadia (Legal and Governance Advisor)	<b>Members from the public</b> Jane Dent (for items 1 to 6) Peter Nicholas (for items 1 to 6) <b>Members from Auckland Council</b> Councillor Ken Turner, Watercare's Lead Councillor

1.	<p><b>Opening karakia</b></p> <p>The Chair opened the meeting with a karakia.</p> <p><b>Meeting administration</b></p> <p>The Chair acknowledged the passing of former Watercare Chief Financial Officer, Brian Monk. Brian will be fondly remembered for his contribution to Watercare and before that, the Auckland Transition Agency that set up Watercare.</p> <p>The Chair congratulated Rob Tinholt, Resource Recovery Manager for winning the national sustainability award for circularity for our EMERGE® branded fertiliser, which will soon be sold via Mitre 10 stores.</p>
2.	<p><b>Apologies</b></p> <p>Trudi Fava, CCO Programme Lead, Auckland Council sent her apologies.</p> <p>Councillor Shane Henderson, Chair, CCO Oversight and Direction Committee sent apologies for the public meeting, but indicated he planned to attend the confidential session.</p>
3.	<p><b>Quorum</b></p> <p>All directors were 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 7 November 2023</b></p> <p><i>The Board <b>resolved</b> that the minutes of the public session of the Board meeting held on 7 November 2023 be confirmed as true and correct.</i></p> <p>The CE noted that the AMP run rate is currently ahead of the budget for the year. However, the minutes remain correct.</p> <p>The Chair asked Management to publish Te Reo Māori Policy on Watercare's website.</p>
6.	<p><b>Public deputations</b></p> <p>Emma McBride played a video presentation submitted by the Equal Justice Project (EJP) Law students Gena Shimoda and Catharina van Hest.</p>

	<p>The EJP commended the work Watercare does in managing carbon emissions and sustainability. The students recommended Watercare should be more proactive about communicating the approach and be more explicit and fulsome in how Watercare is tackling climate change. Climate change is also going to disproportionately affect the youth of today, and Watercare needs to engage with younger people and, as recommended by last year's students, ensure that intergenerational equity is considered in all decision making.</p> <p>The Chair noted the EJP presentation and confirmed a formal response would be sent to them.</p> <p>Jane Dent and Peter Nicholas, members of the public and Herne Bay Residents introduced themselves and provided a presentation (Attachment 1).</p> <p>The presentation outlines a proposal to withdraw Salisbury Reserve from Watercare Resource Consent Application and Public Works Act notices served to Auckland Council to compulsorily acquire a lease for the reserve. The presentation suggested an alternative approach to enter agreement with Eke Pānuku to share their Curran Street area which has regularly been used by Eke Pānuku and Auckland Council as a works depot.</p> <p>They made the following key points:</p> <ul style="list-style-type: none"> <li>• The residents are in favour of the project and the outcomes. However, they oppose the Reserve being used as part of the construction process for up to 24 months and then needing remediation afterwards. All up, they expect to lose the use of the reserve for 4-6 years.</li> <li>• To get the Salisbury Reserve site operational, extensive drainage and preparation works are required. Under the consent application, the Reserve would be used for 12 hours a day, six days a week, with plant and equipment delivered early and late in the day.</li> <li>• Westhaven staff have confirmed to Jane and Peter that the Curran Street site is available and Council no longer has immediate plans to redevelop that area, as funding is not available.</li> <li>• Jane noted that Herne Bay residents have the resources to take legal action to prevent Salisbury Reserve from being used, and they are prepared to take this legal action if Watercare does not use an alternative site.</li> <li>• Peter noted that the owner of a neighbouring property to Salisbury Reserve (which is one of the most expensive in Auckland), has told Peter that he does not want the Reserve to be used, and he will do what it takes to stop the Reserve being used.</li> <li>• Curran Street site does not require any consents. Additionally, it will not be as expensive as Salisbury Reserve site.</li> <li>• In summary, Herne Bay residents do not believe Watercare has fully considered alternative sites to the Reserve, or the fact that the use of Curran Street would be a positive for the project.</li> </ul> <p>The Chair thanked Peter and Jane for the presentation and confirmed that their message had been heard clearly.</p> <p>The Board asked Management to come back with more information around the Curran Street site and give this option due consideration.</p> <p>The Chair confirmed that a formal response would be sent to Jane and Peter, before Christmas.</p>
7.	<p><b>Chief Executive's report</b></p> <p>The CE introduced the report. The following key points were made:</p>

***October 2023 update***

- Watercare is working with the NTU to obtain access to the digital systems that were handed over to the NTU.
- In response to a query from Cr Turner, the CE noted that to date Watercare does not have a visibility of what cost savings Watercare would achieve through shared services programme. We also do not know whether shared services would result in efficiencies, or whether centralising functions would in fact be less efficient for Watercare . Regardless, Watercare will be part of GSS planning in 2024 and act in Watercare's and Council's best interests.
- Muriwai Water Treatment Plant (WTP) is back in service. This means the water tankering has stopped. Since the WTP can only draw water from two springs, meeting the water demand during the summer months is a risk. The Board congratulated the team of getting this plant back up and running.
- The CE noted he was very proud of the many Water NZ Conference winners.

***A letter of enquiry from the Environmental Protection Agency (EPA)***

- An oversight resulted in Watercare Laboratory Services not obtaining a new approval from the EPA before the one that expired.
- There was no risk to public health as a result of the failure to get an approval, as the chemicals concerned were stored, used, and disposed of safely.
- The Lab has updated its tracking of approval expiry dates and introduced new systems to ensure compliance.
- Given the risks involved, including reputational risks, the Board asked for a further update on the compliance systems in place across Watercare for the storage and management of Hazardous Substances. It may be best that this is managed via Internal Audit.

***Risk and compliance update***

- There has been an increase in the number of LGOIMA requests filed this financial year.
- There has been no further update from the Privacy Commissioner in relation to their investigation regarding into a complaint from a community member. We hope to receive a further update from the Commissioner shortly, closing off the complaint.
- There has been one report to the PWC operated whistle blower line. Internal Audit is working with PWC to address this.

***An update on recent incident at Ardmore WTP and a subsequent Improvement Notice issued by Worksafe***

- The Board were concerned about the notifiable events that involved Worksafe and requested that the Board must be notified about any such events in future.

***Climate change delivery and sustainability update***

- The CE confirmed the Commerce Commission guidelines on environmental claims is for information only.
- The Board will be provided an update regarding climate change disclosure requirements.

### ***Ōrākei main sewer***

- The Board queried whether Watercare should be doing more messaging around the sinkhole. The CE advised that we are continuing to have a weekly incident team meetings led by the Operations team. We are also keeping Auckland Council/Healthy Waters informed, who manage SafeSwim. Stakeholders continue to receive weekly updates; and there is a link to the Safeswim website on Watercare's Auckland sinkhole webpage to ensure people check the latest water quality information before they swim in the Harbour. We are also keeping local stakeholders (e.g. recreational businesses on the harbour) up to date with developments.
- Mark Bourne noted that during the peak of the incident, we were doing daily water quality testing on weekdays. However, we plan to return to normal "business as usual" testing just before Christmas. At the request of the Board, the Communications team will update the website to explain why testing is returning to normal.
- The independent review into the cause of the sinkhole and collapse of the sewer is due to be sent to us in draft form, before Christmas.
- In conjunction with Healthy Waters, we are undertaking a CCTV inspection of the storm water pipes.

### ***Statement of Intent (SOI) measures***

- Total recordable injury frequency rate (TRIFR) has been increasing and continues to be our focus. However, lost time and severity of injuries is tracking down.
- A draft report from HSE Global, an independent external reviewer, is expected before Christmas.
- A deep dive into HSW numbers is being undertaken to ensure they are correct.
- The Controllable cost target is red. However, at time of budget it was anticipated that flood management costs will be recovered via insurance claim. When this is taken into account, controllable costs are actually under budget.
- Despite the extreme weather events, the Customer Net Satisfaction score is showing a good progress (44 against a target of 45). This score should be changed from red to amber.
- The Board discussed attachment 1.1, methodology update for the SOI measure on 'Reactive maintenance spend vs proactive renewals spend'. The update was taken as read. The Board asked the team to keep the measure simple and suggested using the graph on 'unplanned maintenance and renewals'. In theory, as planned maintenance increases, reactive maintenance should decrease, and at a certain point of time, the two measures should cross each other, rather than diverge. Mark Bourne noted that the graph only represents a sub-set of our assets, not all of them. Our major strategic assets are closely monitored, and we undertake much more planned maintenance on those types of assets, to ensure we have fewer outages. In contrast, we do less proactive maintenance on our smaller assets (those represented in the graph), which includes 17,000 kms of pipelines and 600 pump stations.

### ***People dashboard and staff engagement survey results***

Sarah Phillips noted that:

- The twice yearly full engagement survey was completed in November 2024.
- The engagement score has moved up 0.3 points to an average of 7.6 and eNPS has moved up 23 points from 4 to 27.
- The participation rate also remained high for this survey, with Operations and Infrastructure business units having very good participation rates.
- All but one business unit saw an improved results. The remaining business units' score remained the same.

	<ul style="list-style-type: none"> <li>• Feedback from the survey shows an improvement around communicating our remuneration strategy, and staff also feel good about our Health and Safety.</li> <li>• Staff turnover continues to trend down and is now 12.5%.</li> <li>• Given the challenging year, the Board recognised Management’s efforts and congratulated the team on the positive results.</li> <li>• In response to questioning from the Board, Sarah noted the survey results showed that the business wanted to see the Board and Management focussing on strategy and direction.</li> </ul> <p><b><i>Flood recovery working group – update</i></b></p> <p>Suzanne Lucas provided an update on the flood recovery.</p> <ul style="list-style-type: none"> <li>• Since the last update, no new issues/faults have been found.</li> <li>• We are continuing to go through the same process ie. prioritising the work based on the criticality.</li> <li>• There are 37 projects under design phase and 18 in delivery. There are still many temporary repairs in place, including four sites with bypass pumping whilst we finalise design.</li> <li>• \$23m worth programme of works are capex approved. A programme of works worth \$26m is awaiting capex approvals, out of which \$10m-\$15m are planned approvals. To keep the focus on recovery works, the programmes have been kept separate from our business as usual works.</li> <li>• The stakeholder team has been heavily involved in the flood recovery works.</li> <li>• The likelihood of getting the insurance payout this financial year is low. The insurance company wants to see construction invoices before they pay out. Also, our original insurance estimate signal was quite high, and has now been revised down, so they are keeping a very close eye on the claims. It is a long and complicated process, but we have a good team working on the claims.</li> <li>• The Board asked Management to escalate this matter further with Management at AON, and explain that the Board are concerned at the delay in at least providing a progress payment, given it has now nearly been one year since the storm.</li> <li>• The Board requested an update on Phase 3 flood recovery, which should set out the ongoing risk around flood works and climate adaptation.</li> </ul> <p><b><i>Watercare’s response to Department of Internal Affairs</i></b></p> <ul style="list-style-type: none"> <li>• Watercare’s response to Department of Internal Affairs regarding Consultation Feedback on Funding and Pricing Plan and Asset Management Plan is to be shared with Auckland Council.</li> </ul> <p><i>The Board <b>noted</b> the report.</i></p>
8.	<p><b>Health, safety and wellbeing update</b></p> <p>Jamie Sinclair and Paula Luijken noted the following key topics:</p> <ul style="list-style-type: none"> <li>• A comparison from last year’s HSW numbers shows the number of days off and incapacity per injury has reduced significantly.</li> <li>• A review has been underway to deep dive into our injury data to look for any trends.</li> <li>• The HSW culture review is underway.</li> <li>• The recent culture survey results showed an increased score from 7.6 to 8.1.</li> </ul>

	<ul style="list-style-type: none"> <li>• For critical risk events noted in the report, good controls were in place such as exclusions zones.</li> <li>• The Board were concerned about the violence and aggression incident noted in the report which involved Newmarket reception. Whilst this event was unusual for Watercare it is not unusual for a public entity. The Board recommended that staff be reminded of where panic alarms are, and that they should use them in these types of situations.</li> </ul> <p><i>The Board <b>noted</b> the report.</i></p>
9.	<p><b>Audit and Risk Committee meeting update</b></p> <p>Nicki Crauford, the Chair of Audit and Risk Committee (ARC), provided an update on the ARC meeting held on 21 November 2023. She noted that the ARC:</p> <ul style="list-style-type: none"> <li>• Reviewed the Board Delegation to the CE Policy, recommended minimal changes, and this will be going to the Board for approval;</li> <li>• Discussed a request from Auckland Council and Audit NZ regarding amendments to be made in the SOI 2023-26 to include forecasts for the next three years;</li> <li>• Discussed a critical asset review requested by Auckland Council;</li> <li>• Discussed internal audit plan for the period ending 30 June 2024 and recommended to include an audit of the planning and consents team and billing engines;</li> <li>• Received further update on Watercare’s incident response on Auckland Anniversary floods and Cyclone Gabrielle;</li> <li>• Received an update on ongoing impact and risk of landslips to water production; and</li> <li>• Received an update on supplier code of conduct, modern slavery and Business Payments Practices update.</li> </ul> <p>Nicki noted that during December 2023, as a Chair of Watercare’s ARC, she attended Auckland Council’s Audit and Risk Committee meeting where the main item of discussion was Watercare’s enterprise risks. It was a positive meeting and the Mayor noting that our risks were well explained.</p>
10.	<p><b>Asset management committee meeting update</b></p> <p>Graham Darlow, the Chair of Asset Management Committee (AMC), provided an update to the Board on the AMC meeting held on 29 November 2023. He noted that the AMC discussed:</p> <ul style="list-style-type: none"> <li>• Capital delivery for the Waikato District Council (WDC) contract;</li> <li>• Huia Water Treatment Plant replacement project update;</li> <li>• AMP financials, AMP run rate and cash position;</li> <li>• Five yearly AMP forecast;</li> <li>• Lessons learnt from the Enterprise Model agreement; and</li> <li>• to work out how regularly the committee should meet in 2024.</li> </ul>

<b>11.</b>	<p><b>Board planner</b></p> <p>The Chair asked the Governance team to:</p> <ul style="list-style-type: none"> <li>• Schedule Board meetings for rest of the 2024.</li> <li>• Arrange a Board site visit to Huia WTP replacement project before the March 2024 Board meeting, as discussed at the AMC meeting.</li> <li>• Schedule a Board meeting for 25 January 2024 to approve the Long Term Plan financials.</li> </ul> <p>Emma McBride noted that Auckland Council will not be progressing formal site visits for 2024. They have advised that CCOs can invite councillors for specific project or programmes related to site visits or events. Watercare has received a draft schedule for deep dive sessions with the CCO Direction and Oversight Committee with Watercare’s deep dives to occur in February and July. These dates will be added to the Board planner.</p> <p><i>The Board <b>noted</b> the Board planner.</i></p>
<b>12.</b>	<p><b>Directors’ committee membership and meeting attendances</b></p> <p><i>The Board <b>noted</b> the report.</i></p>
<b>13.</b>	<p><b>Disclosure of Directors’ and Executives’ interests</b></p> <p><i>The Board <b>noted</b> the report.</i></p>
<b>14.</b>	<p><b>General business</b></p> <p>The public session closed at 11:42am.</p>

CERTIFIED AS A TRUE AND CORRECT RECORD

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Margaret Devlin, Chair