

## Minutes

<b>Board meeting</b>	Public session
<b>Date</b>	30 August 2021
<b>Venue</b>	Held via Microsoft Teams due to Covid-19 Alert Level 4 restrictions
<b>Time</b>	9.15am

<b>Attendance</b>		
<b>Board of Directors</b>	<b>Watercare staff</b>	<b>Guests</b>
Margaret Devlin (Chair) Brendon Green Nicola Crauford Hinerangi Raumati-Tu'ua Graham Darlow  <b>Apologies:</b> Dave Chambers Frances Valintine	Jon Lamonte (CEO) Rob Fisher (Company Secretary and Acting Chief Officer Support Services) Amanda Singleton (Chief Customer Officer, for item 8) Shayne Cunis (Executive Programme Director CI, for item 9.1) Mark Bourne (Chief Operations Manager, for item 9.2) Anin Nama (Three Waters Operations & Asset Management Lead, for item 9.2) Bronwyn Struthers (Head of Health, Safety and Wellbeing, for item 7) Richie Waiwai (Poutiaki Tikanga Māori, Principal Advisor) for items 8.2 and 9.3) Kuarangi Paki (Te Kaiurungi, Senior Lead & Strategic Māori Advisor for items 8.2 and 9.3) Rachel Hughes (Communications Manager, for item 8.2) Andrew Chin (Executive Director Special Projects, from item 7 until the end of item 9.2) Jacky Simperingham (Head of Governance) Jodie Atkin (Governance Coordinator) Pinaz Pithadia (Governance and Research Administrator)	Councillor Cooper (from item 6)  Claire Gomas, Principal Advisor, CCO Governance and External Partnership, Auckland Council  Tame Te Rangi Chair of Mana Whenua Kaitiaki Managers Forum (for item 9.3)  Jon Turner, Puketāpapa Local Board

1.	<p><b>Opening karakia</b></p> <p>The Chair opened the meeting with a karakia.</p>
2.	<p><b>Meeting administration</b></p> <p>The Chair noted a number of recent significant events for Watercare including the launch of the tunnel boring machine (TBM) and micro-tunnel boring machine (MTBM) on the Central Interceptor project (CI), both of which were hugely successful.</p> <p>Watercare also hosted a visit from the Council-Controlled Organisation Oversight Committee at Māngere Wastewater Treatment Plant which was also very successful, as was the recent Water Expo.</p> <p>The Chair welcomed Jon Turner, Puketapapa Local Board member to the meeting.</p>
3.	<p><b>Apologies</b></p> <p>Apologies were received from Dave Chambers and Frances Valintine, both of whom provided the Chair with written feedback on the board pack prior to the meeting.</p>
4.	<p><b>Minutes of meeting</b></p> <p><i>The Board <b>resolved</b> that the minutes of the public session of the Board meeting held on 29 July 2021 be confirmed as true and correct.</i></p>
5.	<p><b>Public deputations</b></p> <p>There were no public deputations.</p>
6.	<p><b>Chief Executive's Report</b></p> <p>Jon spoke to this report. He noted that we have all now been under Covid-19 Level 4 restrictions for about two weeks and the organisation has been performing well. Water and wastewater services continue to be provided and urgent faults are being addressed. However, meters are not being read under Level 4. Work on all projects has ceased, except for CI as the TBM and MTBM must be kept moving and are currently running at about one metre a day. This will have both time and cost implications.</p> <p>He also spoke to the importance of safety, including the work underway with Human Synergistics, the Back to Basics programme and the Health Safety and Wellbeing committee.</p>

	<p>Jon advised the Board that he had been out to the Warkworth Water Treatment Plant where he had discussions with staff regarding issues such as a crane that cannot be used as it is not certified, and a pipe that is leaking after only three years due to the effects of manganese and iron.</p> <p>Jon noted that the Finance Team had done a great job getting the financial reports for the 2021 financial year finalised.</p> <p>The remainder of the report was taken as read.</p> <p>In response to a question from the Board, regarding the current Covid-19 outbreak, Jon advised that planning was done on the basis that there would be at least four weeks of Level 4 restrictions. He noted that we normally have an A and a B team for operations, however, C and D teams have also been set up to enable staff to be rested. Discussions are ongoing with MBIE regarding the continuation of work on CI, including freight and logistics and the need for Wilson to be able to recommence its operations to create the precast segments for the tunnel. Should Level 4 restrictions be extended beyond four weeks, further decisions would need to be made in respect of activities such as planned maintenance which risks falling behind. Any projects that would need to be progressed is also being considered.</p> <p>The Board noted there are a number of Statement of Intent (SOI) targets that may not be met given the current circumstances. Jon agreed that this is the case as we were at risk of not meeting them before the current Covid-19 outbreak, as had been discussed with Council. With the current restrictions, we are now even less likely to meet those targets.</p> <p>The Board asked Management about the current compliance issues at Helensville WWTP. Management advised that ammoniacal nitrogen levels are above the consented limit but are starting to decline, which is a positive trend. We will be able to confirm that we are back in compliance when we have seen the decline continue over a number of months.</p> <p><i>The Board <b>noted</b> the report.</i></p>
<p><b>7.</b></p>	<p><b>Health, Safety and Wellbeing Report for July 2021</b></p> <p>Bronwyn spoke to this report which she took as read.</p> <p>She noted that there was a 45% decrease in recorded overspeeds in July as result of the focus placed on the issue by Management and staff.</p> <p>Bronwyn and Jon met with Peter Reidy (CEO of Fletcher Building) at the Waikato WTP to discuss the recent spate of mobile plant tipping over. The main issue was found to be a lack of trained and experienced spotters being used, with the task often falling to staff who are new to site, or who are simply available at the time that the spotter is required. The Board and Management had an extensive discussion about the need for spotters to be appropriately trained and experienced.</p> <p>The Board and Management also had an extensive discussion about the incident on Waikato 50 in which a Watercare operator fell into a void in a room in which the floor had been removed. The discussion centred on the performance of contractors and their sub-contractors and the need for Watercare to support them to improve their HSW practices.</p>

	<p>A further discussion was had regarding the number of safety meetings held across Watercare sites. Bronwyn explained that there are numerous meetings of various kinds held across sites every day, including pre-start meetings, and tool-box talks.</p> <p>The Board and Management then discussed the current licensing requirements for plant operators, including excavator operators, in New Zealand and the need for work to be done on this across the industry. It was noted that CHASNZ (Construction Health and Safety New Zealand) is working on this and Watercare could support this work through Roger McRae, the Chair of CHASNZ and advisor to the Watercare AMP and Major Capex Committee.</p> <p>The Board requested that the HSW Report include a timeline for the review of each of the critical risks.</p> <p>The Chair noted that once the Covid-19 restrictions have been lowered, Board members need to undertake HSW visits to Watercare sites.</p> <p><i>The Board <b>noted</b> the report.</i></p>
<p><b>8.</b></p>	<p><b>For approval</b></p> <p><b>8.1 Review of Corporate Governance Charter</b></p> <p>Rob Fisher spoke to this report.</p> <p>He explained that the review of the Charter was brought forward in anticipation of any changes that may have been required as a result of the CCO Review recommendations.</p> <p>He explained that it was decided to include a small a change requiring Watercare to give effect to the relevant recommendations of the CCO review, rather than to particularise them individually. He noted that an update on the progress of those recommendations is provided to the Board every two months.</p> <p>The Board noted that under clause 3, <i>Oversight of Management</i>, two of the bullet points overlap and could be consolidated.</p> <p>The Board also confirmed the need for it meet in person.</p> <p><i>The Board <b>approved</b> the revisions to the Corporate Governance Charter, with the aforementioned minor changes.</i></p> <p><b>8.2 Update on Watercare’s narrative</b></p> <p>Amanda Singleton and Rachel Hughes spoke to this report.</p> <p>They noted that the paper is not Watercare’s final narrative, as it will need to evolve overtime, especially as Watercare’s strategy is developed; and that it has been aligned to the work that has been done on the strategy thus far.</p>

	<p>The Board noted that tikanga is not evident in the strategy, this work still needs to be done. It was suggested that this be led by iwi and that the narrative be shared with iwi for feedback. It was noted that Watercare needs to develop a relationship of partnership with iwi around this.</p> <p><i>The Board <b>endorsed</b> the direction of the work being done on the Narrative and <b>noted</b> that there is more work to be done.</i></p>
<p><b>9.</b></p>	<p><b>For discussion</b></p> <p><b>9.1 Central Interceptor Report for July 2021</b></p> <p>Shayne Cunis spoke to the report which he took as read.</p> <p>Management and the Board discussed the challenges that the current Covid-19 restrictions will have on the project, specifically in relation to price, people and time.</p> <p>Shayne advised that the project is now expected to be completed in the first quarter of 2026 (pushed out from late 2025).</p> <p>He said the cost implications will be significant. He noted that a full report on costs was provided to the AMP and Major Capex Committee (AMCC) at its recent meeting (11 August 2021).</p> <p>Shayne advised that the biggest risk is currently retaining people. Plans are underway to address this. The biggest challenge is that many contractor staff will be returning to their home countries over Christmas and may not be prepared to return due to the requirement for them to quarantine. For some, that would be the third stay in quarantine.</p> <p>WorkSafe inspections were discussed, and Shayne advised that there have been no untoward notices; no cease work orders. He said the GAJV (Ghella Abergeldie joint venture) had resolved most issues.</p> <p>The Board requested that the report contain the progress on the TBM when it is re-set. Shayne advised that this information is available and he will discuss what to include in the report, going forward, with Jon. He noted that it may be more appropriate to take some information to the AMCC as it may be commercially sensitive.</p> <p><i>The Board <b>noted</b> the report.</i></p> <p><b>9.2 Drought update</b></p> <p>Mark Bourne and Anin Nama spoke to this report, which they took as read.</p>

Anin noted in particular that we remain in drought response and will do so until at least January 2022, as rainfall until then is expected to be lower than normal. If the expected cyclones eventuate, and bring the expected rainfall, in January through to March 2022, we may move out of drought response. Dam source water is currently being preserved as much as possible.

Hamilton City Council has approved the use of 25MLD for the period 1 October 2021–30 April 2022. The conditions of use, including water restrictions remain unchanged from the previous year. The Board raised a question in respect of recent media coverage in respect of the approval and additional conditions related to the Hamilton–Auckland service. Management confirmed that these matters had been removed from the formal letter of advice received from Hamilton City Council.

*The Board **noted** the report.*

### **9.3 Iwi Relationships**

Richie Waiwai spoke to this report.

Richie introduced Tame Te Rangi, the Chair of the Mana Whenua Kaitiaki Managers Forum.

Tame noted that he has focussed on the response to the demands of the three waters reforms and Auckland Council’s response to that. He noted that there will be challenges ahead. He said there have been robust discussions over the last week about the direction set around active engagement with mana whenua.

He acknowledged the support and decisions taken by Watercare on how things will look in the short to medium term as the Forum decides on its response to three waters reform.

He noted the growth in demand for water and noted that Auckland and Northland have the greatest concentration of Māori in the world, so it is critical that iwi capitalise on the lessons learned, for example, from the Ghella family, who have been running their business for six generations.

Richard noted the need for the Forum to re-set in light of the recent challenges posed by both the drought and Covid-19. He said communications on the re-set are still flowing through to some iwi.

The Board asked what can be done to get some traction on Māori outcomes, and make them happen quickly. In response, Tame noted the challenge and the direction taken by the relationship that was set in 2012, when the Forum was established. He noted the need for governance on a top-down basis. He said there had been a loss of alignment in moving the model from Watercare to the Auckland Council group.

He said that what is critical is understanding concepts and designs in planning before they reach the consenting phase. He noted that by the consenting stage, it is too late as the thinking has already been done.

	<p>Richie acknowledged Jon and the work being done to build an outcomes team for Watercare which allow him to 'look under the bonnet'. He noted the need for partnership with iwi.</p> <p>The Board noted the need for an enduring relationship that is not merely transactional, and the need for sustainable outcomes.</p> <p><i>The Board <b>noted</b> the report.</i></p>
<p><b>10.</b></p>	<p><b>Governance</b></p> <p><b>10.1 Board committee updates</b></p> <p>Nicki Crauford, Chair of the <b>AMCC</b> reported, advised that it last met on 11 August 2021 and the following matters were addressed:</p> <ul style="list-style-type: none"> <li>• the work plan, in light of the AMP having been signed off by the Board</li> <li>• how to monitor the implementation of the AMP</li> <li>• a deep dive on CI was presented</li> <li>• an annual assessment of the Enterprise Model was discussed</li> <li>• an update on drought augmentation projects was presented</li> <li>• major projects were looked at, via the new Major Projects Summary Report</li> <li>• the upgrade of the Ardmore Watermain was discussed</li> <li>• a workshop was held with KPMG regarding the AMP.</li> </ul> <p>Hinerangi Raumati-Tu'ua, Chair of the <b>Audit and Risk Committee (ARC)</b>, reported that the ARC met twice in August due to the need to review and approve the end of year financial statements. She noted that the ARC:</p> <ul style="list-style-type: none"> <li>• considered the Board delegation for capex and reviewed the proposed increases ahead of its recommendation to the Board</li> <li>• considered the security for staff in the context of the Huia decision</li> <li>• reviewed the financial report in the second meeting</li> <li>• noted the inclusion of the emphasis of matter around three waters reform as a matter of uncertainty</li> <li>• noted the \$5.8m unadjusted error for vested assets</li> <li>• reviewed the Q4 Report to the CCO Oversight Committee at Council</li> <li>• received a presentation regarding the concerns of a community group, which was centred on dry weather overflows and the effects on Hobsons Bay</li> <li>• discussed the internal audit update.</li> </ul>

Brendon Green, Chair of the **Committee for Climate Change Action (CCA)**, advised that this committee will next meet in two weeks' time. The key item for discussion will be the roadmap to the 50% carbon reduction target. He noted that there has been a lot of interest in the electric trucks to be used on the CI project.

Dave Chambers provided written notes on the **Te Tangata Komiti** meeting that was held on 19 August. He noted:

- there was presentation on building capability and retaining talent
- the Parental Leave Policy was reviewed and was approved as an interim policy as Watercare will look at adding more progressive elements to the policy that go beyond legislation
- the proposal for executive remuneration was also reviewed
- the Diversity, Inclusion and Belonging Committee was introduced to the Komiti
- a deep dive on HSW was discussed, including the recruitment of a contractor to review our HSW systems over 18 months and additional resources that are being recruited to round out a new structure for the HSW Team.

#### **10.2 Board planner**

The Board noted the Board planner.

The Board safety visits to CI sites will need to be re-scheduled to occur after the Covid-19 restrictions have been removed.

#### **10.3 Directors' appointment terms and committee memberships and meeting attendances**

The Board noted the report.

The Chair advised that recruitment of an eighth board member is underway, and it is expected that a recommendation will be made to Auckland Council by mid-November 2021.

#### **10.4 Disclosure of Directors' and Executives' interests**

The Board noted the report.

Frances Valentine advised, in writing to the Chair prior to the meeting, that she is no longer a futures advisor to BNZ.



<b>11.</b>	<b>General Business</b> There was no general business to discuss. The meeting closed at 11.05am.
------------	--

CERTIFIED AS A TRUE AND CORRECT RECORD

.....  
Margaret Devlin, Chair