

Minutes

Board meeting	Public session
Date	30 November 2021
Venue	Held via Microsoft Teams due to Covid-19 restrictions
Time	9.15am

Attendance		
Board of Directors	Watercare staff	Guests
Margaret Devlin (Chair) Brendon Green Hinerangi Raumati-Tu'ua Graham Darlow Dave Chambers Frances Valintine	Jon Lamonte (CE) Rob Fisher (Company Secretary and Acting Chief Officer Support Services) Shayne Cunis (Executive Programme Director CI, for item 7.1) Mark Bourne (Chief Operations Manager, for item 5 and 7.2) David Moore (Manager of Improvements Programme, for item 7.2) Bronwyn Struthers (Head of Health, Safety and Wellbeing, for item 6) Richard Waiwai (Poutiaki Tikanga Māori, Principal Advisor, for item 6 and 7.1) Emma McBride (Co-Head of Governance) Pinaz Pithadia (Governance and Research Administrator)	Jamie Sinclair (incoming Chief Corporate Services Officer) Councillor Linda Cooper, Auckland Council Liaison Councillor Claire Gomas, Principal Advisor, CCO Governance and External Partnership, Auckland Council Glenn Wilcox, Independent Māori Statutory Board Member

1.	<p>Opening karakia</p> <p>The Chair opened the meeting with a karakia.</p>
2.	<p>Meeting administration</p> <p>The Chair welcomed Glenn Wilcox, Councillor Cooper, Claire Gomas and Emma McBride to the meeting.</p> <p>Jon Lamonte introduced Jamie Sinclair, incoming Chief Officer of Corporate Services, who is joining Watercare from 13 December 2021. Jon also noted that Jamie is currently working as Chief Executive Officer for Ngāti Whātua Orakei Trust.</p> <p>2.1 Apologies</p> <p>Apologies were received from Nicola Crauford (Nicki).</p> <p>The Chair noted that Nicki has had her term extended for a year and therefore she was not originally scheduled to attend this meeting. While not here in person, prior to the meeting, Nicki provided the Chair with detailed notes on the board pack for the Chair to raise as appropriate.</p> <p>2.1 Quorum</p> <p>The Chair confirmed that there were six directors present at the meeting and therefore, the quorum was established.</p>
3.	<p>Minutes of previous meeting</p> <p><i>The Board resolved that the minutes of the public session of the Board meeting held on 28 October 2021 be confirmed as true and correct.</i></p>
4.	<p>Public deputations</p> <p>There were no public deputations.</p>
5.	<p>Chief Executive's report</p> <p>Jon Lamonte spoke to this report. He noted:</p> <ul style="list-style-type: none"> • There have been significant changes since the report was written. • Covid-19 continues to drive changes in the business. However, this week's move to the 'red' traffic light of the Covid Protection Framework will make things more certain and allow the company to operate with fewer obstacles.

- We have continued rolling out the mandatory vaccination policy. This policy requires everyone entering Watercare sites (staff, contractors, visitors and Board members) to have had their first dose of the vaccine by 1 December and their second dose by 14 January 2022. We anticipate Newmarket office staff will gradually return to office from next year after the holidays. At that time, staff that have chosen not to be vaccinated may have their employment terminated.
- The dip in the recent eNPS score demonstrates that the business has faced a number of challenges. The score is higher than many other utilities, but there remains room for improvement.

Jon recognised the efforts of everyone who took part in the Waikato River water take Board of Inquiry (BOI). Jon noted that Rob Fisher and Mark Bourne led the team with Richard Waiwai and Tanvir Bhamji providing expert support. A decision is expected early in the new year.

On the Central Interceptor project, Jon noted that Watercare's senior managers had met with the senior managers of the JV companies in October 2021. A further meeting was scheduled for the 30 November 2021. This project is facing various challenges, including increases in time and cost due to Covid-19. The group will therefore discuss realistic programme adjustments, which could affect the project completion date. Management will keep the Board updated on major developments in this regard.

Jon took the rest of the report as read and also advised the Board that:

- Mark Bourne was present at the meeting in case Board members had any questions relating to the abatement notice issued at the Helensville Wastewater Treatment Plant (WWTP).
- On 15 November 2021, Taumata Arowai (TA) took over from the Ministry of Health as the regulator of drinking water for Aotearoa. Jon recently had a discussion with Bill Bayfield, CEO of TA, regarding the implementation of the Drinking Water Quality Assurance Rules. These rules are being consulted on in early 2022, and should come into force on 1 July 2022. It is likely there will be a period of transition when the new rules come into force.
- Removal of grout from Hūnua 4 was completed in mid-November 2021 and the pipe is now being repaired.

Helensville WWTP

Mark advised that since integration in 2010, approximately \$12m has been spent on this WWTP. However, there has been a history of non-compliance. The current issue concerns the concentration of ammonia leaving the WWTP. To resolve the issue and lift the abatement notice issued by Auckland Council, additional form side-stream treatment is required. Watercare will present Auckland Council with part one of its improvement plan by 6 December 2021, with part two due by early February 2022. Working groups have been stood up to work on the improvement plans and achieve both target dates.

A business case will be presented to Jon later this week to cover the two steps improvement plan, which should result in the abatement notice being lifted.

At the same time, Mark explained that a long-term solution is also needed at this location. The WWTP sits on the flats of the Kaipara River. With rising sea levels, it is unsustainable for the plant to be retained in its current location in the long term. The current resource consent expires in 2025 and we anticipate that the plant will need to be relocated elsewhere after 2025.

In response to questioning from the Board on our learnings from the Helensville WWTP, Mark advised that aged assets and the location of the plant have provided the following learnings:

- The Helensville WWTP was the first treatment plant that Watercare obtained a consent for, post integration in 2010. We have learned much about transforming old plants (this one is from the 1960s) by supplementing it with new technologies. At the time of integration, the required level of improvements was underestimated. This now means that the process units currently available at the plant are not sufficient to meet tighter consent requirements.
- In terms of location of the plant, the level of investment required to upgrade the plant will be a short-term investment, but it will be recoverable. The business case to be presented to Jon is likely to propose a skid mounted unit, which can be easily transported to another plant once the new Helensville WWTP is built.

Rob Fisher noted that one of the last hearings he did as a resource consent lawyer was to obtain new resource consents for the Helensville WWTP, and Mr Glenn Wilcox was the Chair of the Committee who heard the case. Essentially, Watercare inherited a WWTP that was built at the wrong place using old technology. There was significant pressure from developers and section owners to upgrade the plant to enable more connections. Receiving an abatement notice on this plant is at the lower end of the enforcement actions available to the Council, and Management has a plan to ensure it is lifted.

Huia WTP

In response to a question from Councillor Cooper on the Huia Water Treatment Plant (WTP), Mark noted that both the age and condition of the Huia WTP are interrelated reasons to rebuild the plant. The primary reason for replacing the plant is to improve process efficacy. Over the past 30 years, the raw water quality has changed and now contains more solids and algae. The new WTP will be built to accommodate a wider range of raw water qualities.

The draft Drinking Water Quality Assurance Rules released by Taumata Arowai indicates that water providers will need to have greater control over chlorine disinfection by-products. This will require the new Huia plant to have new process units, which the aging plant does not currently have. The Papakura WTP, which will be commissioned early next year, does have these additional process units.

BOI

Rob also provided a further update on the Waikato River take BOI. The BOI has until 7 January 2022 to report back to the Minister. Watercare's witnesses presented their evidence extremely well and responses to cross examination were strong. Board members are welcome to request a copy of the submissions in reply.

	<p>The Chair acknowledged the hard work done by the team on the BOI.</p> <p><i>Woodlands Park Road dispute</i></p> <p>In response to questions relating to the \$1.2m dispute (Boardbooks page 20), Rob advised that this case involves a property on Woodlands Park Road, where a watermain burst and flooded a private property. Considerable effort was made by Watercare staff to help the property owners, including finding them temporary accommodation during the time the house was repaired. A claim was lodged nine months later and it is now being handled by Kennedys, lawyers appointed by our insurance provider AON.</p> <p>Watercare has public liability insurance and Watercare’s excess on this policy is \$100k. Watercare has filed a statement of defence and the Board will be advised of major developments.</p> <p><i>Commercial customers</i></p> <p>The Board acknowledged the work done by the team in developing a segment-specific servicing model for commercial customers, focusing initially on top 100 commercial customers. The agent satisfaction score of 81 was also commended.</p> <p><i>Hūnua 4</i></p> <p>Following a question from the Board regarding the Hūnua 4 grout incident, Jon confirmed this is covered by the contractor’s insurance.</p> <p>The Chair also acknowledged the continuous leadership shown by Jon during the challenging Covid-19 environment.</p> <p><i>The Board noted the report.</i></p>
6.	<p>Health, safety and wellbeing report</p> <p>Bronwyn Struthers spoke to this report which she took as read.</p> <p>She drew the Board’s attention to the following:</p> <ul style="list-style-type: none"> • Implementation of the mandatory vaccination policy and associated risks. <ul style="list-style-type: none"> ○ The supply chain team is working through our new policy with suppliers who provide critical services to ensure uninterrupted supply. ○ The infrastructure and operations teams are working with our contractors, who, from 1 December 2021, must ensure all visitors and contractors have at least one dose of the vaccine. ○ Procedures have been put in place at operations sites to scan vaccinations pass. ○ To mitigate the risks associated with the policy implementation, the People and Capability team is working closely with all staff who have chosen not to get vaccinated. ○ People leaders are also regularly monitoring morale to ensure our people are managing the extended lockdown.

	<ul style="list-style-type: none"> ○ Richard Waiwai explained that his team is working with the Chairs and CEs of Mana Whenua around the implementation of the policy when visiting our sites in Tāmaki Makaurau. ● The customer team is currently facing increased level of aggression and tension from customers. <ul style="list-style-type: none"> ○ There have been acts of physical aggression towards field teams. In response our teams have been given training to enable them to remove themselves from dangerous situations. ○ Our contact centre team is also receiving a higher volume of aggressive phone calls and e-mails. In response, support and training are being provided to the team to build skills in managing emotional boundaries. Specific training is being done through Umbrella which is an organisation that provides training and skill building for the customer team. There have been six courses scheduled before the Christmas break. <p><i>Push Trolley Incident</i></p> <p>The Board discussed the incident happened due to push trolley failure.</p> <p>Bronwyn noted that:</p> <ul style="list-style-type: none"> ● There was no exclusion zone as the work was done over a void. ● A Safety Alert was issued after the incident took place. ● In December 2021, the learning team will work with all the people who do this type of work (in particular, those who work at pump stations) to understand what we can do better in terms of designing and executing this type of work. ● There had been two other incidents on similar types of work in the last 12 months, but the circumstances around those incidents was not the same, and therefore this recent incident was not a repeat. <p><i>Suspended loads deep dive</i></p> <p>Bronwyn confirmed that lifting and rigging is a New Zealand standard competency, which our people must renew and demonstrate currency. Contractors have their own templates for lift plans.</p> <p><i>The Board noted the report.</i></p>
7.	<p>For discussion</p> <p>7.1 Central Interceptor report</p> <p>Shayne presented various photos of progress made to date on the project (attached as Attachment 1).</p>

Shayne noted that:

- The last gantry of the tunnel boring machine (TMB) has been installed, so tunnelling to the north will commence in few days.
- We are on track to achieve breakthrough at May Road on 9/10 December 2021.
- Towards the end of the December 2021, Shayne and Jon will acknowledge and thank the TBM workers for their hard work, including their work throughout the Covid-19 level 4 lockdown.
- The CI project has reinstated all of the odour beds at the Māngere Pump Station, which should improve the performance of the plant with regards to odour management for the future.

Shayne took the rest of the report as read.

The Board members acknowledged the work done by Shayne's team on the project dashboard which was provided at the AMP and Major Capex Committee (AMCC) meeting held on 24 November 2021.

Domenica TBM

In response to questioning from the Board, Shayne noted that *Domenica*, the micro-tunnelling machine had not hit the targets set by the JV, but this is due to the way the shaft-site has been set-up. That said, the JV is a new team, and they are taking time to get familiar with the new equipment. Additionally, due to Covid-19, the project has lost approximately 4 hours a day for 100 days (i.e. loss in productivity of 16%/day).

Design changes

Shayne drew the Board's attention to an article in the NZ Herald that morning, which noted that due to design changes, a 30m deep construction shaft is no longer required in Whitney Street. This will avoid community disruption in the Blockhouse Bay area and reduce emissions on the project.

Staff resourcing

Shayne explained that a number of staff have now started to leave the country to be with their families over the Christmas period. They will start returning to New Zealand from 17 January 2022 when home isolation is permitted for foreign travellers. Dates of return are unknown for the team who are travelling to Italy.

The team is keeping an eye on the Omicron variant which could cause disruptions for overseas travel.

Crane operator incident

In response to questioning from the Board regarding a crane operator fall, Shayne explained that the worker was pulling out a strap when he was on the ground. This led to a small bone injury in his elbow. Design changes have been made to mitigate against this going forward.

The Chair thanked Shayne for the work done by him and his team during the challenging year.

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

7.2 Water resources update

David Moore spoke to the report and noted that:

- The dam's highest level was 99.39% on 22 November 2021.
- Rainfall expected this week is unlikely to affect the dam levels.
- The water resources update is now being provided fortnightly.
- The rolling 7-day average demand of is 440MLD, up from last week's demand of 420MLD.
- The report has been updated to include the new graph on Auckland Metropolitan Source Utilisation (Boardbooks page 74). This shows how all the water sources work together to make up the total demand. The graph is smoothed by taking a 4-week rolling average.
- Due to the shortage of microchips and lockdown restrictions, the domestic smart meter replacement programme is running behind for the year.

Hamilton City Council allocation of 25MLD

Mark explained that Hamilton City Council has granted Watercare access to 25MLD from the Waikato River.

- This takes our total production capacity to 175MLD from the Waikato River.
- A weekly update goes to the Hamilton City Council and Waikato Regional Council advising them whether we are utilising this 25MLD.
- To date, we have not required this allocation.
- If Hamilton City Council puts water restrictions in place, Auckland will need to match or have higher restrictions than Hamilton, if Watercare is using the 25MLD allocation.
- According to our forecasts, we do not expect to need this allocation.

The Board stressed the importance of continuing our messaging throughout summer around 'water is precious', even though the dams have reached high levels.

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

7.3 CCO review recommendations – full update

Emma McBride spoke to this report which she took as read.

Emma noted that:

- It has been 16 months since the CCO review report was released in July 2020. This report is a full update of all 64 recommendations.
- CCO CEs meet fortnightly to discuss the implementations of the recommendations and monitor progress.
- The CCO Monitoring Group are scoping and actioning the recommendations.
- There are no 'red' recommendations that impact Watercare.
- There are six 'amber' recommendations that impact Watercare. However, Watercare has either completed its work on those recommendations, or the item is currently with Council Officers for next steps.
- There are 28 'green' recommendations impact Watercare. The most significant of these is the water strategy. A few of these 'green' recommendations will be completed by year end.
- Covid-19 have caused slight delay in delivery of some of the recommendations.
- The commentary in respect of the shared services will be corrected to note Watercare's continuous engagement with the group.

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

7.4 Our performance under the 2020–2023 Statement of Intent

Emma provided the background of the report and noted that in accordance with the Local Government (Auckland Council) Act 2009, Watercare is required to hold two public meeting every year. This public meeting today is the meeting where members of the public are invited to provide comments on Watercare's performance under the SOI.

Emma spoke to the presentation.

- 26 SOI measures were achieved.
- Two of the SOI measures were not achieved. Proactive actions have been put in place to address the real water loss percentage measure. Work has been done on the economic level of leakage and this is being folded into the Water Strategy being prepared by Auckland Council, in conjunction with Watercare.
- Regarding the delivery of Māori outcomes, our focus is now on the Māori Outcomes Plan and working together with Tāmaki Makaurau's 19 iwi to develop meaningful measures for Māori outcomes.
- The rest of the presentation is a summary of the highlights set out in the Annual Report 2021 which are aligned with the six capitals of integrated reporting.

*The Board **noted** the report and presentation. The Board also **noted** that there were no public deputations regarding the report and presentation.*

8.	<p>Governance</p> <p>8.1 Board committee updates</p> <p>Graham Darlow, Committee member of the AMP and Major Capex Committee (AMCC), reported that the last meeting was held on 18 November 2021. He noted that the AMCC:</p> <ul style="list-style-type: none"> • Received the project dashboard on the Central Interceptor (CI). • Received the update on the social outcome work being done by the CI team. • Noted the Enterprise Model programme and the engagement of professional engineering consultancy partners. • Discussed the expansion of the Enterprise Model programme in response to the increase in the AMP 2021. • Discussed various major projects and how they are tracking. • Noted the AMP implementations report. <p>Dave Chambers, Chair of the Te Tangata Komiti (TTK), reported that the TTK meeting was held on 24 November 2021. This meeting discussed the following:</p> <ul style="list-style-type: none"> • The TTK People dashboard which reported 99% of the staff have finished their performance review, a very good result. • How to encourage new hires to disclose their ethnicity voluntarily. • Watercare’s new training facility at Ascot Road. • The most recent eNPS results, which have dipped due to the extended lockdown, and the implementation of the mandatory vaccination policy. • A draft strategy on attracting and retaining people. • People and capability metrics and linking them to the SOIs. • A review of the Disciplinary Policy; the Discrimination, Bullying and Harassment Policy; and the Recognition of Service Policy. • A review of the TTK including the Charter. <p>Hinerangi Raumati-Tu’ua, Chair of the Audit and Risk Committee (ARC), reported that the ARC meeting was held after the Board meeting on 28 October 2021. She noted that the ARC:</p> <ul style="list-style-type: none"> • Recommended to the Board for its approval of the Risk Management Policy and Incident Management Policy. • Received a report from Deloitte on integrated reporting. This included a discussion around the need for sustainability reporting on climate change. • Covered the work done by Deloitte on sensitive expenditure update. • Received an internal audit report which reported that the use of audit bots has started; and the internal audit plan for 2022. • Received a deep dive on the Waikato District Council Contract and learning from it.
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	<ul style="list-style-type: none"> Received a deep dive on critical asset failure review on water transmission failure. <p>8.2 Board planner</p> <p>The Chair noted that the CI safety tour will be rescheduled once the Covid-19 restrictions allow. It was also noted that there will be no formal meeting on the 14 December 2021.</p> <p><i>The Board noted the Board planner.</i></p> <p>8.3 Directors' appointment terms and committee memberships and meeting attendances</p> <p>The Chair advised the appointment of a new Board member should be announced before Christmas. The induction of a new Board member should be combined with our new Board intern, Wi Pere Meta who will join Watercare next year for an 18-month term.</p> <p>In terms of meeting attendance, the Chair noted that Nicola Crauford was absent due to the diary conflict as noted earlier. However, she had reviewed all the papers and provided her feedback to the Chair, so the meeting attendance table should not mark her as absent.</p> <p><i>The Board noted the report.</i></p> <p>8.4 Disclosure of Directors' and Executives' interests</p> <p><i>The Board noted the report.</i></p>
9.	<p>General business</p> <p>In closing, the Chair recognised that this will be Rob's last meeting.</p> <p>Councillor Cooper acknowledged the Chair's leadership, governance and ongoing communication regarding water supply and the management of water restrictions.</p> <p>Councillor Cooper thanked Rob for his service to Auckland and his dedication to Watercare's health and safety, staff and customers. She also recognised his very great influence on helping to shape Auckland through his roles at New Zealand Rugby, Eden Park, the Auckland Transition Agency and Watercare.</p> <p>The Chair also extended her thanks and best wishes to Rob on behalf of the Board and Watercare for his tremendous support and dedication to Watercare. She noted that he will be greatly missed but over his 11 years at the company he has built a very strong foundation for the company to move forward on.</p>

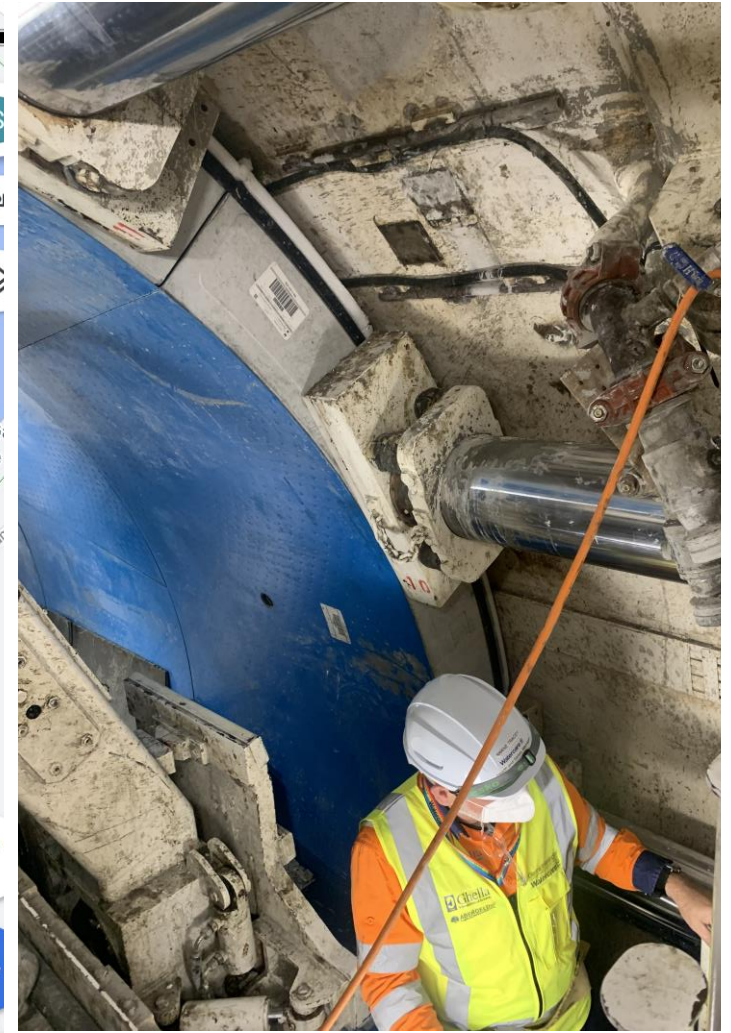
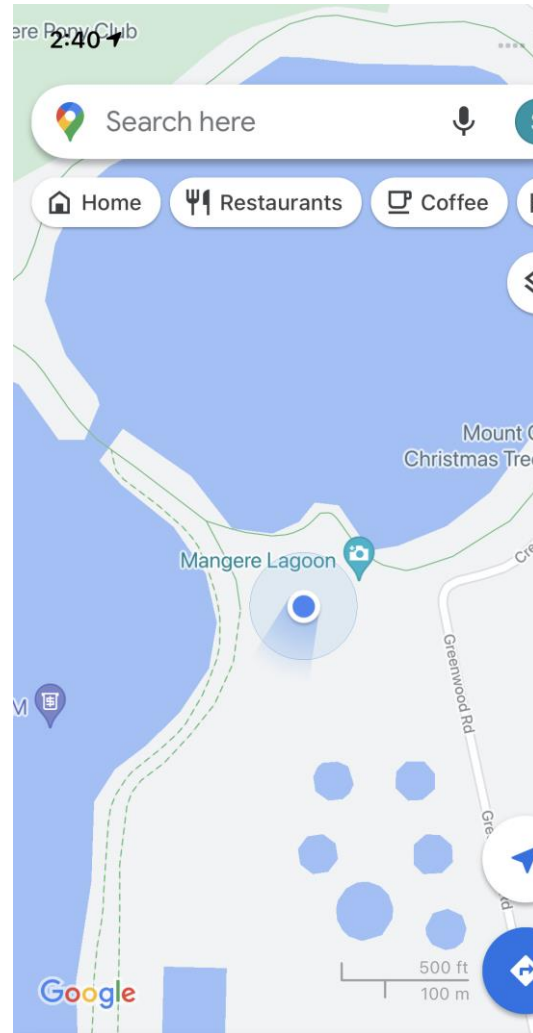
	<p>Rob also shared some of his experiences working at Watercare and how proud he was of all that Watercare has achieved. Brendon Green closed the meeting with karakia and acknowledged Rob for his support and virtues.</p> <p>The meeting closed at 11.00am.</p>
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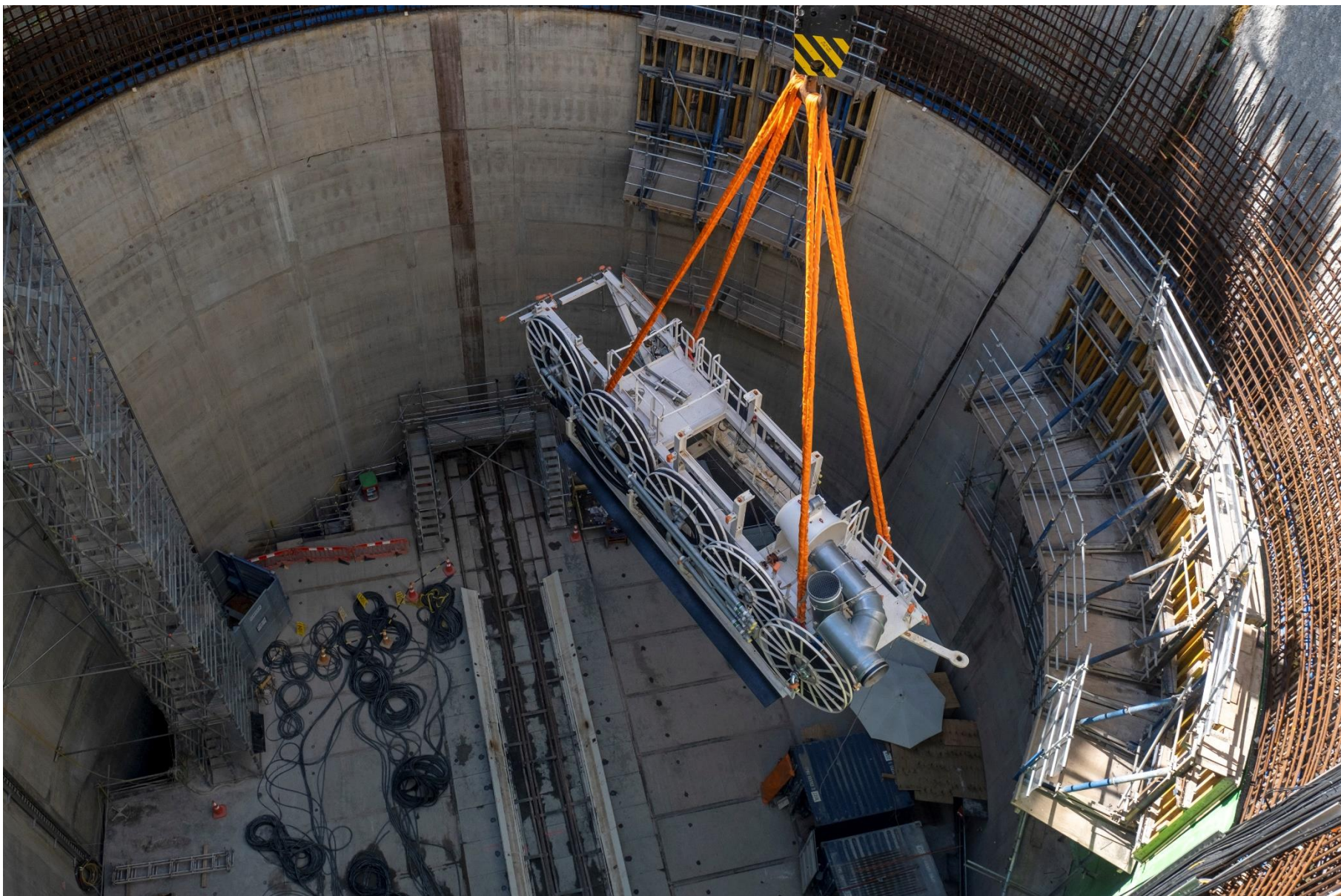
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Margaret Devlin, Chair

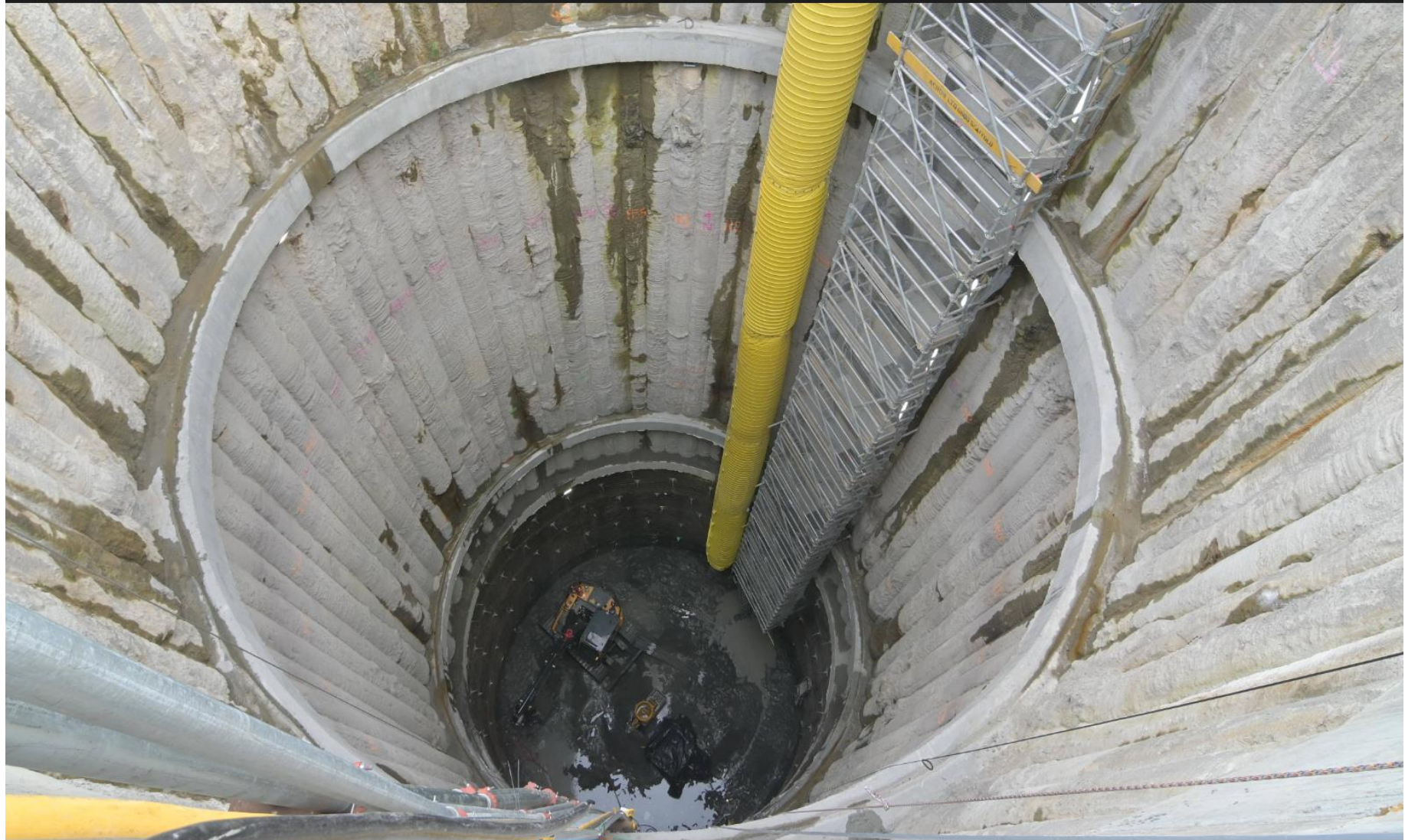
Attachment 1







Ghella Abergeldie JV | Central Interceptor - May Road | Shaft B



7:45AM TUE
30TH NOVEMBER 2021

