

## Minutes

<b>Board meeting</b>	Public session
<b>Date</b>	5 April 2022
<b>Venue</b>	Held via Microsoft Teams
<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 Hinerangi Raumati-Tu'ua Graham Darlow Dave Chambers Frances Valintine Nicola Crauford Julian Smith	Jon Lamonte (CE) Jamie Sinclair (Chief Corporate Services Officer) Mark Bourne (Chief Operations Officer, for items 1 to 8) Nigel Toms (Acting GM – Finance, for item 8) Richie Waiwai (Poutiaki Tikanga Māori, Principal Advisor) Bronwyn Struthers (Head of Health, Safety and Wellbeing, for items 1 to 6) Brent Evans (Head of External & Strategic Relations, for items 1 to 6) Rachel Hughes (Head of Communications, for item 8) Kevin Sharp (Head of Commercial, for item 8) Rebecca van Son (Head of Strategy, for items 1 to 6 and 9) Chris Thurston (Head of Sustainability, for item 9) Sarah Phillips (Acting GM – People & Capability, for items 1 to 6 and 10) Jacky Simperingham (Co-Head of Governance) Pinaz Pithadia (Governance and Research Administrator)	Councillor Linda Cooper, Auckland Council Liaison Councillor  Claire Gomas, Principal Advisor, CCO Governance and External Partnership, Auckland Council

1.	<p><b>Opening karakia</b></p> <p>The Chair welcomed everyone to the meeting. She noted that a new Karakia is being prepared by Richie Waiwai.</p> <p>The Chair congratulated the CE as he will be completing his first year at Watercare on 6 April 2022.</p> <p>The Chair acknowledged that the Chair of the Waters Governance Board at the Waikato District Council is pleased with the quality of the work being provided by the Watercare team.</p> <p>The Board opened the meeting with a karakia.</p>
2.	<p><b>Apologies</b></p> <p>Apologies were received from Wi Pere Mita (Board intern).</p>
3.	<p><b>Quorum</b></p> <p>All Directors were present at the meeting and therefore a quorum was established.</p>
4.	<p><b>Minutes of the previous meeting</b></p> <p><i>The Board <b>resolved</b> that the minutes of the public session of the Board meeting held on 1 March 2022 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>The CE took the paper as read.</p> <p>The CE highlighted the following topics from the report:</p> <ul style="list-style-type: none"> <li>• <b>Current significant issues:</b> <ul style="list-style-type: none"> <li>○ Covid-19 case numbers are currently not significant for Watercare staff and contractors.</li> <li>○ The team has completed an updated risk assessment on vaccine passes and mandates. The risk around the second Omicron wave remains a concern as providing safe drinking water is a key priority.</li> </ul> </li> </ul>

- The 21 March 2022 storm boosted water supply in our dams. However, the flooding caused damage to wastewater mains. Both Watercare and Healthy Waters staff worked hard to resolve the reported faults. There is still significant work to do.
- A wastewater pipe plumbed incorrectly at the Central Interceptor site was rectified as soon as the fault was discovered. The CE noted the open and transparent engagement with mana whenua and Council.
- The derailment of a spoil train at Māngere resulted in tunnelling works stopping for four days. The incident occurred due to the speed of the train and the driver could not hear the spotter to slow down in time. WorkSafe conducted a full safety review. Having visited site personally, Graham Darlow noted that robust engineering and speed controls have now been put in place and these are appropriate for the situation.

- **Key performance measures:** The CE noted that the report sets out a summary from the Executives' Monthly Performance meeting.
- **Water sources:** In response to a pātai from Councillor Cooper, the CE explained that the upgrade at the Waitākere Water Treatment Plant was due to be completed in December 2021. In March 2022, Board approved the extension of delivery time of the project to December 2022 and an increase in the cost of the upgrade. The 'Green' traffic light in the report states that the upgrade is now in line with the new Board approved delivery date of the upgrade.

Mark Bourne updated the Board on the current water supply level. He noted that Management continuously monitors the water take from the Waikato River.

- **Water quality:** In response to a pātai from the Board, the CE explained that there was no early indication of the existence of positive E.coli at the Muriwai distribution zone. The residual Chlorine levels remained high within the distribution zone.

Mark Bourne added that there has been a long history of compliance at the site. Samples are obtained and tested from this plant daily. There was no change in the characteristics of the water supply which would have indicated any breaks or third party interventions in our supply system. He explained that it is possible something occurred at the sampling point. It is worth considering that the proposed assurance rules and standards (which Taumata Arowai has just consulted on) suggests that any individual adverse results like this would be considered as a non-compliance.

In response to a pātai from the Board, Mark explained that Watercare provided inputs into Auckland Council submissions on the draft rules and standards. In our inputs, we have requested clarification on some terminology. Watercare is supportive of some of the aspects of Taumata Arowai's consultation document, which will improve public health in long run. The submissions note that some of the proposed rules/standards around measurement of Chlorine and Ph levels would require additional investment but would not mitigate public health risks.

	<ul style="list-style-type: none"> <li>• <b>Operations update:</b> The leak management work programmes introduced during the drought response are now business as usual. The Board noted that these programmes of works have to be incorporated into the Auckland Water Strategy, and that the level of reporting needs to be considered. The CE acknowledged that monitoring of the Auckland Water Strategy is key, and explained that Watercare’s Statement of Intent covers the majority of the Strategy. Therefore, Management will be reporting to the Board on its performance against the SOI. In response to a pātai from the Board, Management confirmed that the leakage detection programmes remained a priority for the business.</li> <li>• <b>Healthy, safety and wellbeing</b> <ul style="list-style-type: none"> <li>○ Management noted that a Back to Basics campaign has been run in relation to service strikes to continue to reiterate the key messages. The Board and Management discussed that service strikes are an ongoing problem for the industry. There is a CEO forum in May, which includes the CEOs of our Contractors, which will focus on this issue. One proposal for the forum is to have full service maps prepared. Other utilities such as Vector and Chorus are also involved in this conversation.</li> <li>○ The Board and Management discussed the level of complaints and abuse some employees face. Bronwyn Struthers explained the resilience training the Customer team has undergone. Additional measures have been put in place including the ability to alert a supervisor when in a conversation that is abusive.</li> <li>○ Bronwyn explained the early findings of the burnout survey conducted. She noted that 90% of the stressors are not related to work. Although the survey indicates that burnout is not driven by work, it still impacts work.</li> <li>○ The driver who was involved at the mobile plant incident was working outside the recommended guidelines.</li> <li>○ Bronwyn noted that traffic management industry is resource constrained.</li> <li>○ The Chair acknowledged the effort to reduce the number of open iCare cases.</li> </ul> </li> <li>• <b>CCO review recommendation 17 and 18:</b> In response to a pātai from Councillor Cooper, Jon explained that a programme of work is underway to speed up the consenting process. Craig Hobbs from Auckland Council and Steve Webster from Watercare are leading various workstreams to rationalise the consenting process to make it smoother. This is due to be completed by December 2022.</li> </ul> <p><i>The Board noted the report.</i></p>
<p><b>7.</b></p>	<p><b>Review of the Corporate Governance Charter</b></p> <p>Jacky Simperingham spoke to the report and noted the proposed changes in the Charter.</p> <p>The Board advised that the proposed changes in section 3 of the Charter should be amended to read ‘remuneration and package’, and the word ‘policy’ should be deleted.</p>

	<p>The Board noted that Watercare’s constitution requires Watercare to comply with the Treaty of Waitangi. The Board requested that the commitment to Te Ao Māori be embedded in the Charter.</p> <p>Jacky confirmed she would work with Richie Waiwai to include Te Ao Māori in the next draft of the Charter.</p> <p>The Board requested that an updated version of the Charter is to be provided at the 7 June 2022 Board meeting.</p>
<p><b>8.</b></p>	<p><b>Pricing to support Auckland Council’s Long-Term-Plan for FY23 – effective 1 July 2022</b></p> <p>Nigel Toms and Kevin Sharp spoke to the financial section of report which was taken as read.</p> <p>Nigel noted that:</p> <ul style="list-style-type: none"> <li>• funding constraints of being a Council Controlled Organisation remain;</li> <li>• capex delivery has been influenced by the Covid-19 pandemic; and</li> <li>• the business is currently maintaining a financial buffer for further impacts of Covid-19.</li> </ul> <p>Kevin noted that:</p> <ul style="list-style-type: none"> <li>• this year has been materially influenced by the continuing Covid-19 pandemic. This resulted in higher than anticipated operating costs and delays in delivery of the capital investment programmes.</li> <li>• the future investment programmes to address delivery of growth investment, resilience and service quality remains at previously planned levels. The price path required to deliver the investment programme is in line with the proposed price path previously agreed with Auckland Council.</li> <li>• the proposed price change may create affordability issues within our community as it is occurring at a time when inflation has been increasing.</li> <li>• for customers who struggle to meet their financial commitments, we continue to promote the Water Utility Consumer Assistance Trust (WUCAT) and the provision of additional funding to WUCAT as part of the FY23 budget.</li> </ul> <p>Rachel Hughes spoke to the communication plan outlined in the report which was taken as read.</p> <p>Rachel noted that:</p> <ul style="list-style-type: none"> <li>• following approval of the communications plan by the Board, the company will send out a press release regarding the price increases</li> <li>• price increases will also be communicated to our key stakeholder groups, top 100 customers and schools via emails.</li> <li>• our June <i>‘Tapped in’</i> newsletter will be divided in three regionally focused editions, which will outline the price increase, regionally focused projects, the support options we provide through our hardship programmes, our partnership with EcoMatters, as well as the value we are delivering.</li> </ul>

	<ul style="list-style-type: none"> <li>• a public notice via our website and notices on our invoices will also cover the price increase to comply with our obligations under the Customer Contract.</li> <li>• we have launched a priority assistance service where our customers can register for support. Several support options are available to help our customers if they are facing financial difficulty.</li> </ul> <p>The Chair advised that the CCO Oversight Committee were informed about the proposed price path at the meeting held on 22 March 2022.</p> <p>The Board discussed the importance of clear messaging to our customers, including how much, in dollar terms, the proposed price increase will be. The Board also discussed the importance of providing suggestions to customers of simple things they could do to decrease their water bill. The Board requested a copy of the press release.</p> <p><i>The Board <b>ratified</b> the resolution approved at the 1 March 2022 confidential Board meeting to implement price increase effective from 1 July 2022 for FY23 including:</i></p> <ul style="list-style-type: none"> <li>• <i>Water and wastewater tariff increase by 7%</i></li> <li>• <i>Infrastructure Growth Charges (IGC) increase by 8%</i></li> <li>• <i>Sundry charges increase by 7%</i></li> <li>• <i>Delegation to the Chief Corporate Service Officer to finalise the relevant price schedules.</i></li> </ul> <p><i>The Board <b>noted</b> that the price increases above for FY23 are in line with a previous Board approval made in December 2020.</i></p> <p><i>The Board <b>approved</b> the price increase communications plan subject to 'Tapped in' June edition being provided to the Board before circulating them to the customers.</i></p>
9.	<p><b>Scanning the Horizon</b></p> <p>Rebecca van Son spoke to the 'Los Angeles will recycle 100% of their wastewater by 2035' and 'Workforce burnout a risk' sections of the report.</p> <p><b>Los Angeles will recycle 100% of their wastewater by 2035</b></p> <p>Rebecca highlighted that Los Angeles is commencing its recycled wastewater journey, 20 years after first announcing it. Watercare is reaching out to LA Water to discuss their experience.</p> <p>The Board noted that it would be beneficial to understand the circumstances LA operate within, including the economics, and the similarities with New Zealand. Also it would be useful to understand how they are taking their customers on this journey.</p>

	<p><b>Workforce burnout a risk</b></p> <p>Rebecca explained that she received several requests across the business to address burnout in this report. Burnout has been reported on in the national news, and the same pressures are being felt by Watercare staff as well. Staff are nervous about the water reform changes and they feel busier than this time last year. They also consider that the water reform changes will make them even busier.</p> <p>Chris Thurston spoke to the ‘IPCC’s Climate Change 2022 report’ and ‘Chapter Zero New Zealand’ sections of the report.</p> <p><b>IPCC’s Climate Change 2022 report</b></p> <p>Chris highlighted that the latest IPCC Working Group report on Climate Change focuses on impacts, adaptation and vulnerability. He noted that it confirms that the science for warming is on the same trajectory, however, the compounding effects of multiple impacts and on vulnerable communities are rapidly speeding up. He noted that it is a challenge to secure a sustainable future for all.</p> <p><b>Chapter Zero New Zealand</b></p> <p>Chris explained that Chapter Zero is a useful resource for Directors, and that Management can provide any additional support the Board needs. The Board thanked Rebecca and Chris for the report.</p> <p><i>The Board <b>noted</b> the report.</i></p>
<p><b>10.</b></p>	<p><b>Strategic focus: We value our people and culture</b></p> <p>Dave Chambers introduced the agenda item. He explained that the culture at Watercare is strong despite some not meeting in person since August 2021. He noted that it is a credit to our people.</p> <p>Jamie Sinclair spoke about our people and culture. He noted the commitments we made through our company plan in relation to our people and culture.</p> <p>A video representing a cross section of Watercare staff was played showing our people introducing themselves, their roles at Watercare and what changes they would like to see in the company culture.</p> <p>In relation to staff engagement, Jamie highlighted that:</p> <ul style="list-style-type: none"> <li>• around 86% of the staff participated in our March 2022 eNPS survey</li> <li>• the March 2022 survey results was 23 which shows a good improvement on the November 2021 survey results of 11 (both on a scale of -100 to +100).</li> <li>• 39% of respondents were “passives”, which is an area to focus on.</li> <li>• the general trend among the staff for our company culture was positive.</li> <li>• the engagement of Human Synergistics to improve our company culture will bring more positive outcomes to improve the work culture.</li> </ul>

	<ul style="list-style-type: none"> <li>• staff are concerned on how the implementation of the company plan will occur.</li> </ul> <p>The Board discussed the importance of adopting a simple approach to improve our work culture. The challenge is to implement the strategies in some of the ongoing work already underway within the company to reduce duplication.</p> <p>Sarah Phillips outlined for the Board the key programmes of work around Retention, Diversity &amp; Inclusion, Culture Programme and Learning &amp; Development, and how these address the commitments made through our company plan.</p> <p>Sarah noted that:</p> <ul style="list-style-type: none"> <li>• the Retention Strategy is currently underway, which will broadly address the critical areas and our targets.</li> <li>• positive outcomes were received following the improvement of our Diversity &amp; Inclusion policies around Transition at Work, D&amp;I, Disability, and Parental Leave. Our facilities are currently undergoing a disability/accessibility review.</li> <li>• the Pulse survey scheduled for May 2022 will resurvey the elements of Human Synergistics survey undertaken last year.</li> </ul> <p>The Board discussed:</p> <ul style="list-style-type: none"> <li>• possible exchange programmes with water utilities overseas.</li> <li>• a focus on succession planning and identifying future focused strategic leaders.</li> <li>• the key role that leadership plays in improving culture.</li> </ul> <p>Jamie explained the challenges we face around data and insights to know our staff better, their development opportunities, leadership and efficiency.</p> <p>Sarah noted the ongoing works around early career programmes.</p> <p>The Board requested a breakdown of the diversity of interns who were offered employment.</p> <p>Councillor Cooper thanked Jamie and Sarah for their mahi to put this presentation together.</p> <p>Dave closed the agenda item and noted that remuneration and market trends, and industrial relations, will be discussed at the 7 June 2022 confidential session.</p>
<p><b>11.</b></p>	<p><b>Board planner</b></p> <p>It was noted that the HSW safety visits will be rescheduled once Covid-19 restrictions allow.</p> <p><i>The Board <b>noted</b> the Board planner.</i></p>



12.	<p><b>Directors' appointment terms and committee memberships and meeting attendances</b></p> <p>The Chair noted that Council's Appointments and Performance Review Committee has resolved to reappoint the directors of Watercare whose terms end before 1 July 2024. In light of this, the Chair suggested that the table on appointment terms could be removed from this report.</p> <p><i>The Board noted the report.</i></p>
13.	<p><b>Disclosure of Directors' and Executives' interests</b></p> <p>The Chair has been appointed as a director of Dairy NZ Limited from 14 April 2022 and as a member of the Office of the Auditor General on their Mid Term Review Panel for a fixed term ending at the end of July 2022.</p> <p>The Chair advised she her directorship with the Board of Aurora Energy will end on 30 June 2022.</p> <p>The Board requested that the Governance Team archive older items in the 'Resource Centre' section of Boardbooks.</p> <p><i>The Board noted the report.</i></p>
14.	<p><b>General business</b></p> <p>There was no general business.</p> <p>The meeting closed at 11:17am.</p>

CERTIFIED AS A TRUE AND CORRECT RECORD

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Margaret Devlin, Chair