

Minutes

Board meeting	Public session
Date	8 February 2023
Venue	Watercare Services, Level 3 Boardroom, 73 Remuera Rd, Remuera and via Microsoft Teams
Time	11:00am to 12:39pm

Attendance		
Board of Directors	Watercare staff	Guests
Margaret Devlin (Chair) Hinerangi Raumati-Tu'ua Nicki Crauford Julian Smith Via Microsoft Teams Frances Valintine	Dave Chambers (Acting CE) Jamie Sinclair (Chief Corporate Services Officer) Mark Bourne (Chief Operation Officer, for item 7) Steve Webster (Chief Infrastructure Office, for items 7 to 14) Amanda Singleton (Chief Customer Office, for items 7 to 14) Andrew Chin (Executive Director – Transition, for items 1 to 7) Nigel Toms (GM Risk, Quality and Assurance, for items 1 to 7) Chris Kinley (Head of Laboratory Services, for items 1 to 7) Suzanne Lucas (GM Asset Upgrade and Renewals, for items 1 to 7) Rebecca van Son (Executive Officer, for item 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) Via Microsoft Teams Sarah Phillips (GM-People & Capability, for items 1 to 8) Mark Bishop (Regulatory & Policy Manager, for items 7 to 14) Hannah Retimana (Summer Intern)	Via Microsoft Teams Councillor Ken Turner, Watercare's Lead Councillor (for part of item 7)

1.	<p>Opening karakia</p> <p>Nicki Crauford opened the meeting with a karakia.</p> <p>Meeting administration</p> <p>The Chair thanked everyone in Watercare for their efforts over the last few weeks as we have dealt with some of the heaviest rains Auckland has ever seen. Whilst we continue to receive positive feedback from various stakeholders, the recovery from flooding remains our key focus.</p> <p>The Chair welcomed Dave Chambers to the meeting as Watercare’s Acting CE. The Chair confirmed that Dave remains a director of Watercare but will be on secondment as a director so he can work as Watercare’s Acting CE until Entity A is stood up.</p> <p>On behalf of the Board, the Chair congratulated Jon Lamonte for his appointment as the Chief Executive of Entity A. The Chair acknowledged Jon’s contribution during his time at Watercare.</p> <p>The Chair noted that that Wi Pere Mita will cease his internship programme for personal reasons. Wi Pere will advise Auckland Council of this.</p> <p>The Chair congratulated the Central Interceptor team and Bronwyn Struthers for receiving the Jacobs’ Beyond Excellence Award for ‘doing things right’ in terms of taking responsibility for their work, caring for people, and staying focused on health and safety.</p> <p>The Chair noted that she will send the NTU and DIA an email following our Board meetings advising them of any significant decisions that are made. This will occur following each board meeting.</p>
2.	<p>Apologies</p> <p>Apologies were received from Graham Darlow and Brendon Green.</p> <p>Graham provided feedback on the meeting packs to the Chair ahead of the meeting.</p>
3.	<p>Quorum</p> <p>The Chair confirmed that a quorum was established.</p>
4.	<p>Declaration of any conflicts of interest</p> <p>No conflicts of interest were noted.</p>
5.	<p>Minutes of the previous meeting</p> <p><i>The Board resolved that the minutes of the public session of the Board meeting held on 1 November 2022 be confirmed as true and correct.</i></p>

6.	<p>Public deputations</p> <p>There were no public deputations.</p>
7.	<p>Update from Auckland Flood Watercare Incident Controllers</p> <p>Due to the intense rain event that started on 27 January 2023, the Chair added an item to the agenda on the Auckland Floods.</p> <p>Nigel Toms, Andrew Chin, Suzanne Lucas and Chris Kinley provided the Board with a presentation on the Auckland Flood event and our plan for the recovery (attachment 1).</p> <p>Incident current status / Key risks</p> <ul style="list-style-type: none"> • Nigel Toms was the incident controller and provided the Board with summary of the event, including the following points: On Friday, throughout the day, we had a level 1 incident stood up to deal with the weather; the weather worsened throughout Friday, 27 January 2023 and at 7:45pm, Mark Bourne together with Jon Lamonte (CE) declared a Level 3 incident, being the highest-level incident in our Incident Response Plan. An Incident Team was stood up and worked through the night until 1:30am. There were no major water issues at that time, but then at 4:15am, there was a major slip on Scenic Drive that saw 30m of watermain lost and 3,000 houses (5-7,000 people) without water. Work commenced on reconnecting those houses to the water supply. Our crews built a 150-metre overland pipe, in challenging conditions. Water was successfully restored to all customers overnight on Saturday. While service has been restored to these customers, they are still strongly encouraged to keep their water use to a minimum for another week until a more robust solution is in place. • Over the following days, the dams became a second challenge. Whilst the southern dams were fine, the western dams had high turbidity , which means the lower dams are out of service. This means the Huia Water Treatment Plant (WTP) is operating at a slower rate (50MLD – which is less than half of its production capacity) and we are looking at whether we need to ask customers to conserve water in the west. In the meantime, the teams have worked very hard on ways to move southern water to the north and west via the New Lynn Pump Station, which can pump 110MLD. If this becomes necessary, then some north and western customers may need to conserve water. Ahead of the potential cyclone, the PS has a permanent generator and the site has been sandbagged. • If Huia goes offline, we still have 575MLD available to us from Ardmore, Waikato and Waikato 50. • Some other challenges dealt with over the incident include: <ul style="list-style-type: none"> ○ Pukekohe WTP was flooded and unable to operate. ○ Rosedale Wastewater Treatment Plant (WWTP) heaters were flooded and were operating in a recovery mode. ○ The Wairau Pump Station (PS) and Alma PS were both flooded. ○ The Waitākere WTP raw watermain was compromised with slips and a leak, and one of the two watermain of the exiting plant was also compromised with leaks.

	<ul style="list-style-type: none"> • Suzanne Lucas is the GM of Asset Upgrades and Renewals and is working on the Flood recovery. It is early days, but they are putting significant work into the governance structure. An issue will be having enough contractors to do the work required, as the recovery will be substantial and may well involve coordination with Council and Central Government. She summarised the recovery phases as follows: <ul style="list-style-type: none"> ○ Phase: 1 – A governance structure has been established specifically for the recovery plan, governed by the incident team, operation team and infrastructure team. ○ Phase: 2 – A Recovery Working Group will oversee the short to medium term recovery. The group will assess the asset conditions and prioritise the repairs. As some of the repairs will take some time, the team may set up a separate delivery structure from the AMP delivery structure. Costs will be ring-fenced and the strategy and planning team is working on how the Auckland Flood recovery response will impact our AMP funding. Auckland Council has asked for an estimate of the likely cost by 9 February 2023. We are working out the cost and insurance claim, but at this stage, likely costs are going to be at least \$250m plus. ○ Phase: 3 – A designated team for recovery has been set up for long term recovery work, as some of the recovery will take about 18 months or more. We will put together programmes of work to repair items (e.g. a programme of work for Pump stations, another for landslides, another for pipe bridges). • Given the scale of works, the Board requested that they be updated on the recovery at every Board meeting. • A tropical cyclone is expected to form over the weekend and the incident team will be fully operational to respond. • Frances Valintine provided the meeting with an update of her flood experience in Hillsborough. She had a number of questions which Mark Bourne would follow up with her off-line. • The Chair thanked everyone for their hard work and noted the following: <ul style="list-style-type: none"> ○ The estimated cost of the recovery needs to be a prudent number arrived at using a cautious approach ○ In undertaking our review, the teams will need to stand back and work out whether our assets need to be fixed, replaced or significantly adapted. It will be important to determine whether the asset that broke was ready to fail, or was a high quality asset that nevertheless failed. The Chair noted that asset condition work is currently being undertaken by the DIA, so any work that we do in this area, needs to loop in the DIA. ○ Once the above is done, we will need to review the AMP and this will also need to be done in light of Council's debt headroom. ○ Once Council has done a review of the Auckland Flood response, Watercare should also conduct its own review. ○ It will be important to 'ring fence' the cost of the recovery, and the impact the storm had on our service levels and SOI results. ○ Enterprise Risk profiles need to be reassessed in light what we have learned from the Auckland flood.
8.	<p>Chief Executive's report</p> <p>The Acting CE introduced the report, which was prepared by Jon Lamonte. The following topics were discussed.</p> <p><i>Current significant issues</i></p> <ul style="list-style-type: none"> • The dam levels were at 100% in January for the first time since 1989, and previous to that in 1954.

- Sadly, the Ghella Abergeldie Joint Venture lost one of their graduate engineers in a swimming accident at Piha. The Board recommended an education piece around New Zealand environment and beach safety should be part of our induction process for any new workers who have come from overseas.
- In relation to Three Waters legislative reform, Watercare has been invited by the Finance and Expenditure Committee to make a submission on the Water Services Legislation Bill and the Water Services Economic Efficiency and Consumer Protection Bill.
- The CE noted a minor typo in the report and confirmed that a formal launch of the first Central Interceptor electric trucks will take place in early 2023 rather than 2024.
- In response to a query from a Board member, Mark Bourne confirmed that we have sufficient consultant and in-house resources for the work to be undertaken to comply with the new Building (Dam Safety) Regulations
- The Board was pleased to see the significant work being put into growing our relationship with elected members.

Key performance measures

- The Chair noted that the business should continue to manage to the economic level of leakage.
- The commentary on safety improvement plans does not align with the actual measure of 100%.
- Given the level of engagement of Te Rua Whetū team with the DIA, there is a significant risk for Watercare to deliver its Māori outcome priorities. Management noted that there is an opportunity for the business to bring more of this work into the business and take more responsibility for meeting the targets.

Health, safety and wellbeing

- Bronwyn noted that over the course of the flooding incident, we have been stressing Health and Safety of our teams, including taking care when travelling at night as given potholes and slips on many roads. We also put in place strict protocols around the hours worked, which mean that some staff had to be stood down to rest. Our leaders' messaging was clear that our people's safety was our number one concern during the incident.
- The Board was concerned with the high potential incident at the Snells Beach WWTP. Steve Webster summarised the following key points from the final investigation report:
 - Steve had been involved since the incident occurred.
 - There were multiple failures on the site – Fletchers response was fairly good. There are many lessons to learn from this incident.
 - A load (30kg) was not stopped properly and fell whilst the crane was lowering it into the shaft. There was a person in the shaft at the time, and whilst they were outside the exclusion zone (3m), and were not harmed, if the load had dropped on them, it would have been very serious.
 - Investigation has revealed: the worker in the shaft was not alerted to the load being moved; the exclusion zone was not big enough; and the individuals operating the crane (crane driver and dogman), left the site after the incident.
 - The crane driver and dogman returned negative drug tests the following day.

	<ul style="list-style-type: none"> ○ There was a robust discussion regarding the procedures to be followed after an incident (i.e. not leaving the site with no notice); and whether additional drug testing should be undertaken for staff and contractors. <p><i>The Board noted the report.</i></p>
9.	<p>Scanning the Horizon</p> <p>Rebecca van Son introduced the report which was taken as read. The Board and Management discussed the following points:</p> <ul style="list-style-type: none"> • In relation to the Australia Optus Cyber-attack, Amanda Singleton noted the confidential customer data (e.g. medical information) is flagged separately in our system at an Enterprise Level. A tag is also placed on the customer water meter, so that meters cannot be swapped without permission. • Our frontline staff undergo privacy training. We report any breach of privacy to the Privacy Commissioner. • The economic environment was discussed, and vulnerable customers. The Board asked Amanda to consider whether the WUCAT trust should be made more prominent. • The Board acknowledged that it takes a lot of time and efforts to pull this report together. Whilst it provides a great insight of external environment however, the focus during the transition period is on the CE's five priorities, namely: People and Culture; Capital; Finance; Stakeholders; and Operations. Therefore, from next month, this report will discontinue and anything that the Board needs to know about will be included in the CE's report. <p><i>The Board noted the report.</i></p>
10.	<p>Update on Audit and Risk Committee (ARC) meetings of 22 November 2022 and 3 February 2023</p> <p>Hinerangi Raumati-Tu'ua, Chair of the ARC, reported that the ARC meeting was held on 3 February 2023. She noted that the ARC:</p> <ul style="list-style-type: none"> • Reviewed the half year accounts; • Discussed Deloitte's external audit update; • Recommended to the Board for its approval of the Conflicts of Interest Policy; • Discussed internal audit report; and • Discussed the deep dive on supply chain procurement.
11.	<p>Board planner</p> <p><i>The Board noted the Board planner.</i></p>

	The Chair noted that she will work with Dave Chambers to update the Board planner to ensure it reflects our five strategic priorities, namely: People and Culture; Capital; Finance; Stakeholders; and Operations.
12.	Directors' meeting attendances <i>The Board noted the report.</i>
13.	Disclosure of Directors' and Executives' interests <i>The Board noted the report.</i>
14.	General business There was no general business to discuss. The meeting closed at 12:39pm.

CERTIFIED AS A TRUE AND CORRECT RECORD

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Margaret Devlin, Chair

27 January 2023 –Extreme Weather Event Incident Update

8 February 2023

Current Status

- We are extremely proud of how everyone in Watercare has come together to respond
- All services restored
- Positive feedback from customers and stakeholders
- Now moving into recovery/adaptation phase, teams being stood up to deliver

Scenic Drive slip



Waitakere 2 watermain exposed in slip, Tram Valley Rd



Lower Nihotupu Dam



Wairau Wastewater Pump Station flooded

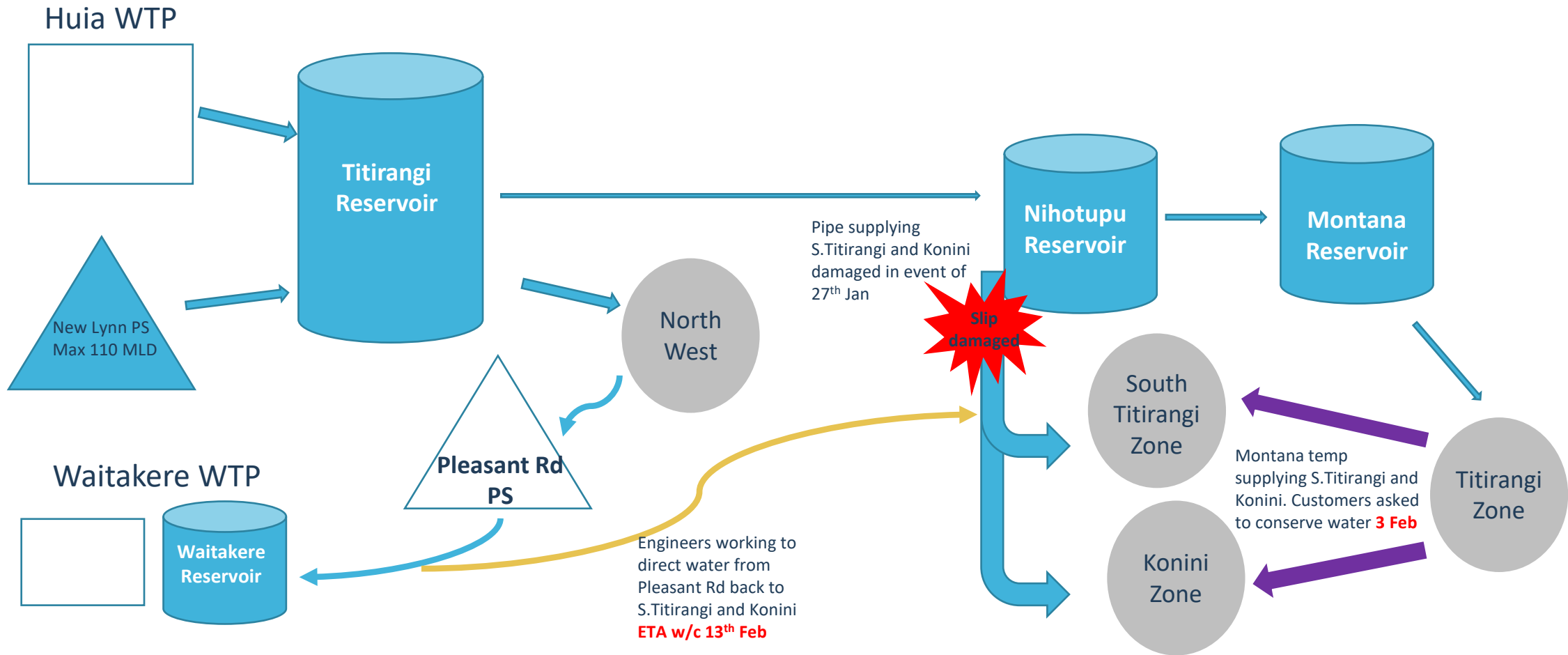


Incident Current Status / Key Risks

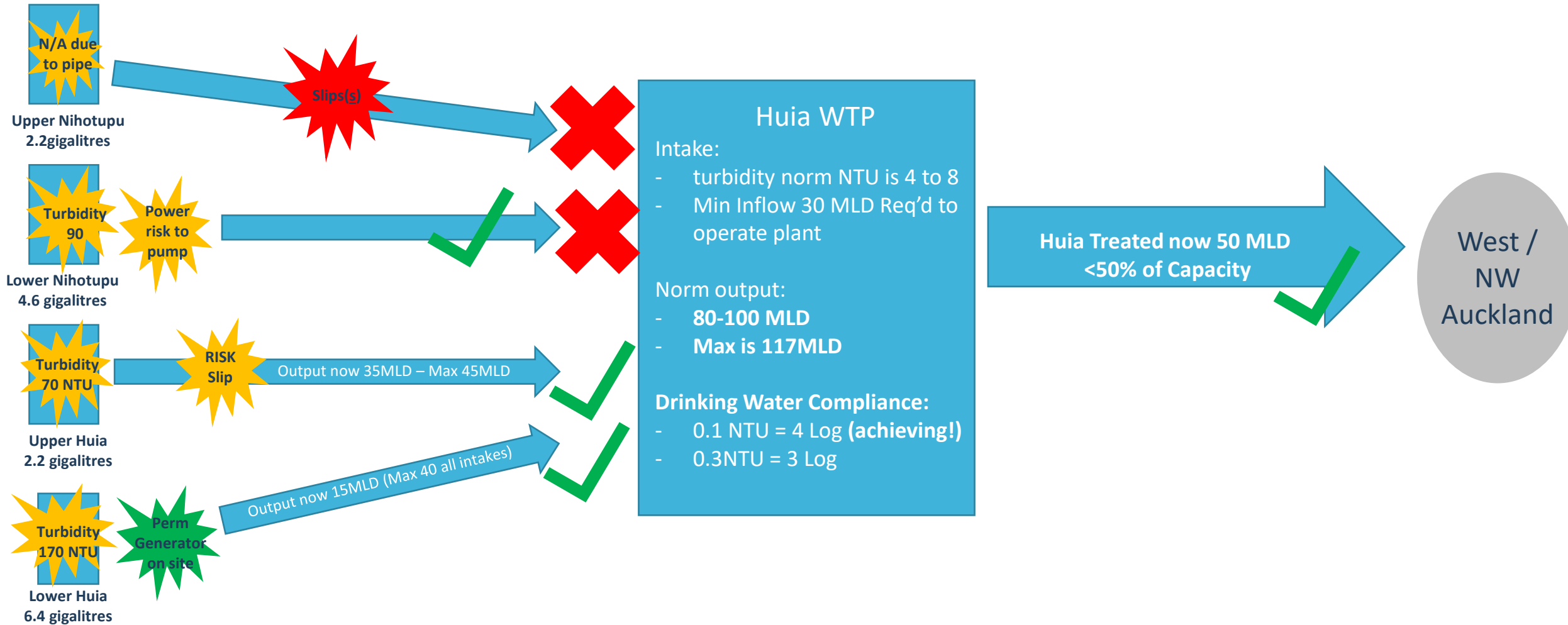
Recovery Approach

- **Phase 1** – Incident Response/Initial Risk Mitigation/Immediate Restoration of Service
- **Phase 2** – Urgent/Priority Works: Service restoration focused
- **Phase 3** – Medium-Long term Asset Rehabilitation/Adaptation

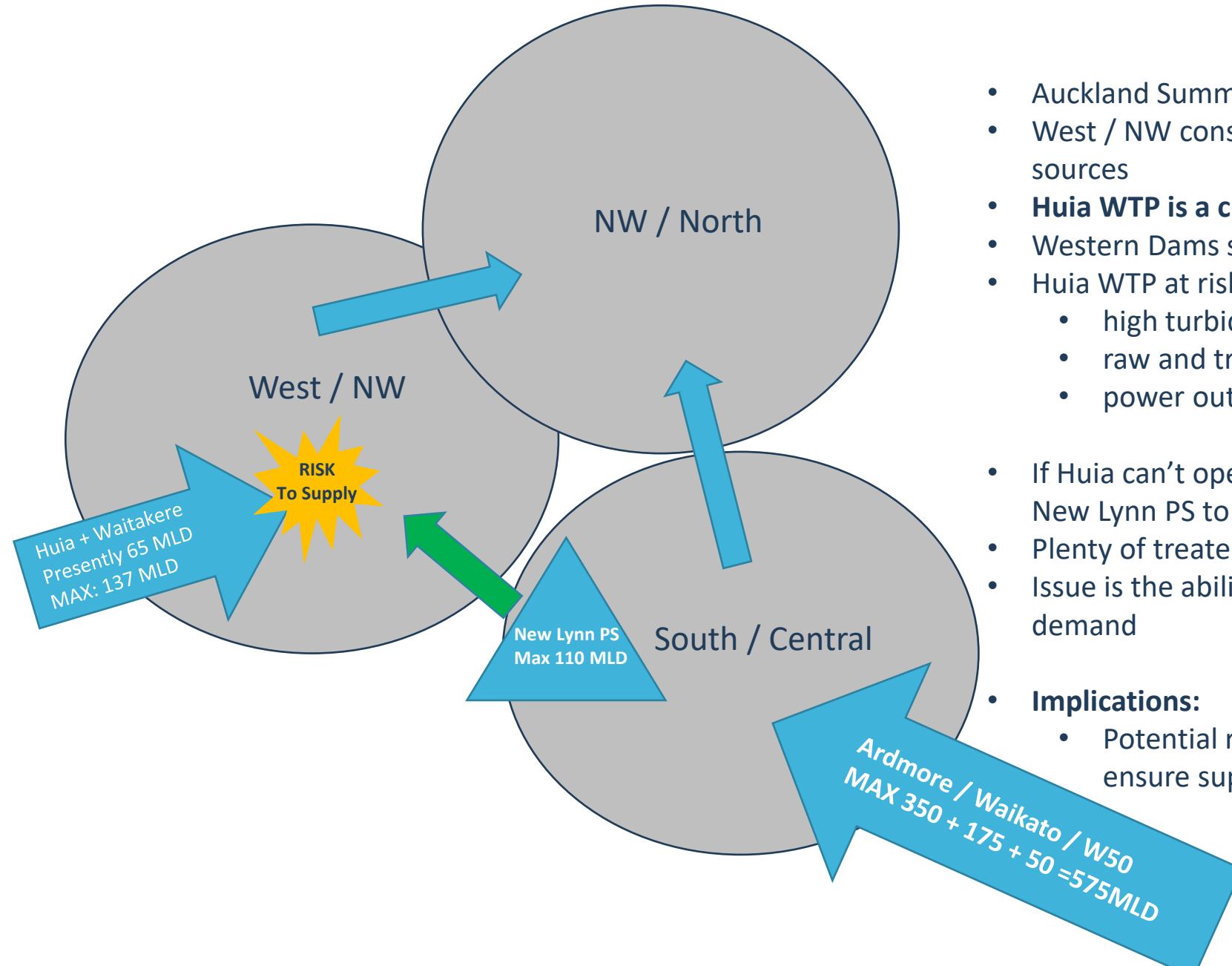
Titirangi / South Titirangi / Konini Water Supply Situation



Huia Water Supply Risks



Water Supply Risks



- Auckland Summer demand currently 400 to 500+MLD
- West / NW consume more than is produced from Western sources
- **Huia WTP is a critical supply capability**
- Western Dams supply Max 137MLD – Currently 65MLD
- Huia WTP at risk from:
 - high turbidity
 - raw and treated pipes at risk from land slips and / or
 - power outages
- If Huia can't operate and supply, the option is to pump through New Lynn PS to West Auckland
- Plenty of treated water capacity from the South
- Issue is the ability to distribute to all areas noting summer demand
- **Implications:**
 - Potential request to moderate water consumption to ensure supplies reach West/NW areas

Recovery Planning

Governance and Management

- A governance structure has been established specifically for recovery
- There will be a separate delivery structure from our core AMP delivery
- Costs will be ring-fenced
- The impact on the AMP funding is yet to be determined, Council family have been requested to provide an estimate by Thursday evening
- The Board will be updated at each board meeting

Phase 3 - Plan

