

MINUTES

SUBJECT	WATERCARE SERVICES BOARD MEETING
VENUE	Watercare Services Limited, 73 Remuera Road, Remuera, Auckland
DATE	29 May 2018
TIME	9am
STATUS	Public Session

	Present: M Devlin (Chair) J Hoare (Deputy Chair) N Crauford B Green C Harland Hon Dame A King D Thomas	In Attendance: R Jaduram (CE) B Monk R Chenery R Fisher S Webster J Simperingham S Morgan D Hawkins J Glennon E McBride M Bridge (from 9.30am) S Bird (departed at 9.35am) S Cunis (departed at 10am) P Drummond, of Watercare Harbour Clean-Up Trust, from 9.45am until 10.15am	Members of the Public: 2 members of the public from 9am - 9.15am
1.	<p>Apologies</p> <ul style="list-style-type: none"> - There were no apologies. - The Chair welcomed A Singleton (Chief Customer Officer) and S Morgan (Chief Operations Officer) to their first Board meeting. 		
2.	<p>Minutes of Previous Meetings</p> <p>The Board resolved that the minutes of the public section of the Board meeting held on 24 April 2018 be confirmed as true and correct.</p>		
3.	<p>Review Directors' Disclosure of Interests</p> <ul style="list-style-type: none"> - N Crauford, as a director of the Environmental Protection Authority, has been appointed to a decision making committee relating to OMV New Zealand Ltd's request for a marine discharge consent. - A King has been appointed Chair of the Establishment Board tasked with setting up the proposed Federation of Primary Health Aotearoa New Zealand. - B Green is providing consultancy advice to Trility (an Australian water infrastructure company) in relation to a project in the Bay of Plenty. 		

<p>Additional item</p>	<p>Public Deputations relating to the Statement of Intent (SOI)</p> <p>Directly after Items 1, 2 and 3, the Board received a submission from Sarah Thomson and Dr Grant Hewison on behalf of the Waitemata Low Carbon Network.</p> <ul style="list-style-type: none"> - The Network is a diverse community of residents, groups and businesses passionate about making low carbon living, working and playing part of the distinct identity of central Auckland. - Ms Thomson and Dr Hewison noted that Watercare is often on the front line whenever extreme weather events occur. Events such as the Tasman Tempest will become more frequent with climate change and will no longer be “one off events”. They were aware of the climate changes initiatives Watercare has underway and expressed the view Watercare was in position to provide leadership to the Council family. - Ms Thomson and Dr Hewison had reviewed the first draft of the SOI and the comments of the shareholder. They requested that the Board include climate change and other sustainability targets as performance measures in Watercare’s SOI. In particular, they requested the following performance measures: <ul style="list-style-type: none"> a. a clear pathway for the further reduction of greenhouse gas emissions; b. a timeframe for emissions from capital projects to be included into Watercare’s emissions reductions targets; and c. more comprehensive measures relating to climate change resilience and water quality. <p>The Chair thanked Ms Thomson and Dr Hewison for their time, and advised that Watercare would review the submission and respond.</p> <p>Ms Thomson and Dr Hewison departed the meeting at 9.15am.</p>
<p>4.</p>	<p>For Discussion</p> <p>4.1 Safety Moment</p> <ul style="list-style-type: none"> - The CE provided the Board with an example taken from an incident with another entity that demonstrated the importance of basic “housekeeping”. In times of emergency, key staff members must have up to date names and contact details of their key customers and stakeholders. These contact details should be pre-dialled into phones and also easily available online and in hard-copy. They should be regularly checked and updated so people are not scrambling in times of crisis. The CE said Watercare was reviewing its processes in light of the incident experienced by the other entity. - S Morgan, Chief Operations Officer, noted that the Strategic Transformation Programme (STP) will resolve a number of these issues. The aim is to have an emergency contact system whereby staff will be able to easily contact numerous people within a geographic ring-fence.
	<p>4.2 Health & Safety Report</p> <p>The report was taken as read. The CE responded to questions from the Board.</p> <ul style="list-style-type: none"> - In relation to point 3 (page 11), a contractor was lifting a heavy and awkwardly placed steel cover, which slipped and damaged an alum dosing pipe. This resulted in a pressurised release, spraying the alum mixture into the eye of the contractor. S Morgan explained that while the contractor was wearing correct Personal Protective Equipment (PPE), (namely, goggles and a face shield), the mixture sprayed up and then drifted downwards into the workers eye through a gap. Watercare is now reviewing the design of the steel covers to see if they can be re-engineered/re-designed.

- In relation to point 6 and the Telarc Audit (page 12), the CE noted that the formal report has not yet been received. However, Management expects the final report to be aligned with the positive feedback received at the closing meeting of the audit. At that meeting, the auditors noted that Watercare's openness had improved over the last three years.
- In relation to point 4 (page 11), an articulated dump truck's load was not balanced, causing the front of the truck to lift and the cab to fall on its side. The investigation revealed that there was "inadequate hazard identification". S Morgan confirmed to the Board that this particular contractor had subsequently been issued with a "Stop Work" notice, as they have now had three trucks tip over. The contractor is now working through its training processes. The Board requested an update on this issue by July 2018.
- It was noted that "inadequate hazard identification" is often the cause of near-misses. S Morgan explained that while there are always latent risks, staff is continually educated in safety and hazard identification processes. In particular, all Watercare staff have been provided with a "Take 5" booklet and are encouraged to "Take 5" each time they enter a worksite, or if they change tasks.

4.3 Chief Executive's Report

The report was taken as read. The CE responded to questions from the Board.

Scorecard (page 17)

- The CE noted he was concerned with the number of unplanned water shutdowns not restored within 5 hours (12 month rolling average). The score is 92%, against a target of 95% or higher. Management is working with operational staff to determine how to reduce the time taken, and whether it is possible to apply "band aids" to jobs that will take more than 5 hours. As the score is a 12 month rolling average, it may take some time for the performance score to rise again.

Cybersecurity (Point 3, page 19)

- In response to questioning from the Board, R Chenery, Chief Digital Officer, explained that the Watercare app, which is currently under development, will be designed and developed in accordance with standards that will ensure that the personal details of customers are not at risk of exposure through security breaches such as that recently experienced by Vector.

Value for Money review – Communications (Point 11, page 23)

- In response to a question from the Board, D Hawkins, Chief Corporate Affairs Officer, confirmed that the media monitoring contract with Isentia will be based on the Council Group-agreed charges, which will provide Watercare with the same level of service, at a better rate.

Procurement (Point 12, page 23-24)

- In response to questioning from the Board, S Bird, Procurement Manager, noted that the Council Group source procurement in relation to PPE and uniforms, and the travel agreement with Air New Zealand, had all resulted in price benefits flowing to Watercare.

Auckland's Waters (Point 13, page 24)

- The Chair reported that she attended the first meeting of the Auckland's Waters Governance group and the timelines for delivery are extremely tight.
- Once available, Management will provide the Board with a copy of the Auckland's Waters report, which outlines the scope, budget and timeframes of the Auckland's Waters Strategy, and seeks approval for the strategy's budget and forward plan. This report is being tabled at the Environment and Community Committee on 12 June.

Southwest Sub-Regional Wastewater Servicing Project (Point 17, page 25)

- The Company Secretary updated the Board by reporting that the mediation has reached a conclusion, and all substantive appeal points have been addressed by updated consent conditions. As a result, the appeal has been withdrawn by The Manukau Harbour Restoration Society Incorporated and Mr Whyborn. This means Watercare's 35 year consent will proceed.

Huia Water Treatment Replacement Plant Designation (Point 18, page 25)

- The Company Secretary reported that the High Court heard the appeal from the Titirangi Protection Group and others in early May. The Judge issued a decision three working days later, refusing the appeal. The Titirangi Protection Group has subsequently confirmed that they will not be lodging any further appeals with the Court of Appeal. This means that Watercare's designation will be confirmed.

Improved Weather Forecasting – Niwa's super computer (page 26)

- S Morgan noted that Niwa are working with Watercare on the Manukau Hydrodynamic Model. The Cray supercomputer will be used on this project.

4.4 Board Committee Updates**STP Committee Update**

Committee Chair, A King, provided an update on the Committee meeting held by teleconference on 28 May 2018.

- The programme continues to progress as planned. Release 1 is now complete and Release 2 has commenced. New software was introduced to a small group of users during Release 1 so that the users can test and provide feedback on the solution which will then be refined through future releases.
- The STP team continues to share learnings with other external organisations who are at various stages of their own transformation journeys.
- Frances Valintine, Chair of the Government's Digital Advisory Panel, recently visited Watercare to meet with the Executive Team and learn about Watercare's transformation journey. Ms Valintine complimented Watercare on the commitment to transforming the business and the customer experience.

Audit and Risk Update

Committee Chair, J Hoare, updated the Board on the Committee meeting held on 17 May 2018.

- The Committee received updates on the internal audit programme, the year end audit plan, Centralised Treasury, and considered the Committee Charter and Delegations Policy.

AMP & Major Capex Committee Update

Committee Chair, N Crauford updated the Board on the Committee meeting held on 7 May 2018.

- This year's AMP is going to be more customer focussed.
- The Committee has requested a list of all major capital expenditure projects, of \$100m plus, including those suitable to be funded via a Special Purpose Vehicle (SPV).
- The Committee also received an update on the Central Interceptor (CI) project, which is in an interactive phase with the four consortia.
- An expert advisor is being approached to join the Committee.

	<p>4.5 Low Emissions Economy Report</p> <p>The report was taken as read.</p> <ul style="list-style-type: none"> - The CE noted that Minister Shaw is planning to release Zero Carbon legislation in late 2018, which will include targets for New Zealand. Watercare expects to be able to accommodate these targets. However, before endorsing an emissions trading scheme, and the inclusion of wastewater treatment plants into the scheme, Management needs to do further work in this area, including obtaining further information, as well as feedback from other industry stakeholders, such as Water NZ and other wastewater utility operators. Accordingly, whilst Management subscribe to the intent of the report, Watercare’s submission will be that wastewater treatment plants should not be included within the scheme. - The Board received the report and supported Management’s position. <p>4.6 Major Storm Event – 10 April 2018</p> <p>S Morgan spoke to the report and also provided the Board with a flyer illustrating the event (attached). In the business, the event is being referred to as “The Big Wind”.</p> <ul style="list-style-type: none"> - One of the issues that arose during the event concerned staff who had power outages at home, who could not charge their phones. Management is now looking at solutions to this issue. - S Morgan noted there had been an attitudinal shift with staff from different parts of the business offering to assist operations. <p>The Board requested that:</p> <ul style="list-style-type: none"> - An update on The Big Wind event be included in the upcoming Board/Councillor workshop on 21 June; - That the flyer be uploaded to the corporate website; and - That Management speak with Fire and Emergency, who may be able to assist Watercare to utilise an alternative communication network in emergency situations. <p>The Board also wished to thank M Bourne for his efforts over the last five months as Acting Chief Operations Officer, including his good work during “The Big Wind”.</p>
5.	<p>Approvals</p> <p>5.1 Statement of Intent</p> <p>J Simperingham, Governance and Change Manager, spoke to the paper.</p> <p>The paper was taken as read. The Board and Management then had a general discussion regarding the draft SOI and the draft covering letter to the Mayor. The discussion covered the following points:</p> <ul style="list-style-type: none"> - J Simperingham noted that while the draft SOI already included commitments around climate change mitigation and adaptation, there were no specific performance measures. - The Board considered whether the draft SOI should include any further changes in light of the submission received from Ms Thomson and Dr Hewison on behalf of the Waitemata Low Carbon Network. - Watercare is taking a leadership position in this area, and already has a number of actions, initiatives and commitments underway, which should be reflected in the draft SOI. - It was noted that Auckland Council has not yet finalised its measures around climate change and the Government will introduce Zero Carbon legislation in late 2018, which will include targets. Watercare will want to ensure that any performance measures, at the very least align with, or else improve on, Auckland

Council's targets. In the meantime, Watercare is to work towards determining what measures would be meaningful and continue to demonstrate Watercare's leadership capabilities in this area.

- In relation to the NPS score, the draft SOI indicates that the target for this score will continue to rise year on year (2018/19 target is 30, 2019/20 is 33, and 2020/21 is 36). C Harland noted that for many utilities, the NPS score was negative. The CE and A Singleton explained that with the adoption of STP, and other initiatives underway at Watercare, the future targets should be achievable.
- Page 89 of the draft SOI notes that "Watercare will require Veolia to ensure it is providing the necessary water and wastewater infrastructure to meet growth". The Board requested that this be amended to read "Watercare will require Veolia, *within the terms of the contract*, to ensure it is providing the necessary water and wastewater infrastructure to meet growth".

The Board **resolved**:

- to approve the draft SOI, subject to it incorporating further amendments relating to climate change and the amendments around the Veolia contract, as discussed at the Board meeting;
- that the covering letter to the Mayor should be amended accordingly; and
- that final sign off of the SOI and covering letter to the Mayor be delegated to the Chair of the Board.

5.2 Policy and Charter Approvals

5.2.1 Board Delegations to the Chief Executive Policy – Annual Review

The report was taken as read.

- Two corrections were noted. First, the policy should next be reviewed in May 2019 (rather than 2018) and the Authority to approve sale/lease of land and buildings should be amended to add in the word "not" as follows "up to \$3m **not** within budget or approved under the Asset Management Plan".

The Board **resolved** to approve the Board Delegations to the Chief Executive Policy, as appended as Appendix B, as recommended by the Audit and Risk Committee, subject to the discussed corrections being made.

5.2.2 Audit and Risk Committee Charter

The report was taken as read.

The Board **resolved** to approve the Audit and Risk Committee Charter, as appended as Appendix B.

5.2.3 Good Employer Policy

The report was taken as read.

The Board **resolved** to approve the Good Employer Policy, as appended as Appendix A.

5.2.4 Sensitive Expenditure Policy

The report was taken as read.

- C Harland, Committee Chair of the PRAC Committee, noted that the policy required two changes, one minor, and the second that pre-approvals for business travel expenditure outside of New Zealand and Australia shall be pre-approved by the Chair for the Chief Executive, rather than the full Board.

The Board **resolved** to approve the Sensitive Expenditure Policy, as appended as Appendix A, subject to the discussed amendments being made.

6.	<p>For Information</p> <p>6.1 Compliance</p> <p>6.1.1 RMA Compliance</p> <p>The Board noted the report.</p> <p>Watercare has been issued with a “Letter of Direction” from the Waikato Regional Council pertaining to its partial compliance with existing resource consents for the Waikato WTP. The Company Secretary explained that a “Letter of Direction” is the lowest level of enforcement action available to Councils under the RMA.</p> <p>6.2 Capital Programme</p> <p>6.2.1 Infrastructure Dashboard</p> <p>The Board noted the report.</p>
7.	<p>Presentations</p> <p>7.1 Watercare Harbour Clean-Up Trust</p> <p>P Drummond, Chair of the Trust, presented to the Board.</p> <p>P Drummond presented a video detailing the charitable Trust’s clean-up activities in the Manukau and Waitemata Harbours. He then spoke to a PowerPoint presentation (copy attached), further explaining the Trust’s activities.</p> <p>Following the video and presentations, P Drummond took questions from the Board. He explained:</p> <ul style="list-style-type: none"> - The Trust does not have any difficulty attracting volunteers; many come from large corporates, who spend a day cleaning an area of the coastline. - The Trust is not requesting any additional funding from Watercare. However, it does wish to encourage Watercare and the Mayor/Council to promote the Trust’s activities more. - D Hawkins noted that any promotion needs to be carefully done to ensure customers understand that Watercare is helping to clean up litter found in the harbour and on the shorelines, although Watercare is not responsible for it.
8.	<p>Directors’ Corporate Governance Items</p> <p>8.1 Board Planner</p> <p>The Board noted the planner.</p> <p>8.2 Review Executive Management Disclosure of Interests</p> <p>The Board noted the report.</p> <p>8.3 Director Appointment Terms and Committee Memberships</p> <p>The Board noted the report.</p>

<p>9.</p>	<p>General Business</p> <ul style="list-style-type: none"> - E McBride, Governance Manager, noted that the Chair and C Harland will be attending the Mayor’s official opening of the Mangere Biological Nutrient Removal (BNR) facility on 1 June 2018. - E McBride noted that at 10.45am, experts from Simpson Grierson would provide the Board and Senior Management with a detailed update on their obligations as Officers under health and safety laws, as well as a review of recent developments and trends in the application of health and safety laws. - The Board also congratulated the STP and Procurement team, who won the “Successful Procurement Change of the Year” award at the New Zealand Procurement Excellence Awards last week.
	<p>The meeting closed at 10.45am.</p>

CERTIFIED AS A TRUE AND CORRECT RECORD

Margaret Devlin
Chair