

# MINUTES

SUBJECT WATERCARE SERVICES BOARD MEETING

VENUE Hobson Room, Jubilee Building, 545 Parnell Road, Parnell, Auckland

DATE 01 May 2014

TIME 09:30

STATUS Open Session

|    | <b>Present:</b>  | <b>In Attendance:</b>  | <b>Public in Attendance:</b> |
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|    | M Allen<br>D Clarke (Chairman)<br>N Crauford<br>P Drummond<br>J Hoare<br>S Huria<br>T Lanigan<br><br>A Delany (Board Observer)   | M Bridge<br>R Chenery<br>R Fisher<br>R Jaduram<br>T Langridge<br>B Monk<br>J Redwood<br>D Sellars<br>G Wood<br>D Worsnop | None                         |
| 1. | <b>Apologies</b> <ul style="list-style-type: none"> <li>M Ford</li> <li>C Harland</li> </ul>   |  |                              |
| 2. | <b>Minutes of Previous Meeting</b> <ul style="list-style-type: none"> <li>The Board <b>resolved</b> that the Minutes of the public section of the Board meeting held on 27 February 2014 at 09:00, as amended, be confirmed as correct.</li> </ul>   |  |                              |
| 3. | <b>Directors Corporate Governance Items</b> <ul style="list-style-type: none"> <li>Corporate Planner 2014<br/><br/>The Corporate Planner for 2014 was noted.</li> <li>Susan Huria advised that a meeting of the Remuneration Committee would be held at Watercare on 19 May at 08:00.</li> <li>Disclosure of Interests<br/><br/>Several changes to Board member's Disclosure of Interests were noted.</li> <li>Organisational Chart<br/><br/>The Organisational Chart was noted and Raveen Jaduram was to be referred to as the Acting Chief Executive.</li> </ul> |  |                              |
| 4. | <b>Chief Executive's Report</b> <ul style="list-style-type: none"> <li>Key Performance Scorecard<br/><br/>The Chairman requested an improvement to the layout of the balanced scorecard, including an emphasis on SOI measures.</li> <li>Health and Safety<br/><br/>A meeting of the Health and Safety Committee had preceded the meeting of the Board.</li> </ul>   |  |                              |

- Customer Services

Trish Langridge spoke to the report noting that in several areas, the targets had been exceeded, for example, the goal of answering all calls within 20 seconds had not been met, and the level of abandoned calls had risen to 5% against the target of 3%.

Trish Langridge explained that during the month, there had been a significant lift in call volumes as a result of public consultation on the new non-domestic tariff and a rise in complaints due to an isolated incidence relating to quality of water sourced from the western dams. That rise in call volumes had occurred during a period when call staff numbers were down by 5 following the move to Newmarket at the end of 2013. Those vacancies have been filled and the abandonment rate was back under the target rate.

- Infrastructure and Planning

The Board noted that consenting delays were occurring which were beyond the control of Watercare and thus causing delays on several projects. Examples were given and included a two year period negotiating with Council Parks Department to enable a storage tank to be installed under a carpark. Rob Fisher said the matter was now resolved and Dean Kimpton, COO of Auckland Council, has taken a keen interest. On some projects, appeals have been lodged with the Environment Court.

- Operations

David Worsnop advised that lake levels were at 61%.

The Board discussed the implications of El Nino conditions occurring, noting that advice from climatologists gave a 50% chance of that. An El Nino occurrence results in dry conditions and greater demand for water than normal.

- Finance

Brian Monk advised that water and wastewater revenue was down for the third month in a row. This is more than balanced out by IGC revenue being higher than budgeted due to increased construction levels, and the receipt of a subvention payment of \$5.36m from Ports of Auckland Limited for tax losses.

He advised that debt levels were currently \$30m below budget and would be \$10–20m below budget at financial year end.

Aged debtor recoveries had improved and were now below \$3m again.

Capital expenditure will be in the order of 97% of budget by financial year end.

- Statutory Planning

The Board was advised that Watercare had persuaded Auckland Council to undertake a master planning process for the Puhinui Gateway land near the International Airport. The landowners are pleased with the approach being taken by Watercare.

**Water Resources Update**

- David Worsnop spoke to the paper. Lake storage levels are currently at 61% and operations were continuing to take the maximum volumes possible from the Waikato River. It is not expected that it will be possible to take the full 150MLD due to some repair work being undertaken on a clarifier.
- The Chairman requested a recalculation of projected storage levels at 1 July given the delay in obtaining 150MLD from the Waikato River.
- The Chairman also requested a remodelling of the storage response and factoring in a reduction in leakage rates; increased water savings and an increase in the take from the Waikato River at 175MLD (and Huia).
- He also requested a paper on the economics of using water tanks vs the network.
- The Board were advised that Tonkin and Taylor were preparing a report on the implications of climate change on the operations of Watercare. The report would be drawing on other relevant and available material from NIWA and other organisations. [A request was made for an update in June and an analysis of the last 50 years rainfall for each catchment.](#)

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| 6. | <p><b>Non-domestic Wastewater Tariff and Trade Waste Bylaw Update</b></p> <ul style="list-style-type: none"> <li>• Marlon Bridge spoke to the paper advising of the extensive consultation with customers which has seen 7000 choosing their new tariff using the online tool.</li> <li>• Trish Langridge said Watercare may need to have a transition period to allow people to change their tariff regime.</li> <li>• The Board noted there had been favourable media comment on Watercare introducing standard volumetric tariffs, thereby removing historic anomalies and unfairness in the different charges made to identical businesses depending upon their location.</li> <li>• The Board requested material on the effects on customers of the new regime.</li> </ul>  |
| 7. | <p><b>Health and Safety Briefing</b></p> <ul style="list-style-type: none"> <li>• The Board received a briefing from Professor Gregor Coster, Chair of the newly formed Worksafe NZ. This was one of around 20 such presentations Professor Coster had given around the country. He outlined the key changes in the Health and Safety Reform Bill emphasising the stronger duties on directors and senior management, i.e. those with “the capacity to influence”. The Professor referred to the desirability of including in contracts, a provision for the contractor to comply with Health and Safety requirements with a penalty regime.</li> <li>• He listed some practical steps for directors to consider: <ol style="list-style-type: none"> <li>1) Visit sites and understand the risks</li> <li>2) Identify the nature of the risks</li> <li>3) Accountability from management</li> <li>4) Board reporting</li> <li>5) Understand the supply chain (i.e.: contractors / sub-contractors)</li> <li>6) Understand contractor partnerships</li> <li>7) Worker participation.</li> </ol> </li> </ul> |
| 8. | <p><b>General Business</b></p> <ul style="list-style-type: none"> <li>• There was no general business.</li> <li>• The meeting closed at 11:45.</li> </ul>  |

CERTIFIED AS A TRUE AND CORRECT RECORD

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Chairman