

Minutes

Board meeting	Public session
Date	26 August 2025
Venue	Watercare House, Level 4 Boardroom, 73 Remuera Rd, Remuera and via Microsoft Teams
Time	9:52am

Attendance		
Board of Directors	Watercare staff	Guests
Geoff Hunt (Chair) Frederik Cornu John Crawford Rukumoana Schaafhausen Graham Darlow Julian Smith	Jamie Sinclair (Chief Executive) Mark Bourne (Chief Operations Officer) Angela Neeson (Chief Financial Officer) Richie Waiwai (Tumuaki Rautaki ā-Iwi me ngā Hononga) Meg Wiltshire (Chief Corporate Affairs Officer) Sarah Phillips (Chief People Officer) Priyan Perera (Chief Strategy and Planning Officer) Andrew Mercer (Head of Health, Safety and Wellbeing) (from the start until the end of item 7) Suzanne Lucas (General Manager – Capital Delivery) Emma McBride (Head of Legal and Governance) Via Microsoft Teams Tracey Carter (Legal and Governance Business Partner)	Members from Commerce Commission Charlotte Reed, Commerce Commission Head of Water Regulation (from middle of item 7 to the end). Members from Auckland Council Rachel Wilson, Principal Advisor CCO Governance and External Partnerships (via Microsoft Teams)

1.	Opening karakia Rukumoana Schaafhausen opened the meeting with a karakia.
2.	Apologies Councillor Ken Turner, and board member Karen Sherry sent their apologies for both the public and confidential sessions. Andrew Clark attended the board only and CE only time which ran from 8am-9.15am and attended agenda item 7 of the confidential session (approval of Watercare's FY25 annual financial statements and 2025 annual report). Andrew was otherwise an apology for the entire public meeting and the rest of the confidential meeting.
3.	Quorum A quorum was established.
4.	Declaration of any conflicts of interest At the confidential session held earlier today, Andrew Clark noted his usual conflicts of interest related to tax issues, as he is the CFO of Ports of Auckland Limited. No other conflicts of interest were noted.
5.	Minutes of the previous meeting of 29 July 2025 board meeting <i>The board resolved that the minutes of the public session of the board meeting held on 29 July 2025 be confirmed as true and correct.</i>
6.	Public deputations There were no public deputations.
7.	Health, safety, and wellness update Andrew Mercer presented the report which was taken as read. The following key points were made: <ul style="list-style-type: none"> • The board expressed great concern that a firearm was pointed at a Watercare traffic controller from a passing vehicle. • Andrew confirmed that incident has been reported to police and is being treated seriously. We have found that public aggression towards field teams has risen since Covid-19. While aggression has mostly been verbal, this marks a significant escalation. Support has been provided to the traffic controller (a staff member of a contractor) and training has been updated to include guidance on responding to incidents involving firearms, with a focus on de-escalation and personal safety.

	<ul style="list-style-type: none"> • A staff member was involved in a high-potential incident after slipping while attempting to untangle a hose during a routine washdown. They sustained a minor cut that required stitches. In response to a query from the board, it was clarified that the staff member was not wearing a hard hat, as the nature of the task did not require such equipment under existing safety protocols. • The board queried an incident where a bolt was accidentally dropped into a shaft. Although no injury occurred, the contractor reported the event to WorkSafe. The key learning reenforced to staff and contractors was that nobody should be working in exclusion zones while people are working overhead. • The board highlighted that upcoming changes to the Health and Safety at Work Act 2015, which may impact what incidents are reportable. A summary of these changes will be provided in the next HSW report. • The board thanked Andrew for his paper and noted the reports are much improved. <p><i>The board noted the report.</i></p>
8.	<p>Trust deep dive</p> <p>The CE and Meg Wiltshire introduced the presentation, which was taken as read. The following key points were made:</p> <ul style="list-style-type: none"> • Our community trust score has remained within a narrow range since 2018, when it was first introduced. • This highlights the ongoing challenge of building trust in a monopoly environment. • The trust score captures perceptions from both customers and tenants across all of Auckland, including those with whom we have no direct relationship. It is heavily influenced by external factors such as media headlines and major events. In May 2024, trust declined noticeably, driven by price increases, negative media attention, and broader government narratives concerning the lack of investment in infrastructure. • While the current score currently sits a few points below our target, we have been actively course-correcting since last year to rebuild the score. • There are six key drivers of trust. The prevailing narrative remains one of under investment in infrastructure, and the perception of value for money has not shifted since before 2018. This is a common theme across utilities; few people feel positive about paying for utilities, and polling suggests it is difficult, maybe impossible, to change that value for money mindset. Our focus therefore should be on the other drivers. • The board noted that we have many positive stories to tell, particularly around financial sustainability and long-term planning, and the development programmes we offer our people. • The board noted that commercial businesses continue to have the highest level of trust and suggested building trust may involve Watercare establishing a distinct identity. • For future CE reports, the board requested a one-page summary of customer insights (including all the various metrics) to provide a clear, high-level overview. • There was a robust debate about what returns could be expected if we increase our trust score and discussion around how our score is still well above other industries, including supermarkets, telcos, insurance companies, KiwiSaver providers, banks, and electricity providers (see new presentation slide Attachment 1). • We know that if people know us and our business, they score us higher. • To build trust, we plan to focus on: meaningfully engagement with communities; sharing authentic stories about our people and impacts; positioning Watercare as a visible industry leader nationwide; strengthening relationships in underperforming areas, particularly with Māori communities, through authentic, consistent, and inclusive engagement.

	<ul style="list-style-type: none"> • It was noted that Iwi/Māori storytelling is a powerful influence tool, particularly as 12.3% of Auckland’s population identify as iwi/Māori. • Maintaining trust is more effective than rebuilding it and billing inaccuracies are a key risk to trust. • The board considered Watercare to be one of Auckland’s “best-kept secrets”, and success should be measured through a broad set of metrics, not just trust. <p><i>The board noted the presentation.</i></p>
9.	<p>Chief Executive’s report.</p> <p>The CE introduced the report, which was taken as read. The following key points were made.</p> <p><i>Key performance measures</i></p> <ul style="list-style-type: none"> • In July, Auckland’s water supply dams reached 100% capacity and remain at 99% today. • July was a busy month, with the finalisation of key plans and template quarterly reports, and good progress made on the asset management improvement plan and pricing review plan. • Regarding smart meters, the board acknowledged that the messaging to customers was delayed. The switch from digital to manual reads was not well communicated to some customers, and an opportunity to take a more proactive approach was missed. • Our new Central Development Programme team has now been stood up, led by Sophie Jeffries. The team will provide meaningful engagement with property developers and other industry groups. The board commended this initiative, and encouraged the team to conduct fresh surveys and ensure we keep measuring developer sentiment. It was noted this is a very challenging environment. <p><i>Iwi and mana whenua engagement</i></p> <ul style="list-style-type: none"> • The Waikato Awa digital twin initiative models future outcomes with science. Te Ao Māori knowledge, grounded in centuries of river observation, will provide a critical check and balance. <p><i>People</i></p> <ul style="list-style-type: none"> • Workday implementation was a significant achievement; delivered smoothly with minimal impact and has been well received across the business. • The board noted that FTEs are more than benchmarked and have increased by 60 people year on year. There were concerns that this number keeps rising. Management explained that we have reduced our reliance on contractors, which meant our permanent staff numbers have grown. • The board highlighted the importance of having the right people in the right roles and ensuring a balanced team. They asked for more detail on where staff are positioned within each department. <p><i>Operations</i></p> <ul style="list-style-type: none"> • Mark Bourne provided a summary of Auckland’s water demand over history. Demand has risen with population growth, but usage/person/day has fallen due to economic shifts, droughts, universal metering, and the introduction of wastewater charges. Urban development trends, like increased apartment living, and behavioural changes – such as using water-efficient appliances and commercial car washes – have also contributed. • Auckland will reach an eventual plateau because we are still a commercial hub with 30% of our production used by businesses.

	<p><i>Programme delivery</i></p> <ul style="list-style-type: none"> • Snell Beach Wastewater Treatment Plant is on track for practical completion by the end of August and full handover later this year. • Work has commenced on the Archboyd Avenue wastewater pump station and associated pipework. • The Ōrakei Main Sewer (OMS) lining programme in Parnell has been delayed due to rain, with crews temporarily reassigned to the Zoo OMS project. <p><i>The board noted the report.</i></p>
10.	<p>Asset Management Committee meeting update</p> <p>Graham Darlow, Chair of the Asset Management Committee (AMC), provided an update.</p> <ul style="list-style-type: none"> • The 8 August 2025 meeting discussed the company's shift away from a project focus to a programme-based approach. • The AMC received an update on the Rosedale Solids Stream project and the associated Governance Group; an update on the strategic partnership we have with Stantec and Aurecon; as well as updates on the ongoing improvements to the Developer Services team. • The programme delivery dashboards are improving with automation options currently being assessed. • An out of cycle board report for an Ōtara project was circulated to the AMC after the 8 August meeting and is included in the confidential board pack for approval.
11.	<p>Audit and Risk Committee meeting update</p> <p>Julian Smith, member of the Audit and Risk Committee (ARC), provided an update on behalf of Chair Andrew Clark, who was an apology for this part of the meeting:</p> <ul style="list-style-type: none"> • Capitalisation remains a focus as we work to establish, clear operating principles. • The ARC received the insurance workplan for FY26. • Mark Bourne provided a deep dive into training and succession planning for the operations team. • Andrew Feringa provided a deep dive into SCADA and the plans we have in place should the system fail. • The remainder of the meeting focused on the financial accounts.
12.	<p>Economic Regulation Committee meeting update</p> <p>Julian Smith, Chair of the Economic Regulation Committee (ERC), noted that the ERC met on 14 August 2025, where the draft quarterly report on performance standards was reviewed, as well as the draft asset management improvement plan that is presented to the board today via the confidential meeting pack.</p>
13.	<p>Board planner</p> <p><i>The board noted the board planner.</i></p>

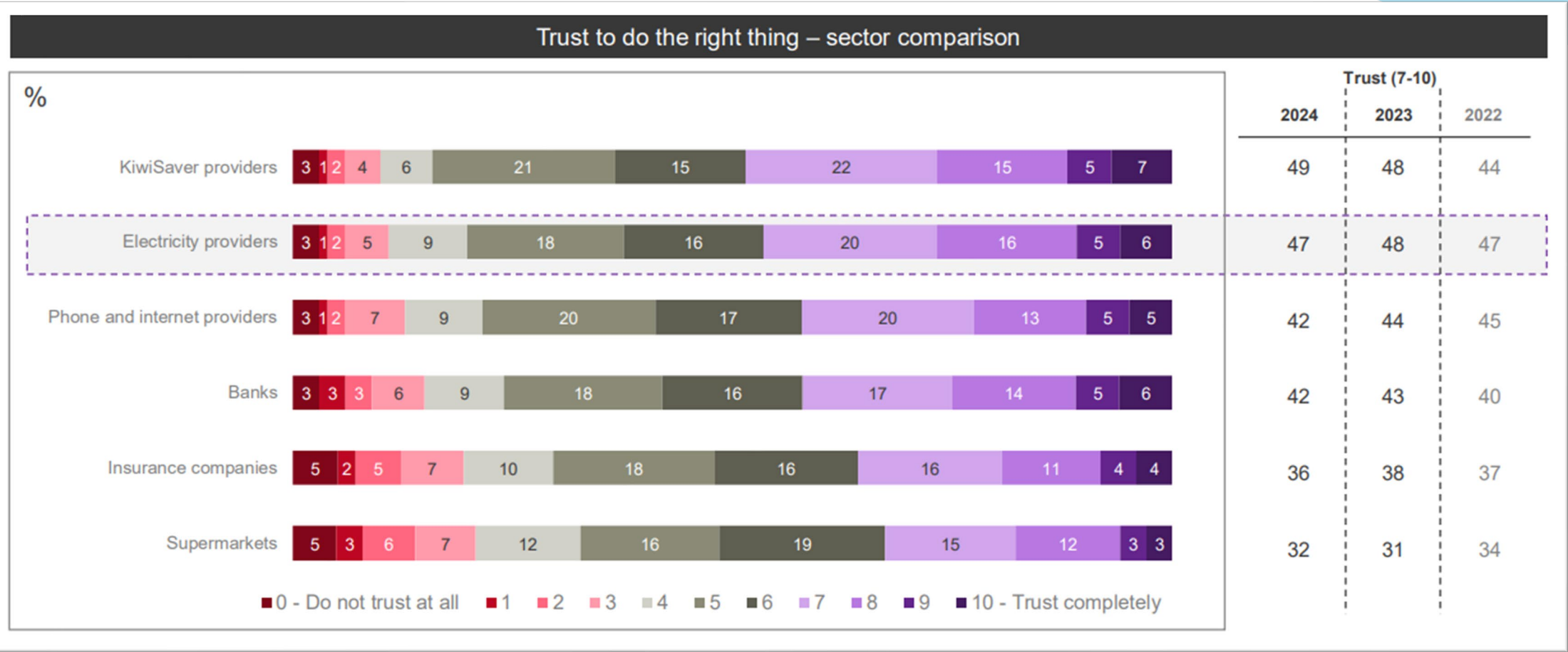
14.	Directors' appointment terms, committee memberships and meeting attendances <i>The board noted the report.</i>
15.	Disclosure of directors' and executives' interests <i>The board noted the report.</i>
16.	General business There was no general business. The public session closed at 11:02am.

CERTIFIED AS A TRUE AND CORRECT RECORD

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Geoff Hunt, Chair

A comparison with other sectors

NZ electricity consumer sentiment survey: Trust remained relatively stable or declined in most sectors except KiwiSaver providers!



Confidence in the electricity sector providing a reliable supply over the next five years also dropped from 48% (2023) to 41% (2024)