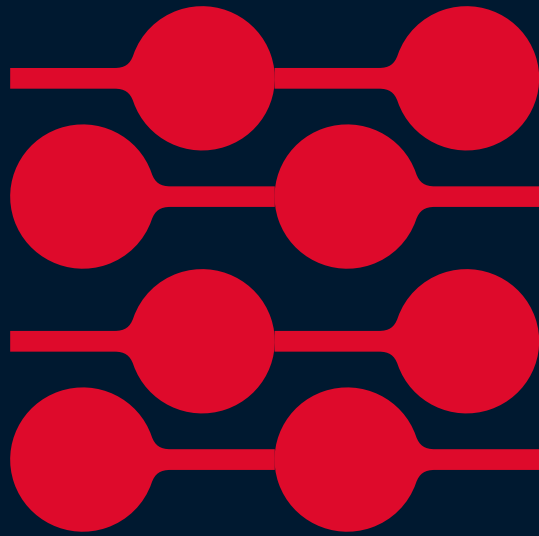




Quarterly Performance Report

Watercare

2024/2025 Quarter 3

For the 3 months ended 31 March 2025



Q3 – At a glance



Executive Summary

- In Q3, we made excellent progress on our journey to achieve financial independence by 1 July 2025 and set out the strategy to deliver for Aucklanders.
- We received a credit rating of Aa3 from Moody's, reflecting our strong operational track record and our strategic importance to both Auckland and New Zealand. We have also finalised the first phase of our capital raise, securing debt with a supportive group of major banks that deliver cost-effective funding.
- We launched our 10-year business plan for Auckland's water services – this plan is a response to the Watercare Charter which was enacted into law in March and came into effect on April 1. The business plan outlines how we will deliver more than 1,000 projects across Auckland at a projected cost of \$13.8 billion over the next 10 years to ensure safe and reliable services, cater for growth and protect the environment. The launch also resulted a record high for proactive media coverage for Watercare.
- Our board appointed Jamie Sinclair as Watercare's new chief executive. The news has been very well received, and Jamie will step into the new role from 3 June 2025, with our current chief executive Dave Chambers leaving on 30 June 2025.
- As we signalled in the last quarter, Auckland went into the 'preparing for drought' level in our Drought Management Plan after dam levels dropped below a trigger point in early March. In response, we stood up a cross functional team to oversee our operational and public-facing response. We stepped up production at our Waikato water treatment plants to preserve the water stored in our dams, and we ramped up our water conservation message, asking Aucklanders to reduce water use through our "Extra easy does it" campaign.
- In January, the southern section of our Central Interceptor (from Blockhouse Bay south to Māngere Wastewater Treatment Plant) went into service, carrying wastewater from these suburbs to the treatment plant. At the end of March, the project's main tunnel boring machine had its final breakthrough into a shaft at Point Erin Reserve in Herne Bay, completing the construction of the 16.2km-long wastewater tunnel. Both events were marked with significant stakeholder and media events.

\$ Financial Performance

Capital delivery: YTD capex spend is \$199m behind plan. Initial uncertainty around financial separation and funding for the FY25 year led to a slower-than-anticipated ramp up in project spend. Projects have also been impacted by delays in procurement, design, consenting, and challenges with traffic management plans. The full-year capital programme has now been revised to \$1.08b from the original target value of \$1.21b.

The Central Interceptor programme is progressing to plan. Section 1 was handed over in January 2025 and the breakthrough on the main tunnel at Point Erin was celebrated on 28 March 2025. Forecast FY spend on the Queen St Diversion is \$18m behind plan due to design delays incorporating the relining of a section of the Orakei Main Sewer and traffic management challenges. Other notable underspends are pipeline and plant renewal programmes (\$58.3m) and Warkworth Growth Servicing and Wellsford WWTP Upgrade (\$11.9m). Flood renewal costs have come in lower than anticipated (YTD impact \$26m), plus a number of digital control system and renewal projects have been slow to start construction due design delays (YTD \$12.7m). Operations is forecasting to be over budget for the year by \$18m, due to additional smart meter and smart network technologies and additional water network renewals.

For further analysis please see the Infrastructure Highlights, issues and risks section.

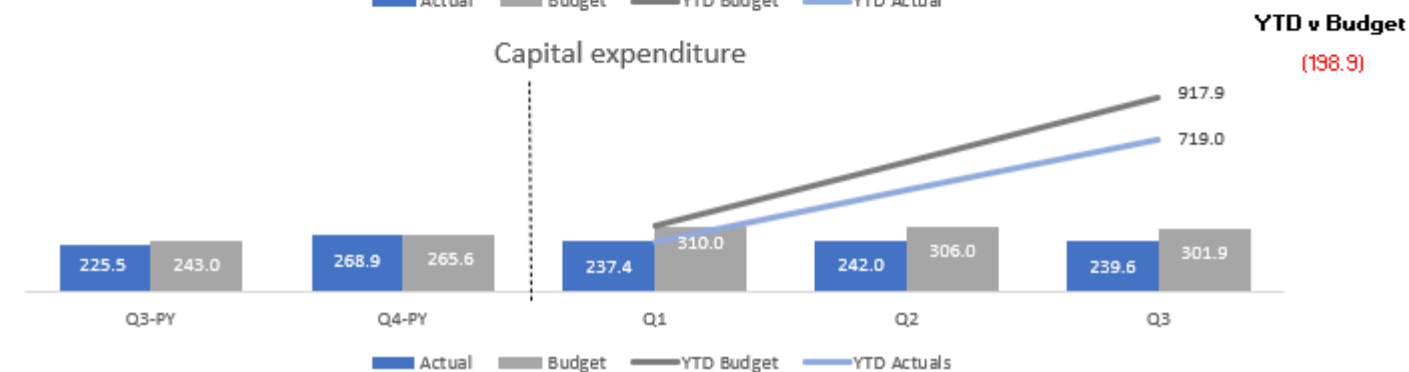
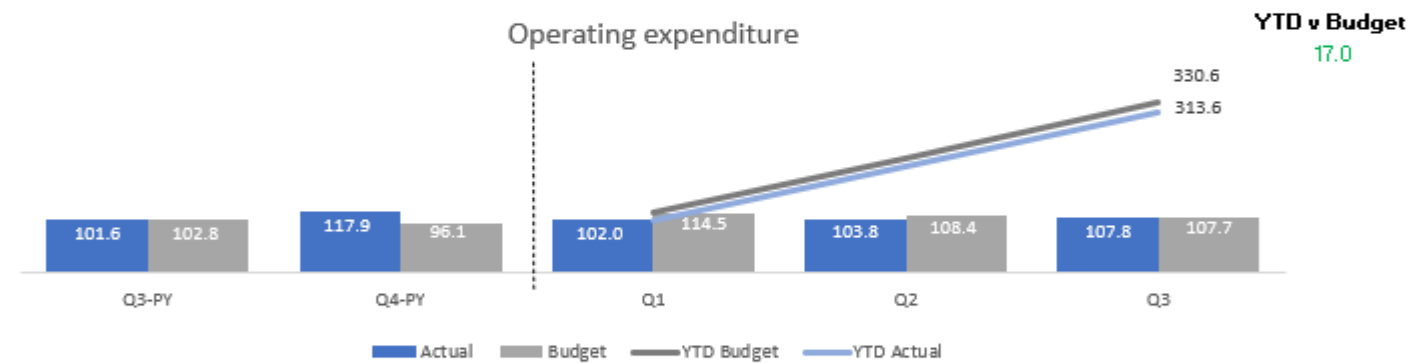
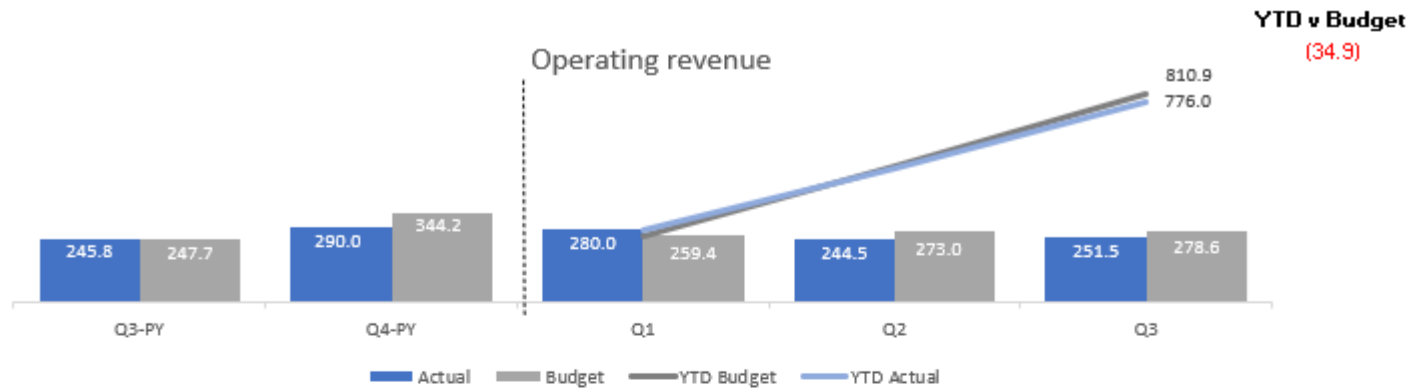
Direct revenue: YTD \$35m unfavourable to plan. Water and Wastewater Revenue is \$26m unfavourable to plan reflecting lower than anticipated consumption volumes and mix of retail vs commercial customer revenues. IGCs are \$12.7m unfavourable YTD reflecting the slowdown in developer activity. Historically, we see a lift in IGC revenues in June ahead of price rises, however this is difficult to predict. At this point, we are expecting to achieve approximately \$190m against the full year plan of \$195m for IGCs. Development approvals and service connections are \$3.3m favourable YTD. Interest income, rental income and third-party damage charges are also favourable YTD. WDC contract revenues were unfavourable and are \$5.0m down against YTD plan.

Direct expenditure: YTD \$17m favourable to plan.

- Employee benefits are in line with plan. An error was identified subsequent to the annual plan submission between employee benefits and other direct expenditure (YTD impact \$10.1m), this has been offset by Human Resource Information System (HRIS) costs coded to other direct expenditure (IS Managed Services) rather than contract labour, (YTD impact \$5.1m) as well as higher than anticipated capitalised labour recoveries.
- Repairs and maintenance are \$4m unfavourable to plan YTD due to flood over pumping and operating costs incurred (\$2.5m YTD), and additional maintenance costs incurred in our transmission network and treatment plants (\$2.9m).
- Other direct expenditure is \$20m favourable to plan YTD.
 - Other plant operating costs are \$15.8m favourable YTD. The majority of this is due to the reclassification error mentioned above along with WDC costs being \$6.6m favourable due to lower capital project work. This has been partially offset by the additional chemical and energy costs incurred due the increased reliance on our Waikato water treatment plants to conserve dam levels. Additional timing differences YTD in tankering costs and plant professional and technical costs make up the remaining balance.
 - Professional services are \$3.5m favourable largely due to a number of feasibility projects being capitalised and lower than anticipated professional services spend in programme delivery.
 - The HRIS project is now well underway, but we are now expecting to deliver less digital enhancement projects than initially anticipated. (YTD \$10.3m fav, FY is expected to be \$8.7m fav).

Note: for more details on financials, please refer to pages from 23 to 25.

2 Group Performance Reporting





Highlights, Issues/Risks

On 27 March 2025, the draft statement of intent (SOI) was submitted to Auckland Council. The SOI has been drafted to align with the Watercare Charter and contains 33 performance measures. The Watercare Charter requires four plans to be delivered by the end of 2025, with Council's input: an infrastructure delivery and asset management improvement plan; Infrastructure Growth Charges (IGC) policy review and redesign; and operating cost efficiency improvement plan; and an opex and capex expenditure plan. We are working closely with Auckland Council staff in the hope of supplying one quarterly performance report to both Council and the Commerce Commission.

Through our engagement and communications, Aucklanders were urged to reduce their water use as dry weather persisted through March and dam levels dropped. We continued to produce more water at our Waikato WTP to take pressure off the dams while also continuing to proactively target water lost through leaks by actively managing pressure within the network. Long-range forecasts are predicting above normal rainfall totals for April and May. Based on the recent uplift in dam levels, and the rain to come, we are more confident that mandatory water restrictions will not be required in the next few months.

We completed a \$1.8m watermain renewal project aimed at significantly reducing the risk of major water outages in Remuera and its surrounding suburbs. The project is part of our \$28m reactive renewals programme that replaces pipes that are susceptible to leaks across Auckland. The project involved replacing nearly 600 metres of pipeline across two watermains and relocating 15 household service lines from the corner of Stoneyroyd Gardens and Remuera Road down into Loch Street.

Our staff engagement "pulse" survey closed in mid-March 2025. Overall, the score has improved slightly from 7.7 in November 2024 to 7.8 in March 2025 which is an encouraging result. Alongside this, participation levels were up and remained high, at 83%. Initiatives such as our values re-launch have meant we continue to enhance our efforts to maintain and build a healthy, enjoyable and resilient culture made up of the right people to deliver for Auckland.

We are making good progress with our collective bargaining programme. All seven existing collective agreements are now ratified. This has been a considerable team effort across many teams and our unions. We continue to work in partnership with our council counterparts on the MECA initiated by PSA.

We are now at the execution phase of the bank debt request for proposal (RFP) and the bond programme preparatory work is underway. From a funding perspective, we now have more flexibility in our funding model, which allows the team more options. This maturity puts Watercare in a good position.



Key Performance Measures

For the three months to 31 March 2025, 30 of the 36 measures are tracked monthly. Six measures are yearly measures.

In Q3, of the 30 measures tracked monthly, 26 measures were met, and four measures were not met.

For a detailed update on the Q3 performance against the SOI measures, please refer to Performance Measure section (pages from 16 to 22).

Strategic alignment and key policies

Delivering affordable, safe and reliable water and wastewater services to Aucklanders 24/7

Highlights

Watercare's 2024 annual compliance reporting has been successfully submitted to Taumata Arowai – Water Services Authority. All drinking water quality assurance rules were “all met (100%)” for general, source, treatment and distribution requirements; apart from distribution residual disinfection “almost met” (97.8%) in the Auckland supply and “partially met” (83.3%) in the Wellsford supply. This status for residual disinfection was expected as some results at the extremity of the networks did not always meet the minimum chlorine level, however the water remained safe to drink.

The annual reporting submission does not cover compliance with the Drinking Water Standards for New Zealand 2022 (DWSNZ). This will be consolidated by the Water Services Authority in their annual report based off separate notifications to them during the year. Watercare had two DWSNZ maximum acceptable value (MAV) breaches in 2024 – an E.coli detection in the Maungawhau distribution zone and arsenic detected at the Waikato Water Treatment Plant. Both were reported to the Water Services Authority at the time, with investigations confirming no risk to public health.

Under the new drinking water standards, in March 2025, we maintained microbiological and chemical compliance for our water treatment plants and distribution zones. Residual disinfection compliance was achieved in 39 out of 40 distribution zones. The Auckland zone was non-compliant due to one sample with less than 0.1 mg/L chlorine. The non-compliant sample was caused by poor water turnover around the Roberta Avenue sample point. The issue has been rectified and the latest result from the sample point is compliant. Full compliance with the drinking water quality assurance rules was achieved for cyanobacteria and cyanotoxins compliance.

Overall consent non-compliance for operations were seven in March, six in February and seven in January. Of the seven consents in March with non-compliances, three were technical non-compliances, while four facilities had non-technical issues. The three technical non-compliances were as follows:

- Waiuku WWTP: Total inorganic nitrogen concentrations remain non-compliant based on the 12-month 92nd percentile, but levels are showing a seasonal decline. Compliance is expected within two months if the trend continues.
- Kingseat WWTP: The 12-month rolling average remains non-compliant for E coli, despite no exceedances, overflows, or complaints in March.
- Rosedale WWTP: The 2024–2025 Community Odour Survey was delayed due to odour complaints from Unsworth Heights, which investigations confirmed were linked to transmission infrastructure—not the WWTP. Temporary and permanent fixes were implemented, and the survey is now scheduled for completion by June 2025.

Our proactive acoustic leak detection programme remains a critical component in optimising the performance of our water network. Now, with the implementation of our leakage management software, we have refined a more targeted, volume-based approach to prioritise and address areas with significant water loss. By leveraging comprehensive data on reported leaks, pipe breaks, and the performance of our 9,000-kilometre network of water pipes, we can direct our resources more efficiently and effectively. This integrated strategy allows us to proactively identify and resolve leaks before they escalate, reducing water wastage and improving network reliability. With the combined power of our software and field detection efforts, we are taking a more data-driven and precise approach to leakage management, helping us maintain a sustainable and resilient water supply.

Since we launched the proactive leakage detection programme in 2020, we have now surveyed 6,700 km and found over 1,200 leaks with an estimated saving of 8.5 MLD. Work is commencing on phase 2 of the leakage management system which will be incorporating features such as the natural rate of rise (NRR) calculation and using machine learning to analyse our pressure loggers and PRVs to monitor their performance. The district metering and pressure management work is ongoing, with construction work occurring in Onehunga and being planned for Devonport and Māngere.

We made great strides towards lifting the long term Safeswim black pin status at Judges Bay, with the installation of an underground wastewater pump station in February 2025. The pump station was a key achievement in our \$13.2m Judges Bay wastewater upgrade, which also includes the installation of two wastewater pipelines.

Issues and Risks

Auckland's dam storage levels dropped below 60 per cent in early April 2025, after the Hūnua and Waitākere Ranges catchment experienced the driest March since 2010. Watercare convened a Level 2 incident when storage fell into the preparing for drought zone. The incident will remain until dam storage levels have recovered further. While outside of the reporting period, in April dam storage has begun to recover but remains approximately 10% below historical average storage levels of 74.8 per cent.

As above, Watercare continues to closely monitor water storage and demand and prepare for potential drought conditions. Measures to manage the drought include increasing water production from the Waikato treatment plants, reactivating the Pukekohe plant, and encouraging water conservation through the 'Easy Does It' campaign. Watercare is ready to implement further actions, if necessary. We also continue to promote our app to increase awareness of household water use.

While asking Aucklanders to use water wisely, we have also been responding promptly to leaks, also as described above, achieving a +58 net satisfaction score for our faults team during peak summer demand.

Auckland Water Strategy

Watercare is committed to upgrading its commercial meters to integrated smart meters over the next few years, aligning with our Auckland Water Strategy. This includes all new connections and replacement meters. We are also enhancing our digital systems with a meter device management platform to provide rich analytics for asset management and insights into consumption and customer behaviour.

Renewing and building the necessary water and wastewater infrastructure to cater for growth, improve resilience and maintain service levels for our customers

Highlights, issues and risks – Water

Key water projects are set out below:

- As at 31 March 2025, \$163m was spent on our water supply infrastructure against the YTD budget of \$253m, \$90m behind plan. Full year spend is expected to be \$287m, \$43m behind plan, with a number of projects being accelerated or brought forward such as property purchases and renewals to partially offset the YTD variance.
- The major projects contributing to the YTD variance were the local network watermain renewals (design delays), Huia No.1 and Nihotupu No.1 replacement (risk not materialising), Helensville and Parakai Water Assets Network Servicing Plan (deferred), Wesley watermain shovel-ready project (procurement delays), CBD waterpipe renewal (traffic management delays) and Ardmore WTP resilience and roof project (design delays).
- The waterpipe renewal programme has been accelerated and is the largest water project by spend for the year. Following some initial delays with Auckland Transport traffic management planning approvals, issues have been resolved. Total spend for the year is expected to be \$30.2m compared to plan of \$20.9m.
- The Wesley stage 2 watermain and bulk supply point project is a shovel-ready project involving the construction of a new bulk supply point, transmission and network pipelines to support the development of 7,200 Kāinga Ora dwellings in Mount Roskill. The new watermain is in service and other works are progressing well. Spend for the project is expected to be \$6.0m unfavourable to plan for the year, but project completion and commissioning is scheduled for June 2026.
- The Huia No.1 and Nihotupu No.1 replacement project is on target and is expected to be completed by the end of September 2025, however with an underspend of \$2m YTD (forecast \$17m v actuals \$15m) due to a number of risks not materialising.
- The Trig Road reservoir land purchase is a project that was brought forward. This project will facilitate the building of the Trig Road Reservoir, North Harbour 2 watermain required for resilience of North Harbour 1, and to service future growth in Whenuapai. Total value is \$15.7m due for settlement in April 2025.
- The Waikowhai pump station and watermain shovel ready project being delivered by us and Kāinga Ora is on track to be delivered by the end of the year with commissioning beginning in March 2025. This facilitates a major Kāinga Ora redevelopment in Mount Roskill. YTD spend is \$1.3m less than plan at \$13.5m, and full year spend is expected to be \$12.7m.
- Details of major water projects are listed in the table below.

Key water projects

Key programme of works	Status	Description	Progress towards key deliverables
North Harbour No.2 Watermain	On track	This pipeline will service growth in north Auckland. It also provides an alternative route for conveying water from the west to the north and will provide security and resilience. The expected completion date for this project is late 2033.	Deferral of funding and changes to pipe route have caused the project to be rephased in recent years. The project team continues to evaluate options to reduce operational and programme delivery risks associated with the rephasing of this work. Planning for early works is well progressed, with a number scheduled to commence in 2025, including early connections to the North Harbour No. 1 watermain and duplication of the watermain on the Greenhithe Bridge. Engaging continues with key stakeholders such as Auckland Transport and NZ Transport Agency Waka Kotahi to address any conflicts with planned projects along the route.
Huia Water Treatment Plant replacement	On track	The existing plant is at the end of its operational life. It needs to be replaced to continue the supply of high-quality water to a growing Auckland. The plant supplies around 20% of Auckland's water from our western supply dams.	Procurement contracts for geotechnical investigations were awarded in late January 2025. The likely start date is in April 2025, on target to complete this piece of work by the end of FY25. The resource consent for geotechnical investigations for the raw water options was submitted on 4 March. The Kauri Dieback Risk Management Plan (to enable this work) has already been approved. The optioneering development for upstream raw water pipelines will continue work in 2025, with stakeholder engagement and geotechnical investigations then into design stages. A Community Liaison Group (CLG) has been established with on-going interface as the project progresses and a meeting was held on 30 January 2025. Local Board meeting held on 20 February 2025. Watercare is planning to meet with Te Kawerau in April, after the hui in March was postponed.
Nihotupu No.1 and Huia No.1 watermain replacement	On track	This project involves replacing two critical watermains nearing the end of their design lives. It involves approximately 15km of steel watermains to be laid between Titirangi and Epsom, with the project broken into stages. The expected completion date for this project is 31 October 2025.	The pipe and chambers for the Huia 1 have been installed. The only outstanding physical works are two connections on 30 April and 14 May 2025, which will result in 100% of the new Huia 1 being live. The design for the Nihotupu 1 has been completed. With construction works programmed to start after the connection works on the Huia 1.

Highlights, issues and risks – Wastewater

Key wastewater projects are set out below:

- As at 31 March 2025, \$556m was spent on wastewater infrastructure against the YTD budget of \$665m. Full year spend is expected to be \$84m lower than plan for the year, with the Queen St diversion, Wellsford WWTP and Mangere digester 8 projects being major contributors to the difference. Major wastewater project details are listed in the table below.
- Queens St diversion project is \$18.0m behind plan YTD with delays incurred as a result of additional design required to incorporate relining of a section of the Orākei Main Sewer. The relining work will now start in December 2025 during the low-flow season as the sewer is operational. Construction is underway on the three main sites along Queen St; however ongoing traffic management challenges continue for the Mayoral Drive section of the project. The full year forecast is expected to be \$15.3m lower than plan.

8 Group Performance Reporting

- Rosedale wastewater treatment plant renewals project is \$6.6m behind plan YTD with design and procurement delays being the main contributors. Design and construction contracts have now been awarded and work is underway. Full year forecast is expected to be \$7.6m lower than plan.
- Spend on the Snells Beach Wastewater Treatment Plant (WWTP) upgrade and the associated Warkworth to Snells transfer pipeline projects is \$13.0m greater than plan YTD. The transfer pipeline has now reached the plant at Snells Beach, which is due to be commissioned by the end of calendar year 2025 providing additional wastewater treatment capacity and facilitating growth in the area.
- The Ōrākei Main Sewer replacement project is progressing well. A high level programme for the entire works is completed based on relining during low flow periods over consecutive summers. Construction activities on stage 1 were fully reinstated in early December 2024 with improvements from stage 1 implemented and work now well underway on stage 2 of the project. Consenting process on stages 3-5 is pausing to revisit construction methodologies, aiming to reduce business risk.
- The Wellsford WWTP upgrade project has been impacted YTD by ongoing consenting delays. These have now been resolved and the contractor has been deployed to site. Earthworks have begun, but the delays are expected to have a \$6m impact on the full year. This project is an upgrade of the wastewater treatment plant at Wellsford and is expected to be completed in July 2026.

Key wastewater projects

Key programme of works	Status	Description	Progress towards key deliverables
Central Interceptor	On track	The CI is a 16.2km wastewater tunnel, running from Pt Erin to the Māngere Wastewater Treatment Plant. The CI will increase the capacity of the wastewater network, replace ageing infrastructure, and reduce wet weather overflows in the catchment area by around 80%. Please see next section for detailed update on the CI.	
Northern Interceptor	On track	The objective of this programme is to address existing wastewater overflows and capacity constraints in the western catchment by diverting flows from the Māngere WWTP to Rosedale WWTP. The project comprises wastewater conveyance from Hobsonville PS to Rosedale WWTP.	Physical works are complete for the pipeline from Hobsonville pump station to near the Rosedale WWTP. The detailed design of the tie-in of the Northern Interceptor at the Rosedale WWTP is completed. The construction works have commenced and will be completed by mid-2026.

Key programme of works	Status	Description	Progress towards key deliverables
Sub-regional wastewater servicing – North East	On track	This upgrade will cater for population growth in Warkworth and Snells Beach and will produce high quality wastewater for discharge.	<u>Warkworth Local Network</u>: The project aims to provide a necessary capacity upgrade to support growth in the Warkworth area and reduce wastewater overflows into the Mahurangi River from the engineering overflow point (EOP) at Elizabeth Street. A trenchless construction method will be used for 95% of the pipe except for the Elizabeth Street section, where the shallow pipe depth driven by the elevation of the adjacent bridge crossing requires open-cut excavation. The local network pipeline will be in service 2028, however depending on how long consents take to get granted, we may be able to recover significant time with the new construction methodology. Wastewater tinkering (limited by specific agreements) and connection controls will be required for the northern Warkworth growth area until this new pipeline is in service. <u>Lucy Moore Park Pump Station</u>: Complete. <u>Warkworth to Snells Transfer Pipeline</u>: Complete. <u>Snells WWTP</u>: The wastewater treatment plant remains on track for completion at the end of September 2025. The inlet pump station, UV, and outfall systems are complete. Final commissioning will commence mid-2025. <u>Snells Outfall</u>: Complete. The outfall will be commissioned along with the treatment plant from mid-2025. It's expected to take three weeks.
Sub-regional wastewater servicing – South West	Delayed	This programme of works will provide wastewater services for the communities of Kingseat, Clarks Beach, Glenbrook Beach and Waiuku.	In early July 2024, we withdrew the Notice of Requirement application for a wastewater treatment plant in Glenbrook Beach. A long-term servicing strategy for the area is expected to be confirmed by the end of 2025. Population growth in the short to medium term will be serviced through an upgrade at Clarks Beach Wastewater Treatment Plant and construction of a new outfall. Construction of the plant upgrade began in August 2024, and the outfall began in November 2024. Both projects are on track to be completed by June 2026.
Western Isthmus Water Quality Improvement Programme (WIWQIP) (Pending agreement of proposed amendment including Point Erin Tunnel)	On track	This programme of works will provide improved beach water quality from reduced wastewater overflows.	Work on the collector sewer systems and stormwater separation activities associated with the Western Isthmus Water Quality Improvement Programme (WIWQIP) is ongoing, including feasibility solutions development for Waterview, Avondale, Westmere, Grey Lynn, Branch 6 at Cox's Bay and Motions. Projects for Pt Chevalier, Control Chamber 7 and a connection to the Central Interceptor at Dundale are due to begin feasibility in May 2025. At a programme level, the feasibility and design stages of scoped projects are in progress.
Whenuapai Redhills	Delayed	Comprises three packages of work to provide wastewater capacity in Whenuapai.	The detailed design phase is complete for all packages. Both designation and resource consents were lodged around 16 months ago. The designation/notice of requirement for the pump station portion of the works has now been confirmed following a hearing late 2024. However, regional consent approval is still outstanding, and the works cannot proceed to construction without this. NZTA approval has been granted to tunnel under the motorway, a critical project milestone. Tankering of wastewater will continue in Redhills (Whenuapai project package 3) until the necessary pipelines have been built. Pipeline A construction has commenced and is scheduled to finish in November 2025. Construction of pipeline B is still pending, awaiting a resolution between us and a developer. A mutually exclusive part of the package, (i.e pipeline D), is now under construction-having commenced in January 2025 and scheduled to complete in August 2025.

Q3 progress update on the projects with milestones

The 2024-2027 SOI includes a list of significant water and wastewater projects that we have planned, together with the milestones that will occur over this SOI period. Progress against the FY25 milestones is set out below.

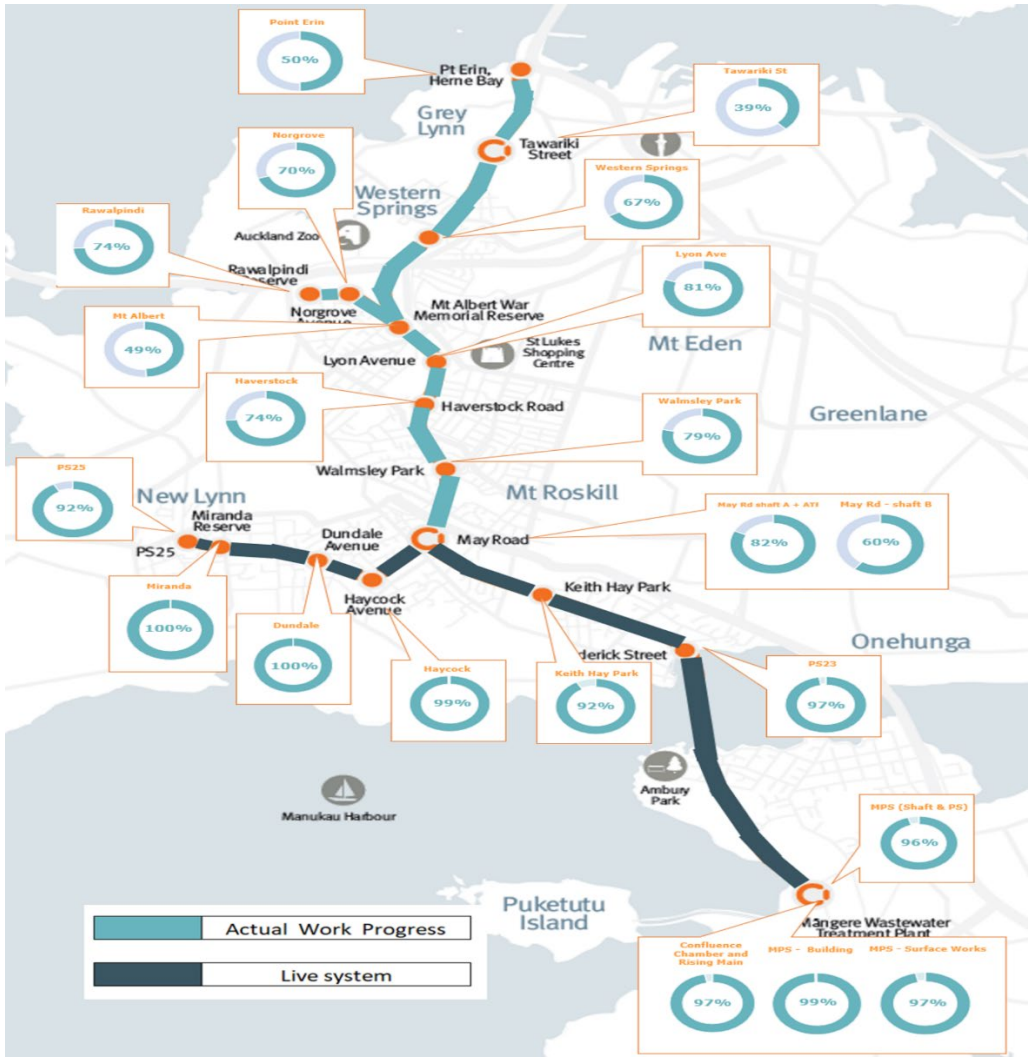
Significant project	FY25 milestone	Q3 FY25 status update
Ōrākei Main Sewer	Section 1 relining complete	Milestone achieved
Queen Street Diversion	Commence construction in Queen Street	Milestone achieved
Rosedale Northern Interceptor Integration	Works commence	Milestone achieved
Warkworth growth servicing	Confirm scheme	Milestone achieved
Warkworth to Snells Transfer Pipeline	Works complete	On track for FY25 completion
Central Interceptor	Southern section goes into service	Milestone achieved
Onehunga WTP PFAS & Second Barrier	Feasibility complete	On track for FY25 completion
Kāinga Ora – Wesley Stage 2 Watermain and BSP	Works commence	Milestone achieved
Kāinga Ora – Waikowhai Pump Station and Watermain	Works complete	Not on track for FY25 Completion

Central Interceptor

Highlights

As at 31 March 2025, a total of \$1,494.6 million has been spent towards the Central Interceptor (CI) against a total CI budget of \$1,680.9 million. This includes a budget of \$77.7m of interface projects, such as Western Isthmus Water Quality Improvement Programme (WIWQIP) works and confluence chamber stage 2 works, and \$146.1m for the Point Erin tunnel works. The main tunnel boring machine (TBM) completed all tunnelling works in March 2025, with the full system scheduled to go live by the end of the 2026 calendar year.

The Māngere Pump Station (MPS) and the southern section of the tunnel, including Link Sewer C out into Blockhouse Bay has been operating smoothly since January 2025.

Key programme of works	Status	Description	Progress towards key deliverables	Work progress
Physical works	On track	Activity underway at all sites that are not complete.	All major excavations are complete, along with all connections to the live transmission sewer system. Work on completing shafts, valve chambers and plant rooms, along with commencing surface reinstatement works, is ongoing.	
Tunnelling	Complete		All tunnelling is complete.	
Main works into service	On track	The entire Central Interceptor is to go into service at the end of 2026.	The southern section is now in service and operating well.	

Delivering our services and infrastructure projects efficiently, keeping a strong focus on operating costs, so we can minimise price increases

Highlights, Issues and Risks

Our 10-year business plan – launched in March – outlines how we will deliver more than 1000 projects across Auckland at a projected cost of \$13.8 billion over the next 10 years to ensure safe and reliable services, cater for growth and protect the environment.

From 1 July 2025, our water and wastewater service prices will increase by 7.2%. This means that households using an average volume of water will pay about \$7 more per month. Infrastructure growth charges will also go up by a minimum 15.5%, in line with the requirements of the Watercare Charter.

Strengthening our relationships with customers, developers, community stakeholders, elected members, and our Māori partners

Highlights, issues and risks

A strategic approach to launching Watercare's 10-year Business Plan resulted in 271 pieces of media coverage – a record high for proactive coverage for Watercare (e.g. where we've driven the media narrative versus responding in an incident). This coverage has led to another strong net sentiment score for media for the month of +59%. A small amount of negative coverage included misreporting about the Huia project cost escalation and capacity issues on the Hibiscus Coast. We also engaged widely with stakeholders including governing body, local boards and councillors on the business plan and on the extended dry weather and preparations underway to prepare for potential drought.

Trust results for the month of March rose to 58% despite the fact we needed to close off the reporting before the final week of March 2025 when the significant media coverage (described above) occurred. Quarter results are also positive with trust for Q3 at 56% compared to 51% in the second quarter. This improvement appears to be due to better service-related performance, especially addressing leaks promptly and catching up on meter reads.

To ensure the success of the Metropolitan Servicing Strategy, we are committed to ensuring diverse community voices are part of the conversation. During the quarter, we presented the Strategy to the council Policy and Planning Committee, receiving positive feedback and useful suggestions. This is covered further down in the report. Feedback included the need for deeper engagement with developers and strengthened ties with Auckland Council advisory groups. Although improving water literacy, awareness, and community contributions can alleviate pressure on our water and wastewater networks, we recognise that population growth and climate change will necessitate significant investment. Community behaviour will be crucial in determining the pace of major changes. Public consultation on the strategy began with a soft launch on 25 March 2025 and will continue until 1 June 2025, with various events and activities planned across the region.

As part of our summer 'Easy does it' campaign to encourage people to use water wisely and increase their water literacy, two public open days were held: tours of Mangatawhiri Dam in the Hunua Ranges and tours of Pukekohe Water Treatment Plant. Both were very successful, with high attendance and engagement. The treatment plant had been severely damaged during the Auckland Anniversary floods, requiring extensive repairs. The tours were an opportunity for the community to see firsthand the work that's been done to bring this facility back into service better prepared for extreme weather events.

Watercare is committed to maintaining open communication and working closely with mana whenua to ensure their interests are represented and respected in all relevant matters. Between November 2024 and January 2025, Watercare has been actively engaged in several key initiatives and discussions. The redrafting of Watercare's Māori Outcome Plan is currently in progress. There were discussions about the Tranche 2B sites of significance to mana whenua, including Pukapuka (Orakei) basin and Te Uru Tapu (Takapuna Beach) north, and their implications for Watercare's assets and maintenance. Updates on the Kōtuitanga Agreement with Ngāti Whātua Ōrākei included discussions about reflecting their tangata whenua status in central Tāmaki while balancing the interests of other iwi and hapū in the CBD of Tāmaki Makaurau. The Watercare Board Chair met with the Chair of Te Arataura, and there were meetings with Auckland Council and Ngā Mātārae representatives to discuss the commissioning of sprinkler systems for Makaurau Marae, Manurewa Marae, and Te Piringatahi Marae, as well as broader factors impacting marae. Additionally, there were several engagements with iwi to understand the Metropolitan Servicing Strategy, described above. Mana whenua have also been heavily involved in the Central Interceptor project milestones.

Improving our organisational performance in relation to our core strategic outcomes, namely: Climate Change (including drought resilience and supply); the health, safety and wellness of our kaimahi; and Māori Outcomes

Highlights, issues and risks

Demonstrating our value of Manaakitanga, We Care, our whānau day is one way we recognise the important role of friends and whānau in supporting our employees to deliver our services 24/7 – especially when our people respond to critical incidents, such as weather events, out of work hours. This year a team of volunteers from across the business put on a relaxing, fun event at Ambury Farm for over 1,100 registered team members and their whānau. The day involved several family fun activities, against a backdrop of local music and hospitality.

Around 110 of our team and their whānau also joined in the annual Round the Bays event demonstrating other fun and healthy ways to connect with colleagues. Feedback was overwhelmingly positive.

Watercare has upheld its Gender Tick accreditation for the second year in a row. Diversity and Inclusion remains key to our success and we have made progress on important issues where women are most impacted. Key to our success this year was the extensive work done with our 'family friendly' provisions, including our parental leave policy benefits which we have recently published on Crayon registry which makes parental policy benefits publicly available in an accessible and transparent way. Our continued focus on reducing our gender pay gap was also an important contributing factor alongside our strong focus on diversity in the Early Careers space and the launch of our new Women in Leadership programme, Elevate.

Climate change and sustainability

Performance against the greenhouse gas SOI measure has tracked well in the third quarter of FY25 (78,090 tCO₂e vs 139,170 tCO₂e). Through reviewing data from the past quarter, the sourcing of majority of Watercare's electricity from Ecotricity, a carbon positive electricity supplier, has resulted in a significant reduction in our electricity emissions. We are transitioning all purchased electricity to Ecotricity, which will lead to future reductions.

Development of our Climate Transition Plan, which is a new requirement from Auckland Council this year has been drafted, and the first draft has been provided to Auckland Council for feedback. The Plan describes Watercare's current approach to Climate Change Risk, Adaptation and GHG emissions management.

Work on our nitrous oxide emissions monitoring and reduction programme has progressed with the team now receiving online data that tracks emissions in real time at the Māngere WWTP and the Pukekohe WWTP. Dashboards have been developed to view and export the data. In the coming months monitoring equipment will be installed at Rosedale WWTP. Baseline data gathering will be carried out for a number of months followed by a programme of works to determine process controls to reduce emissions.

Māori outcomes

Refer to 'Strengthening our relationships with customers, developers, community stakeholders, elected members, and our Māori partners' section above for the detailed update.

Embedding a long term and sustainable financial strategy/model for Watercare, based on operating efficiently, investing appropriately in assets, ensuring affordability of services and that growth-related investments are appropriately recovered from our customers

Highlights, issues and risks

Until comprehensive economic regulation is implemented (from FY29), we are subject to interim regulatory oversight by a Crown Monitor (being the Commerce Commission), with requirements outlined in a "Watercare Charter" (Charter). As stated earlier in this report, the Charter came into effect of 1 April 2025, and is in effect for the three-year period FY26-FY28. The Charter outlines our commitments over the next three years, until we become subject to permanent economic regulation. While significant work remains, favourable credit ratings and banking arrangement responses mean we are on track for completion of financial separation by end of June 2025.

The Capital Raising Programme has progressed its Bank Debt RFP on scheduled with finance documents having been signed on 11 April 2025 and on track for the 1 July 2025 financial close. Moody's announced that Watercare has received a credit rating of Aa3 as the company prepares to become financially independent from Auckland Council on 1 July 2025. This rating reflects Watercare's strong operational track record and its strategic importance to both Auckland and New Zealand.

The focus of the Capital Raising Programme is now moved to the establishment of the Debt Capital Markets programme.

Performance Measures

Department of Internal Affairs measures

Performance measure	Q2 result	Target	Q3 actual	Status	Commentary
Compliance with Taumata Arowai Quality Assurance Rules T3 – Bacterial water quality. The extent to which the local authority's drinking water supply complies with Drinking Water Quality Assurance Rules T3.	100%	100%	100%	Met	
Compliance with Taumata Arowai Quality Assurance Rules T3 – Protozoal water quality. The extent to which the local authority's drinking water supply complies with Drinking Water Quality Assurance Rules T3.	100%	100%	100%	Met	
Compliance with Taumata Arowai Quality Assurance Rules D3 – Microbiological water quality. The extent to which the local authority's drinking water supply complies with Drinking Water Quality Assurance Rules D3.	97.5%	100%	100%	Met	Microbiological and chemical compliance has been achieved for the month of March for all water treatment plants (WTPs) and distribution zones (DZs).
Compliance with the territorial authority's resource consents for discharge from our sewerage system measured by the number of: (a) abatement notices (b) infringement notices (c) enforcement orders (d) convictions received by Watercare in relation to those resource consents. <i>Note the assumption is that abatement notices received relates to new notices issued in the financial year</i> (12-month rolling average).	a) 0 b) 0 c) 0 d) 0	a) ≤2 b) ≤2 c) ≤2 d) 0	a) 0 b) 0 c) 0 d) 0	Met	
The average consumption of drinking water per day per resident within the territorial authority district (*litres plus/minus 2.5%) (12-month rolling average).	252.2 litres	253 litres	250.60	Met	
Median response time for attendance for urgent call-outs (water): from the time that the local authority receives notification to the time that service personnel reach the site (minutes) (12-month rolling average).	42	≤ 75 mins	40	Met	
Median response time for resolution of urgent call-outs (water): from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption (hours) (12-month rolling average).	3.4	≤ 5 hours	3.19	Met	
Median response time for attendance for non-urgent call-outs (water): from the time that the local authority receives notification to the time that service personnel reach the site (days) (12-month rolling average).	0.81	≤ 5 days	0.79	Met	

Performance measure	Q2 result	Target	Q3 actual	Status	Commentary
Median response time for resolution of non-urgent call-outs (water): from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption (days) (12-month rolling average).	1.03	≤ 6 days	0.99	Met	
The total number of complaints received by the local authority about any of the following: (a) drinking water clarity (b) drinking water taste (c) drinking water odour (d) drinking water pressure or flow (e) continuity of supply (f) Watercare's response to any of these issues expressed per 1000 connections to the local authority's networked reticulation system (12-month rolling average).	7.85	≤ 10	7.77	Met	
Attendance at sewerage overflows resulting from blockages or other faults: median response time for attendance – from the time that the territorial authority receives notification to the time that service personnel reach the site (minutes) (12-month rolling average).	79	≤ 75 mins	77	Not met	Overflows are triaged as either a P1 or P2 response. P1 is for overflows going into a waterway or effecting multiple properties. A P1 response is on site within 60 minutes. A P2 response is for all other overflows. A P2 response is on site with 240 minutes (4 hours). At 77 minutes this means we are meeting all P2 and probably most P1s. The more important measure is resolution of blockages and faults (see row below), and this target is being met.
Attendance at sewerage overflows resulting from blockages or other faults: median response time for resolution – from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault (hours) (12-month rolling average).	3.17	≤ 5 hours	3.05	Met	
The total number of complaints received by the territorial authority about any of the following: (a) sewerage odour (b) sewerage system faults (c) sewerage system blockages (d) Watercare's response to issues with its sewerage system expressed per 1000 connections to the Watercare's sewerage system (12-month rolling average).	18.03	≤ 50	17.43	Met	

Performance measure	Q2 result	Target	Q3 actual	Status	Commentary
The percentage of real water loss from the local authority's networked reticulation system (12-month rolling average).	12%	≤13%	12.29%	Met	Watercare calculates its leakage based upon the IWA (International Water Association) water loss calculation. The calculation involves estimates for both volumes produced and utilised. *Water loss result is with 95% confidence limits of +/- 10%.
The number of dry-weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system (12-month rolling average).	0.50	≤ 5	0.60	Met	

Organisational performance measures

Performance measure	Q2 results	Target	Q3 actual	Status	Commentary
Delivering safe and reliable water and wastewater services to Aucklanders 24/7					
Adherence to all of DIA's non-financial service performance measures.	86.67%	100%	93.33%	Not met	Out of 15 DIA measures, 14 measures were met, and one measure was not met. Please refer to 'Department of Internal Affairs measures' section.
Average number of wet-weather overflows per engineered overflow point per discharge location (12-month rolling average).	0.22	≤ 2 overflows per year	0.22	Met	
Leakage performance – litres/connection/day(l/c/d).	110.94	98.2 l/c/d being the Economic Level of Leakage	113.74	Met	Watercare has set an aspirational target for economic level of leakage (ELL) at 98.2 l/c/d. The ELL is the point at which the cost of producing water is equivalent to the cost of the efforts to keep leakage at those levels through a combination of leakage repairs, managing water pressure and renewal of water mains. The aim is to achieve an ELL at or close to the target. The level of leakage is calculated by deducting the volume of water sold and unbilled water usage (or non-revenue water) from the total volume of water produced. The programme to reduce non-revenue water continues.

Performance measure	Q2 results	Target	Q3 actual	Status	Commentary
					We are above the long run economic level of leakage target, which means we should keep investing in the leakage programme. To bring the result back towards the target, we are continuing our leak reduction efforts, within our existing opex budget.
Compliance with Taumata Arowai Quality Assurance Rules T3 – Chemical water quality. The extent to which the local authority's drinking water supply complies with Drinking Water Quality Assurance Rules T3.	100%	100%	100%	Met	
Compliance with Taumata Arowai Quality Assurance Rules T3 – Cyanotoxins water quality. The extent to which the local authority's drinking water supply complies with Drinking Water Quality Assurance Rules T3.	100%	100%	100%	Met	
Compliance with Taumata Arowai Quality Assurance Rules D3 – Residual disinfection (chlorine) water quality. The extent to which the local authority's drinking water supply complies with Drinking Water Quality Assurance Rules D3.	92.50%	100%	97.5%	Not met	Residual disinfection compliance has been achieved in 39 out of 40 distribution zones. The Auckland zone was non-compliant due to one sample with less than 0.1 mg/L chlorine. The non-compliant sample was caused by poor water turnover around the Roberta Avenue sample point. The issue has been rectified and the latest result from the sample point is compliant.
Compliance with Taumata Arowai Quality Assurance Rules D3 – Disinfection by-products water quality. The extent to which the local authority's drinking water supply complies with Drinking Water Quality Assurance Rules D3.	100%	100%	100%	Met	
Compliance with Taumata Arowai Quality Assurance Rules D3 – Plumbosolvent metals water quality. The extent to which the local authority's drinking water supply complies with Drinking Water Quality Assurance Rules D3.	100%	100%	100%	Met	
Building and renewing the necessary water and wastewater infrastructure to improve resilience and maintain service levels for our customers					
Deliver capital programme in line with the asset management plan baseline approved by the Board.	8 projects, 80%, have been completed July-Dec on time and within budget.	80% of projects are in service within approved time and 80% of projects are delivered within approved budget.	8 (out of 13) projects, 62 %, have been completed Q1-Q3 on time and within budget. 5 projects were not completed on time.	Yearly target	For the five projects not delivered on time: - Supply Treatment Huia and Supply Treatment Waitākere Tank Reconciliation is not forecasting to delivered within budget. - Kāinga Ora – Waikowhai Pump Station and Watermain Completion is forecasting to deliver within budget.

Performance measure	Q2 results	Target	Q3 actual	Status	Commentary
	2 projects were not completed on time#. 100% of the projects delivered on time has been within budget.		1 project is forecasted to complete within the threshold for time and budget and will be reported on next month and hence excluded from above. 100% of the projects delivered on time has been within budget.		- Glen Innes WW PS (DPS071) Pump Replacement has now been completed (mid Dec, however baselined for completion mid Oct). It did not complete on time nor within budget (8% over). - Takapu Street WW is forecasting to deliver within budget. - Waikato WTP Waste Management Upgrade is forecasting to deliver within budget. A list of the 19 capital works projects we are scheduled to deliver in FY25 is listed below* (yearly target).
Planned network pipe renewal Measure – Actual kilometres delivered /planned kilometres.	6.0km	26km (+/- 5%) of network planned for year ending 30 June 2025	7.5km	Yearly target	Yearly target. Operations delivery back on track following Traffic Management Plan delays. Infrastructure delivery business tranche 1 design complete.
Measure: Planned and renewal spend (water and wastewater): reactive maintenance spend. <i>Depicted as both a percentage split, and a ratio.</i>	4.5	75% (Planned): 25% (Reactive) >3	4.5	Yearly target	Reported six-monthly
Delivering our services and infrastructure projects efficiently, keeping a strong focus on operating costs, so we can minimise water charges					
Percentage of household expenditure on water supply services relative to average household income.	0.89%	< 1.5%	0.93%	Met	
Debt to revenue ratio.	3.94	≤4.00	3.95	Met	Whilst below the cap of 400% debt/revenue, it is very close as our revenue to budget reduces.
Controllable Cost target (including 4% efficiency target per year, for 10 years, from FY23-FY32).	\$34m	\$441m	\$37m	Yearly target	YTD Direct expenditure as at 31 March 2025 is \$313m against a target of \$330m, a favourable variance of \$17m. Variance somewhat due to timing. We are still expecting to meet the target for the year
Strengthening our relationships with customers, developers, community stakeholders, and our Māori partners					
Customer Net Satisfaction Score (Previously Net promoter score).	54	≥45	55	Met	

Performance measure	Q2 results	Target	Q3 actual	Status	Commentary
Community trust score.	55	≥55%	54	Not met	The 12-month rolling average for trust is currently at 54%, which is below our target of 55%. Trust declined in FY25 Q1 and Q2, but for the month of March alone, trust rose to 58%, and for Q3, it stands at 56%. This recent improvement is helping to drive scores above the 55% target. However, we are not currently meeting the target because high scores from previous periods are rolling off the 12-month rolling average.
Percentage of customer complaints resolved within ten days of notification.	99.29%	≥95%	99.32%	Met	
Ratio of procurement sourced through Māori-owned businesses.	3.06%	5%	3.01%	Yearly target	Direct 1.15% and Indirect 1.86%. Total Māori business spend for FY25 is \$26.11m. (\$9.99m Direct, \$16.12m Indirect). \$3m of the direct spend has been through our Ngā Kakau Paraha (Māori supplier business network). Comparatively at the same time last year (End Q3) our Māori Business Spend was \$20.64m. We have 131 active Māori suppliers out of a total of 2239 active suppliers (5.85% of active suppliers).
Adherence to the Service Level Agreement with Council (10 working days) for Watercare to provide specialist input into resource consents. (3 months rolling average).	87.89%	90%	90.81%	Met	
We will implement Mitigation measures in line with our emissions reduction targets scope 1 and 2) (Quarterly measure). <i>Note: these targets now include emissions from Puketutu island and also align with our current Asset Management Plan. Previously set target for FY25, excluding Puketutu is <89,200 tonnes CO₂e.</i>	54,116 tonnes CO ₂ e	<139,170 tonnes CO ₂ e	78,090 (Q3 performance)	Yearly target	Overall, tracking well against target. We are seeing positive performance in electricity due to majority of our purchased electricity being zero emissions from Ecotricity.
Health & Safety: Every month, a minimum of one permit audit is conducted per site (i.e. all 15 major operational sites, and 21 major construction project sites)	26	One per site (36)	51	Met	

***The 19 capital works projects that are scheduled to be delivered in FY25 are set out below:**

Project name	FY25 baseline, end of execution phase	On time?	On budget?
1. Mangakura Dam 1 Safety Upgrade	02/09/2024	Yes, delivered on time	Yes, within budget
2. Kahika Rising Main Replacement	30/09/2024	Yes, delivered on time	Yes, within budget
3. Northern Interceptor – Stage 1	30/09/2024	Yes, delivered on time	Yes, within budget
4. Dunkirk Road WW Capacity Upgrade	30/09/2024	Yes, delivered on time	Yes, within budget
5. Glen Innes WW PS (DPS071) Pump Replacement	15/10/2024	No, not delivered on time	Yes, within budget
6. Orewa 3 to Orewa 1 cross-connection Highgate Bridge	31/10/2024	Yes, original scope delivered on time	Yes, original scope delivered within budget
7. Supply Treatment Huia and Supply Treatment Waitākere Tank Reconciliation	30/11/2024	No, not delivered on time	Not forecasted to deliver within budget
8. Glenbrook Estuary Crossing	30/11/2024	Yes, delivered on time	Yes, within budget
9. Rehua Place Stage 2 and Aorere Park WW Pipeline	31/12/2024	Yes, delivered on time	Yes, within budget
10. Kāinga Ora – Waikowhai Pump Station & Watermain	15/02/2025	No, not delivered on time	On track to deliver within budget
11. Takapu Street wastewater	13/03/2025	No, not delivered on time	On track to deliver within budget
12. East Coast Bays Link Sewer Upgrade	31/03/2025	On track to deliver on time	On track to deliver within budget
13. Waikato WTP Waste Management Upgrade	31/03/2025	No, not delivered on time	On track to deliver within budget
14. Pukekohe East Bulk Supply Point	30/04/2025	On track to deliver on time	On track to deliver within budget
15. Branch 3B Judges Bay Replacement	30/04/2025	On track to deliver on time	On track to deliver within budget
16. Rosedale MLE 2_3 wall repair	30/05/2025	Not forecasted to deliver on time	On track to deliver within the total budget for the merged project
17. Warkworth to Snells Transfer Pipeline	30/05/2025	On track to deliver on time	On track to deliver within budget
18. Rosedale MLE Diffuser Renewal	30/06/2025	Not forecasted to deliver on time	On track to deliver within the total budget for the merged projects
19. Waiuku Interim Treatment Facility	30/06/2025	Yes, delivered on time	Yes, within budget

** The projects not delivered on time will report on budget at the time of completion.*

Financials – overview

 Operating performance						
\$ million						
		FY24	FY 25 YTD - Quarter 3			FY25
	Notes	Prior Year Actuals	Actual	Budget	Variance	Long Term Plan/Annual plan
Net direct expenditure		589	462	480	(18)	643
Direct revenue	A	1,025	776	811	(35)	1,084
Fees and user charges		683	550	576	(26)	764
Operating grants and subsidies		-	0	0	0	-
Other direct revenue		342	226	235	(9)	320
Direct expenditure	B	436	314	331	17	441
Employee benefits		126	94	94	0	115
Grants, contributions and sponsorship		-	0	0	0	-
Cost of goods and services		4	2	3	1	3
Repairs and maintenance		96	67	63	(4)	81
Outsourced works and services		-	0	0	0	-
Other direct expenditure		210	151	171	20	242
Other key operating lines						
Vested assets		86	65	48	17	66
Capital subsidies revenue	C	31	20	37	(17)	59
Finance revenue		-	0	0	0	-
Non-direct revenue		-	0	0	0	-
Operating grants and subsidies intercompany		-	0	0	0	-
Capital grants and subsidies intercompany		15	0	0	0	-
Depreciation and amortisation	D	395	329	287	(42)	392
Finance costs		150	136	133	(3)	181
Net interest expense		-	0	0	0	-
Non-direct expenditure		-	0	0	0	-

A. Direct revenue: YTD \$35m unfavourable to plan. YTD Water & Wastewater Revenue is \$26m unfavourable to plan reflecting lower than anticipated consumption volumes and mix of retail vs commercial customer revenues. Leakage allowances are also higher than anticipated YTD. IGC's are \$12.7m unfavourable YTD reflecting the slowdown in developer activity. At this point we are expecting to achieve approx. \$190m against the full year plan of \$195m for IGC's. Historically we see a lift in IGC revenues in June ahead of price rises, however this is difficult to predict. New meter connections are \$0.6m unfavourable but this was offset by higher development approvals and service connections. YTD these are \$3.3m favourable. Interest income, rental income and third-party damage charges are also favourable YTD. WDC contract revenues were unfavourable and are \$5.0m down against YTD plan.

B. Direct expenditure: YTD \$17m favourable to plan.

Employee benefits in line with plan. An error was identified subsequent to annual plan submission between Employee Benefits and Other direct expenditure (\$10.1m). This has been partially offset by HRIS costs coded to other direct expenditure (IS Managed Services) rather than contract labour (YTD impact \$5.1m) as well as higher than anticipated capitalised labour recoveries.

Repairs and maintenance are \$4m unfavourable to plan YTD due to flood overpumping and operating costs incurred (\$2.5m), and additional Other direct expenditure is \$20m favourable to plan YTD. The majority of this variance is due to the employee benefit reclassification error mentioned above. WDC costs are also \$6.6m favourable due to lower capital project work (revenue impact mentioned above). Professional services incurred are \$3.5m lower largely due to a number of feasibility projects being capitalised and lower than anticipated professional services in programme delivery. The HRIS project is progressing well, but we are expecting to deliver less Digital Enhancement projects than initially anticipated resulting in reduced IS Managed Services spend. Chemical and Energy costs are \$2.7m unfavourable YTD due to higher reliance on the Waikato treatment plants to ensure dam levels are maintained.

C. Capital subsidies revenue: YTD \$17m unfavourable to plan. Funds related to shovel ready projects are \$2.3m favourable to plan due to timing of projects achieving required milestones, however Pt Erin funds from Council (\$10m) planned to be received in August are now expected to be received in May. \$1.8m in Insurance recoveries have been received in March an additional \$1.5m is expected in April, \$8.4m yet to be realised.

D. Depreciation: YTD Depreciation expense is \$42m higher than plan due to higher level of assets identified for retirement resulting in accelerated depreciation.

Financial breakdown by key activities

Direct revenue (\$m)	Prior Year	FY25 YTD - Quarter 3			Full year
	Actuals	Actual	Budget	Var	Budget
Fees & User Charges					
<i>Water Revenue</i>	211	170	177	(7)	236
<i>Wastewater Revenue</i>	471	380	399	(19)	527
Grants and subsidies					
<i>Grants from KO</i>	31	18	16	2	16
<i>Any other grant from 3rd parties</i>	-	0	10	(10)	20
Other direct revenue					
<i>Infrastructure Growth Charges</i>	198	132	144	(12)	195
<i>Insurance proceeds for storm recovery</i>	-	2	12	(10)	23
<i>Other key revenue</i>	144	94	91	3	125
Direct expenditure (\$m)					
	Prior Year	FY25 YTD - Quarter 3			Full year
	Actuals	Actual	Budget	Var	Budget
Staff cost					
<i>Salaries and wages</i>	146	116	108	(8)	145
<i>Contractors</i>	17	15	20	5	13
<i>Other staff costs</i>	10	8	8	-	11
<i>Labour recoveries</i>	(48)	(44)	(42)	2	(54)
Other direct expenditure					
<i>Maintenance costs</i>	96	72	56	(16)	73
<i>Other operating costs*</i>	214	147	181	34	253

* Includes Cost of goods and services