

Watercare Services Limited Statement of Intent

2025 to 2028



Contents

Message from the Chair of the Board and Chief Executive of Watercare Services Limited	2
Part 1: Strategic overview.....	4
1.1 Our purpose	4
1.2 Roles, responsibilities and functions	4
1.3 The Watercare solution for Local Water Done Well.....	4
1.4 Purpose of statement of intent (SOI)	5
1.5 Responses to Council's strategic objectives and outcomes	6
1.6 Nature and scope of activities – 'what we do'	8
1.7 About us – The Watercare Board's approach to governance	8
Part 2: Statement of performance expectations.....	10
2.1 Introduction.....	10
2.2 How we will deliver – annual work programme	10
2.3 Our six key activities for 2025-2028	12
2.4 Financial statements for the long-term plan	22
2.5 Prospective Financial Statements	25
SOI Performance Measures.....	31

Message from the Chair of the Board and Chief Executive of Watercare Services Limited

With Local Water Done Well legislation providing Watercare with the financial flexibility and regulatory framework needed to effectively provide affordable and reliable water services for Auckland, this SOI period will be transformational for us.

Starting 1 July 2025, Watercare became financially independent from Auckland Council. The obligation to deliver water and wastewater services transferred from Auckland Council to Watercare. We remain a council-controlled organisation and continue to receive strategic input from our sole shareholder, Auckland Council, through the Letter of Expectation and our SOI (Statements of Intent) continue to reflect this strategic oversight.

This SOI aligns with Watercare's Business Plan, which was prepared in response to the Watercare Charter (effective from 1 April 2025). The Business Plan sets out how Watercare will continue delivering reliable and affordable water and wastewater services to Auckland, detailing key investments, funding approaches, and service commitments in line with new regulatory requirements and Auckland Council's expectations.

Watercare's six key activities for 2025-2028 are:

1. Delivering safe and reliable water and wastewater services to Aucklanders 24/7.
2. Ensuring the successful implementation of Local Water Done Well, including financial separation, compliance with interim economic regulation, namely the Watercare Charter (Charter), and the implementation of new arrangements for water services.
3. Renewing and building the necessary water and wastewater infrastructure to cater for growth, improve resilience and maintain service levels for our customers.
4. Delivering our services and infrastructure projects efficiently, keeping a strong focus on operating costs, so we can minimise price increases.
5. Strengthening our relationships with developers, customers, community stakeholders and our Māori partners.
6. Improving our organisational performance in relation to our core strategic outcomes, namely: Climate Change (including drought and extreme weather resilience and supply); the health, safety, and wellness of our kaimahi (our employees and contractors); and Māori outcomes.

Referring to various specific points raised within the Letter of Expectation.

- We will fully support and actively engage in any s17A value for money and other reviews by Council, as well as support integrated decision-making.
- Watercare looks forward to learning of, and implementing, the range of non-structural changes (such as reforming the existing CCO board appointment and performance review process) to support the reset of the CCO model.
- Watercare will work with the government, as necessary to support Auckland Council's strategic direction, or if directly requested by government officials. We will inform Council of any conversation with the government on any new proposal and summarise these engagements in our quarterly reporting. We note that as part of interim regulation we will necessarily have more day-to-day contact with government officials, including the Crown Monitor, and that this requirement does not include these day-to-day operational interactions.
- When responding to Council's requests or initiating new programmes, Watercare will consider our role as a member of the Council group. Where legally possible, and not constrained by legislation, we will operate in ways that contribute to the success of the group as a whole and in ways that do not create risks for the Council group. This includes a commitment to the open sharing of information wherever legally possible.

Like previous SOIs, we continue to include a suite of measures to provide Council and the public with useful information on the quality of our services, performance, and efficiency. With the introduction of economic regulation and the Watercare Charter, we have taken the opportunity to consolidate and refresh the SOI measures to ensure we can streamline reporting to both Auckland Council and the Crown Monitor. Quite a few new measures have been added, and some removed. However, the Watercare Board continues to monitor a wider suite of business performance measures not included in this SOI, including Māori outcomes, health and safety of our kaimahi, and our diversity and inclusion initiatives.

The Board and Management will ensure compliance with the Council group's no surprises principle, including in the context of iwi relationships, government engagement, seasonal impacts on water supply and potential drought conditions, and as water reform is implemented, to ensure the best outcome for Auckland.

Watercare will continue to engage with Councillors on all aspects of our capital programme via the Transport and Infrastructure Committee. Our capital spend will be guided by Mayor Brown’s recently refreshed Capital Spending Rules.

If there are risks to our infrastructure programmes, or our day-to-day operations as we operate under the new legislation and Watercare Charter, we will raise these with Council at the earliest opportunity.

In the meantime, Watercare will continue to work closely with Auckland Council, and the broader Council family to ensure that Council’s vision for the city is achieved. Watercare is committed to providing affordable world class water and wastewater services to Aucklanders. Our SOI reaffirms our commitment to work with Council and our partners so that together, we can meet the challenges of today and tomorrow.



Geoff Hunt
Chair



Jamie Sinclair
Chief Executive

Part 1: Strategic overview

1.1 Our purpose

***Ki te ora te wai, ka ora te whenua, ka ora te tangata.
When the water is healthy, the land and the people are healthy.***

1.2 Roles, responsibilities and functions

Our primary focus – the provision of reliable, safe and efficient water and wastewater services to Aucklanders – remains unchanged.

Watercare is a lifeline utility providing water and wastewater services to 1.7 million people in Auckland. Our purpose – embodied in the Māori whakataukī (proverb) above – reflects the connection between our services and the wellbeing of our community and the local environment.

We supply an average of 440 million litres of safe drinking water to 484,000 homes and businesses each day. We also collect, treat and discharge an average of 439 million litres of wastewater each day in an environmentally responsible way. With an asset base valued at \$16.4 billion (2024), we plan and build infrastructure to ensure we maintain appropriate levels of service and increase network capacity for a growing population.

Our primary area of operation is the Auckland region. In the suburb of Papakura, we deliver wholesale services to Veolia Water, who are contracted to operate, maintain and develop the local networks. In the northern Waikato region, we deliver wholesale water and wastewater services to Tūākau and Pōkeno under an enduring contract with Waikato District Council. Separately, we operate, maintain and develop the water, wastewater and stormwater networks on behalf of Waikato District Council. This contract term ends June 2028.

We are a council-controlled organisation, wholly owned by Auckland Council (our shareholder). We are also a limited liability company registered under the Companies Act 1993, and a local government organisation under the Local Government Act 2002.

Our Shareholder, Auckland Council, appoints our Board of Directors, who in turn appoint our Chief Executive.

Our services and programmes are financed solely through user charges and borrowings. We are required by law to be a minimum-cost, cost-efficient service provider to our customers (collectively) that operates effectively into the long-term. Our legislative framework is summarised [on our website](#).

1.3 The Watercare solution for Local Water Done Well

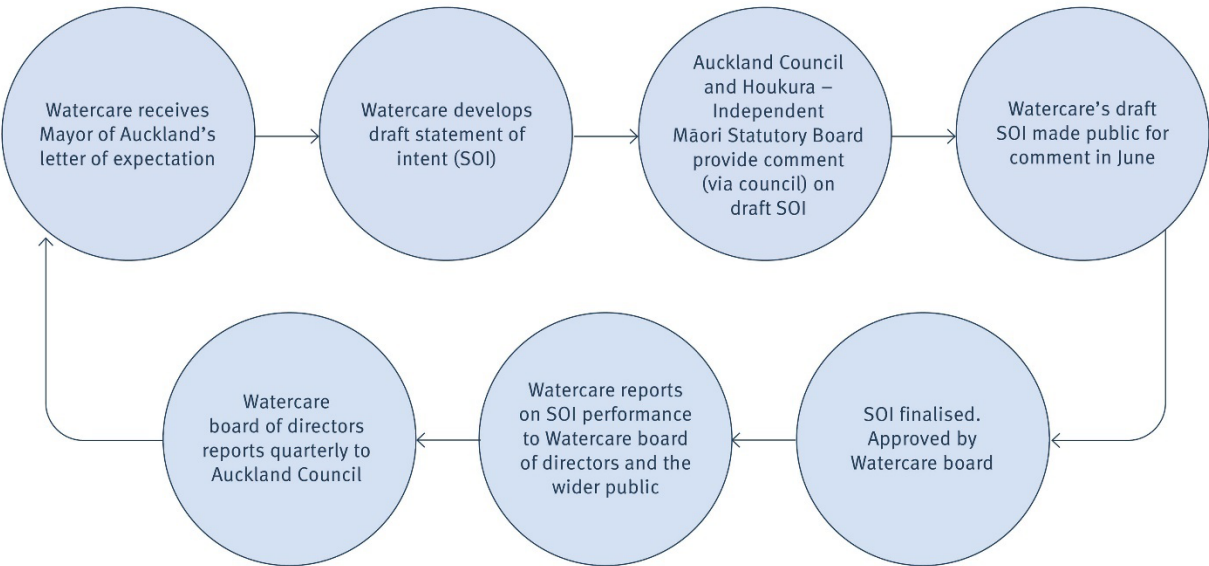
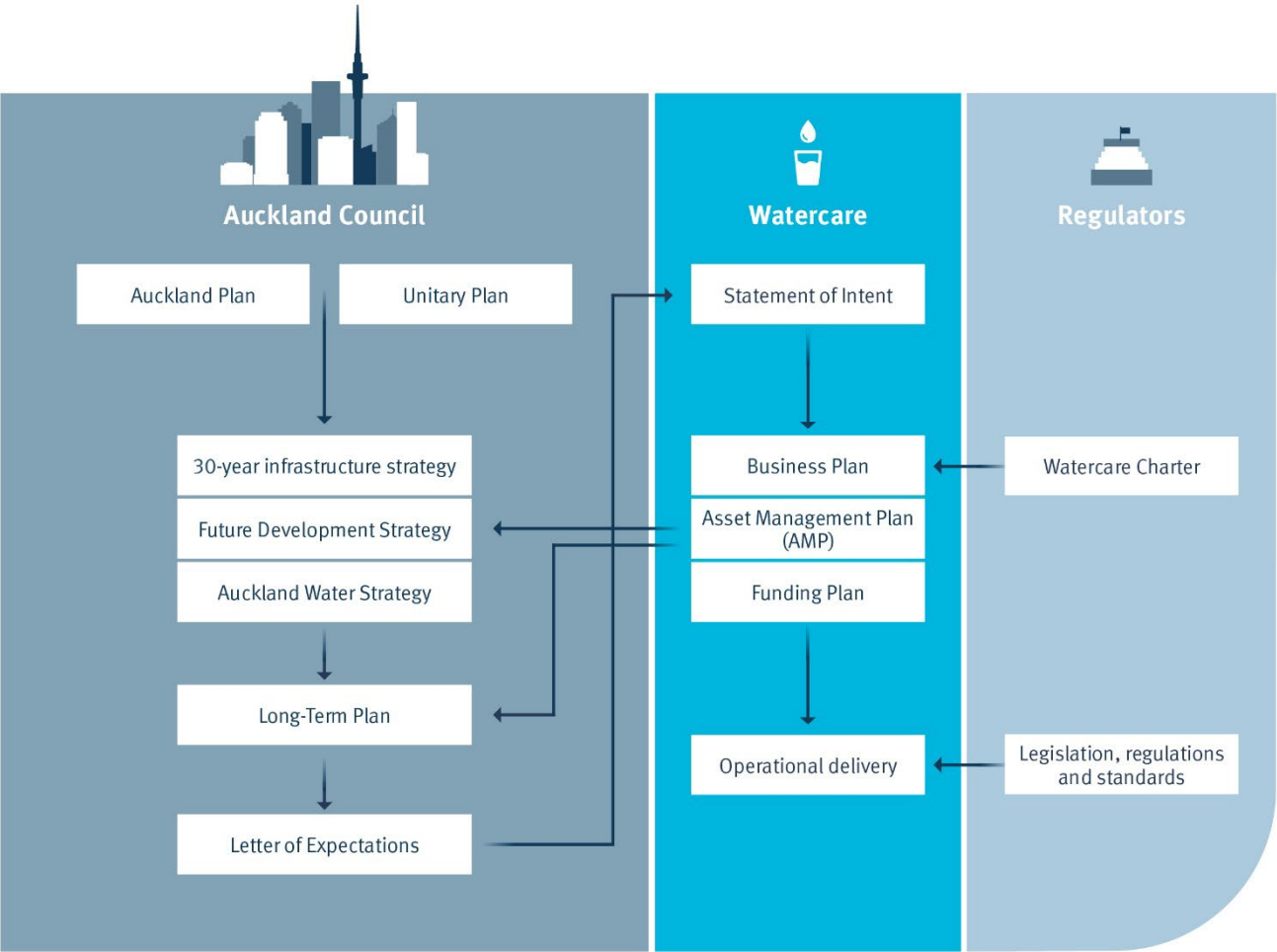
The Local Government (Water Services Preliminary Arrangements) Act 2024 (LG(WSPA)A) introduced a financially sustainable model for Watercare to be financially separate from Auckland Council and an interim economic regulation regime for Watercare that is administered by a Crown monitor (i.e. Commerce Commission).

This new regime means that Auckland Council is prohibited from providing financial support to Watercare. This condition is necessary to enable Watercare to be financially independent, with the ability to raise our own capital. Key features under the LG(WSPA) Act are summarised below.

- Auckland Council has no right, title or interest in the assets, security, debts or liabilities of Watercare.
- We cannot provide an equity return, either directly or indirectly, to Auckland Council.
- Auckland Council is prohibited from lending money or providing credit to us.
- Auckland Council is unable to give any guarantees, indemnity or security in relation to the performance of any of our obligations.

1.4 Purpose of statement of intent (SOI)

Our annual SOI is required by the Local Government Act 2002 and publicly states our activities and intentions for the next three years, and how they contribute to the Council’s objectives. Our SOI provides an opportunity for Council to influence the direction of Watercare and provides a basis for the accountability of performance.



1.5 Responses to Council's strategic objectives and outcomes

We are fully committed to working with the Council group to deliver the Auckland Plan 2050, the Auckland Water Strategy, Te Tāruke-ā-Tāwhiri: Auckland's Climate Plan, Kia ora Tāmaki Makaurau: a framework to measure Māori wellbeing outcomes and performance for Tāmaki Makaurau, relevant performance measures and any associated guidance.

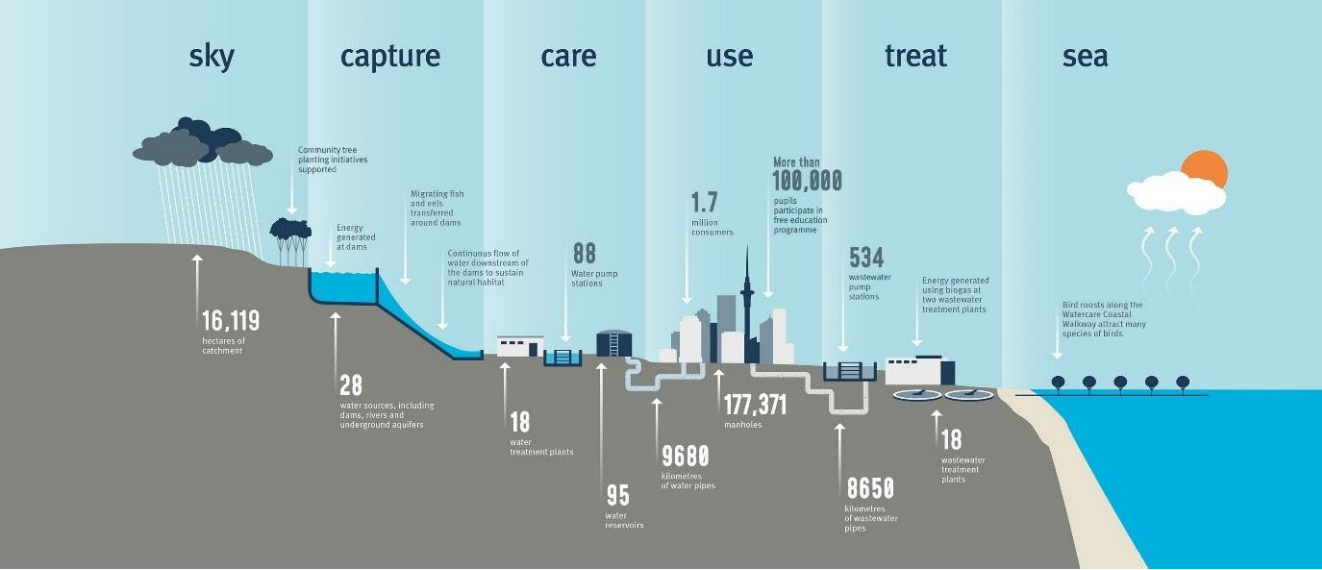
Our major contributions to the Auckland Plan 2050 outcomes are:

Auckland Plan Outcomes	How we will contribute
Opportunity and prosperity  Auckland is prosperous with many opportunities and delivers a better standard of living for everyone	- By reliably and efficiently delivering affordable safe drinking water to our customers - By reliably and efficiently delivering affordable wastewater services to our customers - By building customer trust and value through exceptional performance and engagement - By developing and maintaining a safe, engaged, empowered, diverse and inclusive workforce - By providing a reliable pipeline of infrastructure programmes - By providing high performing infrastructure (reliable and resilient now and in the future) - By working with industry partners and tertiary education providers to deliver graduate programmes as well as apprenticeship and internship opportunities - By encouraging innovation to find new solutions to improve the way we work – to do this we allow our staff and partners to explore, experiment and if necessary, fail safe and learn fast
Environment and cultural heritage  Preserve, protect and care for the natural environment as our shared cultural heritage for its intrinsic value, and for the benefit of present and future generations	- By working with Council on implementing the Auckland Water Strategy to achieve the Auckland Plan 2050's objectives of adapting to a changing water future - By reliably and efficiently delivering affordable wastewater services to our customers and discharging it in a safe and responsible manner for people and the environment - By planning and providing low carbon resilient infrastructure that is adaptive to future changes including climate change - By adopting Council's 50% target for greenhouse gas reduction by 2030 - By actively promoting water-efficient technologies and behaviours to customers and homebuilders - By engaging and consulting with affected parties on our development plans - Through involvement in the indigenous restoration project in the Hunua Ranges
Homes and places  Aucklanders live in secure, healthy and affordable homes and have access to a range of inclusive public places	- By reliably and efficiently delivering affordable safe drinking water to our customers - By reliably and efficiently delivering affordable wastewater services to our customers - By collaborating with the wider Council group to support areas of growth identified by Council - By acting consistent with Council's Future Development Strategy (FDS) for major infrastructure development for future urban areas - By proactively engaging with Kāinga Ora to plan, fund and deliver water and wastewater infrastructure to support its major urban transformation programmes - By collaborating with Council on the implementation of the Auckland Water Strategy, including the introduction of long-term water consumption targets
Māori identity and wellbeing 	By actively working with the Council group to deliver our Achieving Māori Outcomes Plan, a framework that will be used to measure Watercare's contribution to Māori outcomes. Our work is guided by, and is aligned to, Tāmaki Ora, Auckland Council's refreshed Kia ora Tāmaki Makaurau, in particular supporting Māori Housing and Papakainga, Marae development, our Taiao, and Māori Business.

Auckland Plan Outcomes	How we will contribute
A thriving Māori identity is Auckland's point of difference in the world – it advances prosperity for Māori and benefits all Aucklanders	• By working with mana whenua and mātaawaka and the Council Group as partners in the protection, management and enhancement of water (Auckland Water Strategy Strategic Shift 1). • By actively fostering and maintaining relationships with mana whenua and mātaawaka, including rangatira ki te rangatira monthly hui. • By working alongside Council's Ngā Mātārae the Māori Outcomes CCO Leads Group and the Māori Outcomes Steering Group to achieve stronger alignment with Tāmaki Ora regarding: a) rangatahi/ intern opportunities; and b) key performance indicators relating to Māori • By creating opportunities for Māori-owned businesses to be part of our supplier network • By providing technical advice related to water supply and septic tanks to marae
Belonging and participation  All Aucklanders will be part of and contribute to society, access opportunities, and have the chance to develop to their full potential	• By reliably and efficiently delivering affordable safe drinking water to our customers • By reliably and efficiently delivering affordable wastewater services to our customers • By ensuring Aucklanders are empowered to shape decisions about, and are prepared for our changing water future (Auckland Water Strategy Strategic Shift 2) • By collaborating with the wider Council group to support areas of growth identified by Council • By developing and maintaining a safe, engaged, empowered, diverse and inclusive workforce • By engaging our communities on the pipeline of infrastructure programmes • By engaging Aucklanders on decisions around future infrastructure investments • By developing education programmes for our customers and tamariki
Transport and access  Aucklanders will be able to get where they want to go more easily, safely and sustainably	• By collaborating with Auckland Transport and the wider Council group to support areas of growth consistent with the FDS • By ensuring Watercare works with Council, Auckland Transport, NZTA Waka Kotahi and other utilities to align infrastructure projects wherever possible, to minimise the effects on traffic and neighbourhoods

1.6 Nature and scope of activities – ‘what we do’

We continue to focus our efforts and resources on creating value for Aucklanders while we prepare and adapt for rapid population growth, the impacts of climate change, higher standards for improved environmental outcomes and fulfil our mandate to be a minimum-cost, cost-efficient service provider into the long-term.



1.7 About us – The Watercare Board’s approach to governance



The Directors and the Executive team are committed to ensuring the company applies best-practice governance policies and procedures. The company has an Audit and Risk Committee, an Asset Management Committee and an Economic Regulation Committee. Our Board undergoes Board performance reviews, in line with the Council-adopted process.

Watercare ensures we fulfil the public meetings stipulation of the Local Government (Auckland Council) Act 2009 which requires Auckland Council’s CCOs to hold two public meetings a year and the timing for these is set out below. All other Board meetings also include a public session. Dates and times are publicly notified in advance with agendas and minutes made available on our website. Members of the public are welcome to attend any public Board meeting held by Watercare.

Date	Purpose	Form of public notification
24 June 2025	Consider shareholder comments on draft SOI	Public notice
28 October 2025	Consider performance against SOI targets	Public notice
30 June 2026	Consider shareholder comments on draft SOI	Public notice
25 November 2026	Consider performance against SOI targets	Public notice

Watercare works diligently to meet our legal obligations and act in accordance with the Statement of Expectations of substantive council-controlled organisations (SOE), which sits alongside this SOI and forms part of the annual binding agreement between Council and Watercare. We operate under a no-surprises policy and inform the Mayor, Lead Councillor, Councillors or Local Boards, well in advance of anything that could be potentially contentious, whether or not the issue is covered by the SOI or legislation. We also ensure that if an issue is likely to attract public interest, that the Mayor, Deputy Mayor, Lead Councillor, Councillors and/or Local boards are fully briefed.

We are committed to participating in the design and implementation of group-wide policies. Watercare is also supportive of the development of Council group foundation principles and standards.

Managing risk

We have an established risk management policy and framework, which follows the guidance of the ISO 31000 risk management standard. Risks are identified and evaluated using likelihood and consequence scores and ranked. The highest-ranked and most significant emerging risks are regularly reviewed by senior management and the board via management and board-level reporting.

As part of the risk management framework, Watercare monitors potential emerging risks that could impact delivery of Watercare's services and develops appropriate risk-mitigating actions and strategies.

The internal audit function produces an annual plan that is approved by our Audit and Risk Committee with management's quarterly reporting against the plan to the committee. The Audit and Risk Committee maintains oversight of progress in accordance with the 3 Lines Model and must be satisfied that recommendations arising from internal audit's work are fully addressed by management.

Watercare also provides Council's Audit and Risk Committee with a quarterly report outlining our risk management framework, approach, processes and an overview of the top risks with associated mitigation actions. We proactively report on all significant incidents, risks and issues and their management to ensure no surprises, transparency and that Watercare's most significant risks are being appropriately managed and mitigated.

Measuring our performance

We have an agreed set of performance measures and targets which form the basis of accountability for delivering on Council's strategic direction, priorities and targets. These are reported on a quarterly basis in accordance with the governance manual for substantive CCOs.

In FY25, we will work with Council to implement the agreed non-structural changes of CCO reform to improve oversight and accountability of the Group's CCOs.

The measures and targets include the measures set out in the Watercare Charter, the mandated non-financial measures of the Department of Internal Affairs, Taumata Arowai, and those that were agreed with Council as part of the LTP 2024-2034.

Part 2: Statement of performance expectations

2.1 Introduction

As we look to the future, and the implementation of Local Water Done Well, we remain committed to providing safe and reliable, affordable water and wastewater services to Aucklanders and to work with Council on delivering the Auckland Plan outcomes.

2.2 How we will deliver – annual work programme

Key activities and programmes over the coming financial year are below. We measure success through the performance measures and targets documented in the Appendices to this document.

Our contributions to the Auckland Plan	Significant activities and programmes over the coming financial year	Direct expenditure \$m	Capex budget \$m
Deliver safe and reliable water services 24/7	- Water operating activities - Meet Taumata Arowai water quality regulations - Implementation of the Auckland Water Strategy, including the continued roll-out of smart meters, water efficiency programmes, and management of network leakage to ELL - Continue planning and detailed design of the Western Water Supply Programme, including the Huia Water Treatment Replacement Plant to help meet peak demand and improve system resilience	Controllable costs \$209m	Refer to page 22-23
Deliver safe and reliable wastewater services 24/7	- Wastewater operating activities - Via proactive renewals, expand the Inflow and Infiltration reduction programme and network renewals programme, to improve and coordinate cost-effective asset refurbishment - Deliver our Wastewater Network Strategy and continue work to reduce overflows	Controllable costs \$256m	Refer to page 22-23
Minimum cost, efficient, financially robust provider both now and in the future & industry leading thinking and processes	- Implement Watercare's Business Plan and ensure compliance with interim economic regulation as set out in the Watercare Charter - Continue collaborating with Council on Climate Related Financial Disclosure (TCFD) reporting requirements - Continue to deliver our capital programme - Target efficiency savings against current opex costs - Refresh Watercare's Decarbonisation Roadmap	Within operating and capital budgets	N/A
High performing infrastructure (reliable and resilient now and in the future)	- Continue work to optimise our AMP - Continue to implement the Auckland Water Strategy including continuing our leak detection - Actively engage with Council in the implementation of the FDS - Work with Auckland Council to analyse and understand projected climate change impacts on water sources specifically (Action 5.4 in the Auckland Water Strategy).	Capex \$1,050b Controllable cost \$465m	N/A
Future-proofed growth and supply assurance	We currently have under design or construction (projects over \$50m): Water (growth, level of service and renewal) - Huia 1 and Nihotupu 1 replacement - Tamaki Precinct Water - Redoubt Reservoir 5 - Waikato A Raw Water Intake - Waiuku Water Treatment Plant - Kāinga Ora – Waikowhai pump station & water Main Wastewater (growth, level of service and renewal) - Queen Street diversion - Southern Auckland WW servicing scheme - Snells WWTP Upgrade - Otara catchment WW capacity upgrades - WIWQIP Herne Bay WW branch 5 upgrade - Central Interceptor - Whenuapai & Redhills wastewater scheme – package 2 - WIWQIP – the Point Erin tunnel - Pukekohe TS – Isabella Pump Station - Archboyd Ave Pump Station and Associated Pipelines - Grey Lynn Wastewater Tunnel	Capex FY26 forecast \$1,050b	Total approved capex for these projects are \$2.908b

Our contributions to the Auckland Plan	Significant activities and programmes over the coming financial year	Direct expenditure \$m	Capex budget \$m
	In addition to the above, we have \$717m of water and wastewater projects, under \$50m, in design or construction.		
Protect and enhance our natural environment	- Continue to investigate approaches to measure the total lifetime emissions of our new assets (totex) and to factor these considerations into asset planning and design. - Continue our work with customers to reduce water demand to ensure we achieve the targets in the Auckland Water Strategy - Working together with Auckland Council to deliver the component parts of the Auckland Water Strategy, including work towards alternative water sources (such as wastewater reuse), demand management and leakage management activities, and also supporting Council with their initiative to enhance rainwater supply capacity. - Continue to educate our communities on the wastewater system to minimise dry-weather overflows due to fats, oil, rags and roots in the network	Within water and wastewater opex budgets	Within capex budgets above
Enhance our partnerships and strong relationships with Māori in Tāmaki Makaurau	- Continue to deliver on our Achieving Māori Outcomes Plan - Build on our existing procurement programme, which actively seeks to maximise opportunities for Māori businesses to participate in the procurement process, so we can meet or exceed our target to source 5% from Māori owned businesses by the end of 2025 - Continue to strengthen existing hononga (relationships) and build new partnerships that represent Māori communities	Te Rua Whetū team included in opex FY26 Target 5% procurement from Māori owned businesses	N/A
Customer trust and value through exceptional performance and engagement	- Continue understanding the performance of individual drivers of trust and ensure we course-correct when they are adversely impacted. - Watercare is committed to continuing work to increase Aucklanders' understanding of te Mauri o te Wai and be actively involved in shaping Auckland's water future. - We will continue to participate in a collaborative working group with Council to share the work we are doing to increase water literacy of Aucklanders (Auckland Water Strategy Action 2.1). - We will also continue to share our work regarding our water literacy measure, including our insights on the water literacy of Aucklanders. - Increasingly segment our customer base to engage in ways that are relevant to them and increase water literacy and trust	Within water and wastewater opex budgets	N/A
Safe, engaged and empowered team	- Continue building capability through our staff development and training programmes - Embed employee wellbeing and safety as core principles of the organisation - Further develop our safety systems including critical risk management and focus on critical control verification.	Within water and wastewater opex budgets	N/A

2.3 Our six key activities for 2025-2028

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

Watercare's mission is to *deliver affordable, reliable, safe and efficient water and wastewater services 24/7*. Over the period of the SOI, we will deliver on this promise by reporting against drinking water standards, investigating alternative sources for drinking water, ensuring our preparedness for future droughts, and working closely with customers to manage water demand and reduce water losses.

The Water Services Authority – Taumata Arowai has a suite of drinking water standards, quality assurance rules and aesthetic values. These sit alongside the Department of Internal Affairs non-financial performance measures, as well as the requirement to have Drinking Water Safety Plans for each of our water treatment plants (including source risks) and our distribution network.

Ensuring a safe and reliable water supply has always been our core purpose. We remain committed to delivering services that protect public health and comply with all regulatory standards. Watercare's performance against the standards is reported to the Board monthly. They are also reported to the Governing Body via our Quarterly report. Any non-compliances are reported to Taumata Arowai. At the end of each calendar year, Taumata Arowai produces a summary report, which Watercare shares with Council.

In terms of wastewater, our ability to protect the environment is influenced, to a degree, by weather events. Through the progress of our Central Interceptor wastewater tunnel, our flood recovery programme of work, and our existing Asset Management Plan processes, we are working to upgrade or adapt many of our wastewater assets to ensure they remain resilient in the face of a growing population and more frequent extreme weather events.

Linked to population growth, we currently plan our water security to meet the following standards:

Level of Service 1 Proactive demand restrictions are to be required for an event no more frequently than that with a 5% probability of occurring.	The peak supply/demand balance is designed to show the forecast peak demand without restrictions during a dry summer with a return period of 1 in 20 years. Under drier conditions, leading to higher demand, Watercare could impose restrictions to reduce peak demand while continuing to meet our Levels of Service.
Level of Service 2 Annual average demand within the Metropolitan supply area can be met in a drought with a 1% probability of occurrence leaving 15% residual capacity in its water supply lakes.	The annual drought supply/demand balance is designed to show the forecast annual average demand during a drought with a return period of 1 in 100 years can be met and would result in water supply lake levels being no less than 15%. Watercare would expect to impose some restrictions during this event (see Level of Service 1, above).

Consistent with the Auckland Water Strategy (Action 5.3), Watercare will work with Auckland Council on demand management and drought response.

Sitting alongside these Levels of Service is the Drought Management Plan. This Plan provides a series of responses to mitigate the potential impact of droughts so we can continue to deliver water our customers can trust, even during a drought.

The Watercare Board receives regular updates on Tāmaki Makaurau's water security situation and commits to providing Council with early warning if it looks like we may not be able to meet the above Levels of Service for any reason.

Over the medium to long term, Auckland's growth and our changing climate will put pressure on our existing water sources. In line with the Auckland Water Strategy, Watercare will work with Auckland Council to understand projected climate change impacts on water sources specifically (Action 5.4 in the Auckland Water Strategy) so we can proactively plan for climate change. We will also continue to investigate options to improve source drinking water diversity and resilience, including demand management, aligned to the Auckland Water Strategy, and researching alternative source options, which could include purified recycled water and desalination.

We are also undertaking various other initiatives, such as our proactive leak detection programme, to reduce water loss. In parallel we continue to encourage and embed water efficiency behaviours across all customer segments, including through our free education programme.

We are committed to a smart network future, including the role of smart meters. Watercare has installed 60,000 smart meters and any new or replacement meters will be smart meters, allowing households and businesses to access to near real-time information on their water usage and enable Watercare to manage the network more closely. We have also committed to smart sensors being installed in parts of our wastewater network to improve network understanding, and have trialled proactive network pressure management, which has delivered promising results in terms of water savings and leaks. Over the course of the SOI period, we will continue this work and will be revising our smart network strategy, including the role Watercare plays in the smart network ecosystem.

Watercare will continue its work with Auckland Council on the Auckland Water Strategy and how the Council whānau can further improve and therefore reduce per capita consumption of water.

Watercare must establish and maintain a committee or board within its organisation to promote the vision and strategy for the Waikato River (as set out in Schedule 2 of the Board of Inquiry Waikato Water Take Consent (WRC ref: AUTH131259.01.02)). Representatives of Te Whakakitenga o Waikato Incorporated (Waikato Tainui Governance Board) and Te Taniwha o Waikato (a collection of Marae along the lower river and part of Waikato Tainui) will be invited to be members of that committee or board in order to become material participants and directly involved in all aspects of the management, governance and use of the river, including its water. Generally, the purpose and function of that committee or board under the Board of Inquiry Consent will be to investigate and address options for the percentage reduction in reliance on the awa by Watercare, including identifying new alternative sources for resilient water systems. In particular, the committee and board will be looking at the following:

- reduction in reliance on the Waikato River for the supply of water to Auckland;
- reduction in the volume (both relative (i.e. as a percentage the Waikato makes to Auckland's municipal supply needs) and absolute) of water taken from the Waikato River;
- increased resilience of the Waikato River to human activities and their effects; and
- in that context, recognition of the rights and interests of tangata whenua in fresh water.

As part of the second Waikato River water take consent, by March 2026, Watercare will submit a water management plan to Waikato Regional Council every five years on:

- the forecast level of demand for the period to the expiry of the consent;
- progress being made on the investigation and implementation of future water source options for Auckland;
- level of non-revenue water within the Watercare water supply network, including real water losses, apparent water losses and unbilled authorised consumption, and the steps being taken to reduce real water losses; and
- level of per capita residential consumption and how this relates to targets set in the Water Management Plan.

The five yearly reports will be made publicly available and shared with representatives of Te Whakakitenga o Waikato Incorporated, Te Taniwha o Waikato, Te Tokanganui-a-noho Regional Management Committee and Hauauru Ki Uta Regional Management Committee, Ngā Waihua o Paerangi, Te Kotahitanga o Ngāti Tuwharetoa, Raukawa Settlement Trust, Te Arawa River Iwi Trust, Ngāti Tahu-Ngāti Whāoa, and the Waikato River Authority.

SOI performance measures related to the above activities are set out in **Appendix A and A1**.

2. Ensuring the successful implementation of Local Water Done Well, including financial separation, compliance with interim economic regulation and the implementation of new arrangements for water services

Financial separation

Since 1 July 2025, Watercare took on debt in its own name, raising capital to fund the operational activity and investment necessary to deliver the Watercare Business Plan and meet repayment obligations in relation to the intercompany loan between Auckland Council and Watercare.

Compliance with interim economic regulation

Watercare will comply with the Watercare Charter, which came into effect on 1 April 2025 and ends on 30 June 2028.

Watercare will provide consistent performance reports to both Auckland Council and the Crown Monitor and will give Auckland Council early notice in the event of any unforeseen incident that impacts our ability to meet our requirements under the Charter. In summary, the Watercare Charter requires us to do the following things over the next three years:

Comply with minimum service quality standards

The Charter specifies the six minimum service quality standards that Watercare must meet each financial year in relation to the water supply and wastewater networks (e.g. leakage, water interruptions, overflows etc). This set of standards is complemented by a broader range of service quality measures and targets that Watercare has reported against for many years, via this SOI, and that are required by other regulators, including Auckland Council (Network Discharge Consent), the DIA and the Water Services Authority – Taumata Arowai.

Financial performance objectives

A requirement of the Charter is that Watercare must maintain an investment grade credit rating when assessed, on a standalone basis, by an established credit rating agency. We can earn no more from water supply and wastewater services for each year of the Watercare Charter than the specified revenue caps (called the Maximum Allowable Revenue, or MAR). The revenue caps will be supplemented by a washup mechanism where water usage and other billed quantities differ from forecasted volumes.

Price-quality path

In realising our Maximum Allowable Revenue (MAR) specified under the Charter for combined water and wastewater tariff revenue, we have flexibility to apply different price changes for different tariffs, provided we do not over-recover our MAR.

In addition to our MAR, the Charter also dictates a lower limit on average increases to Infrastructure Growth Charges (IGCs) so that Watercare must recover at least that amount from new connections, resulting in minimum increases in average IGCs.

New enduring arrangements for water services

Watercare will implement the requirements of the Local Government (Water Services) Bill when enacted in mid-2025. The new legislation will provide the new water services delivery system and the new enduring economic regulation and consumer protection regime for water services.

Watercare must deliver three plans to comply with the Charter

In accordance with the Watercare Charter, Watercare is also going to develop the following three plans in close consultation with Auckland Council, to ensure that Council's objectives are met where possible, with formal guidance sought from Council where appropriate.

Plan	Key dates	What is required?
IGC policy review and redesign (Clause 19 of the Charter)	Watercare must, – (a) engage closely with the Crown monitor throughout the process; and (b) by 30 September 2025, give a draft roadmap to Crown monitor for feedback; and (c) if the Crown monitor's feedback is received within 60 working days, do the following within 60 working days after receiving that feedback: (i) incorporate the Crown monitor's feedback into the document; (ii) publish the document that incorporates that feedback on an internet site that is maintained by or on behalf of Watercare and is accessible to the public free of charge.	Watercare must prepare a document describing its review and redesign of its IGC policy. The document must include— (a) Watercare's intended approach to all phases of the review and redesign, including— (i) any design principles it proposes to use; and (ii) how it will implement the redesigned policy in the 2026–2028 financial years; and (b) how Watercare intends to engage with the Crown monitor in the review and redesign process; and (c) a summary of the approach Watercare intends to take to explain to consumers and other stakeholders the expected impacts of the redesigned.
Infrastructure delivery and asset management improvement: planning	Watercare must, – (a) by 31 August 2025, give a draft of its infrastructure delivery and asset management plan to the Crown monitor for feedback; and (b) if the Crown monitor's feedback is received within 60 working days, do the following within 60 working days after receiving that feedback: (i) incorporate the Crown monitor's feedback into the draft plan; (ii) publish the plan that incorporates that feedback on an internet site that is maintained by or on behalf of Watercare and is accessible to the public free of charge.	Watercare must prepare an infrastructure delivery and asset management improvement plan for the Charter period. The infrastructure delivery and asset management improvement plan must contain the following: (a) the principles that Watercare will use to prioritise investments; (b) a description of Watercare's planned improvements to infrastructure delivery and asset management, including improvements to— (i) its understanding of the linkages between investments and the outcomes (including network resilience) delivered by investments, and how this improved understanding will impact its asset management processes; and (ii) processes for identifying preferred solutions (including key inputs such as asset health and criticality modelling); and (iii) its programme for risk management and reporting; and (iv) cost estimation (such as unit rates for use in budgeting and forecasting); (c) timelines for planned improvements; (d) details of how Watercare proposes to ensure that investment will enable housing growth in areas with limited network capacity, including— (i) whether Watercare proposes to seek alternative funding (for example, funding under the Infrastructure Funding and Financing Act 2020) to enable that housing growth; and (ii) if Watercare proposes to seek alternative funding of that kind, how it will seek and use that funding; and (iii) a timeline for Watercare's proposed actions.
Watercare operating cost efficiency improvement plan	Watercare must, – (a) by 31 December 2025, give a draft of the plan to the Crown monitor for feedback; and (b) if the Crown monitor's feedback is received within 60 working days, do the following within 60 working days after receiving that feedback: (i) incorporate the feedback into the draft plan; (ii) give a copy of the completed plan to the Crown monitor;	Watercare must prepare a cost efficiency improvement plan for the Charter period. The purposes of the cost efficiency improvement plan are: (a) to provide evidence of what Watercare intends to do to improve efficiency; and (b) to provide a basis for reports on efficiency improvement. The plan must include— (a) Watercare's proposed initiatives to achieve the efficiency improvement in operating costs that is assumed in the financial projections in its business plan; and (b) for each initiative,— (i) the value of the planned improvement; and (ii) indicative timing for taking the initiative; and

Plan	Key dates	What is required?
	(iii) redact from the plan any information Watercare considers to be commercially sensitive: (iv) publish the completed but redacted plan on an internet site that is maintained by or on behalf of Watercare and is accessible to the public free of charge.	(c) a summary of the analytical and other approaches (for example, comparative benchmarking) that Watercare has used in selecting the initiatives referred to in paragraph (a); and (d) how Watercare will report to the Crown Monitor on its progress in achieving the efficiency improvements referred to in paragraph (a).

SOI performance measures related to the above activities are set out in **Appendix E and F**.

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

In 2026, we will deliver a 30-year draft Asset Management Plan (AMP) to Council, covering existing and planned assets to inform the development of the 2027 Long Term Plan. We will include high level details of key programmes that we anticipate over the 30 year period. Watercare will liaise with Auckland Council's Infrastructure Strategy and Asset Management System teams during the development of this draft AMP to ensure alignment with strategic direction. In developing our draft AMP, we will aim to incorporate:

- group alignment on population assumptions.
- prioritisation using a multi-criteria framework, including assessment of business risks
- Consideration of risk and uncertainty in asset planning
- a sustainable approach to renewals and maintenance
- cost forecasts linked directly to existing levels of service
- high-level spatial presentation of asset condition data (key asset groupings and asset criticality), and growth capex need (identifying location of investment and/or catchment of benefit)
- strategic alignment as set out in the Strategic Investment Framework for Infrastructure 2024
- participation in the Investment Impact Assessment for each Annual Budget and the 2027 LTP.

As part of existing collaborative working practices between the Council and Watercare, Watercare will keep Council advised if obligations to the Crown monitor under economic regulation will impact on our ability to meet any of the Council group's asset management requirements.

Watercare's AMP is a future focussed planning document for managing our infrastructure effectively to achieve our long-term strategic goals and meet future demand. The AMP provides a long-term strategic view of our asset management objectives, and infrastructure investments across water, wastewater, asset renewals and other business assets (e.g. digital technology).

Responding to our business challenges, priorities and service quality standards requires careful planning and investment in new infrastructure, as well as understanding, maintaining and upgrading our existing assets.

Over the next ten years, Watercare plans to deliver \$13.8b of infrastructure via the AMP, which equates to a daily spend of around \$3.8m. Our AMP is prioritised to address service risks and meet strategic outcomes.

Our priority drivers are:

1. Safe and reliable water supply
2. Renewals
3. Improving levels of service to current customers to ensure ongoing compliance with water quality and environmental regulations
4. Growth.

This helps us to decide what, where, how, when, and how much we invest to build and maintain networks. Our AMP is aligned with the Future Development Strategy (FDS). Watercare will work constructively with the three waters investment area office at Council to assist it with delivering outcomes for Aucklanders in priority investment areas in the Long-Term Plan.

Watercare confirms its alignment with Auckland Council's approach as set out in the Infrastructure Strategy and the Group Asset Management Policy. It is important to recognise that the management of water and wastewater assets involves specific complexities, which means there may be deviations at a detailed level.

The Group continues to face issues around planning, delivery and paying for growth. Watercare will actively support and contribute to Council's development of a framework to support decision-making on growth related issues which takes an integrated group approach, with the framework helping to identify necessary trade-offs and prioritisation. Watercare is also happy to provide additional reporting to Council on planning and delivery to regional growth plans.

Watercare will align with the Council's position in relation to Private Plan Changes that do not conform with the FDS and will support Council either, by submitting in opposition to Private Plan Changes that do not conform with the FDS, or by providing input to the Council's s42a report for assisting decision makers to reach decisions on a private plan changes.

Watercare acknowledges that the impact of Private Plan Changes on the Council group should be managed collaboratively. Watercare will seek to align, and will work collaboratively with, the Council Group in relation to Private Plan Changes that do not conform with the FDS.

Watercare will work together with the Council Group to update the FDS including the housing and business development capacity assessment, which is being led by Council.

To part fund the growth portion of our AMP, we charge customers IGCs – infrastructure growth charges. This is a contribution towards the capital investment we have made in bulk infrastructure – i.e. new water sources, new transmission water pipes, new transmission wastewater pipes and new treatment plants and expansions.

The intention of charging IGCs, is to apportion the cost of increasing the capacity of our bulk infrastructure to those who increase demand on the system, rather than recovering this cost from existing customers or future generations. Without IGCs we would need to recover a greater proportion of our growth-related capital investment costs through our operational charges. This would cost all customers a lot more for their water and wastewater services.

Watercare fully supports the Council's expectations that growth should pay for growth, and the statutory mandated IGC price rises over the coming years will help narrow that gap. However, to achieve the appropriate level of recovery, we will need to adopt a new methodology to calculate growth charges. This work is required under the Watercare Charter and will be done as part of the new pricing reform roadmap that is due to be implemented within the Charter period.

SOI performance measure related to the above activities is set out in **Appendix B**.

4. Delivering our services and infrastructure projects efficiently, keeping a strong focus on operating costs, so we can minimise water charges

We continue our focus on controllable costs – embedding efficiency expectations into our annual budgeting process and controllable cost targets. The targets for the next three years are set using a base, trend, step methodology. This establishes the baseline, drives efficiency off that baseline, and then considers inflationary pressures and the cost of servicing our growing asset base (e.g. the Central Interceptor going live). Our draft operating cost efficiency improvement plan, as required by the Watercare Charter, will further articulate our plans to realise efficiency across the SOI and Charter period. This plan will include initiatives and changes to systems, processes and operations that will deliver the expected efficiency. As requested, the plan will, where appropriate, reflect benefits from adoption of the Group Shared Services (GSS) model.

Watercare unequivocally commits to the Group Shared Services (GSS) and its agreed processes. We are also committed to be an active participant in GSS. Watercare's CE is a member of the GSS Board. Watercare will fully participate in GSS, where the benefits are clearly defined and supported by a sound business case that makes financial sense, does not increase Watercare's risk, and results in better value for both Aucklanders and Watercare customers. The initiative must also align with our strategic goals, particularly in relation to the Local Water Done Well programme and interim economic regulation. Any GSS agreement must also not jeopardise our credit rating, nor result in Council indirectly or directly funding Watercare.

Hardship assistance is always available for our customers who are struggling to pay their bills. We will continue to provide flexible payment options to customers and we also fund the Water Utility Consumer Assistance Trust (WUCAT), which supports customers suffering genuine hardship.

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

Our services are vital to life and help communities to flourish. As a lifeline utility, we have relationships with customers, developers, community stakeholders, elected members, and mana whenua.

Customers: Over the past few years, we have built on our engagement model to include always-on feedback about our infrastructure projects as well as very early consultation on future investment decisions. We continue to focus on extracting insights from our day-to-day customer interactions, be it through our satisfaction surveys, co-design workshops or interrogation of the underlying processes and behaviours behind customer complaints. The continuous improvements across our business, informed by customers, are evidenced in our strong trust and customer net satisfaction scores.

Developers: Watercare is committed to making it easier for the development community to plan and build. In this regard, in late 2024, we released a map to provide greater clarity to developers on where there is capacity in its water and wastewater networks to support new housing, and where capacity is constrained. We will be updating these maps regularly and keeping lines of communication open with the development community.

As noted above, we will also be working closely with the development community over the coming years, whilst we adopt a new methodology for calculating growth charges to ensure a greater percentage of growth costs are recovered.

In the meantime, Watercare is committed to continuing to work with Council to ensure the efficient and effective delivery of technical assessments needed to process resource consent applications.

We will also continue to work with Council to improve the Better Faster Consents mechanism to allow objections to the way Watercare enforces its code of practice and design manuals. However, developers are always welcome to discuss with our teams any concerns they have with our code of practice.

Elected Members: We maintain strong relationships with the Councillors, Local Board members and Auckland based MPs by providing timely and accurate information on Watercare-related matters, including infrastructure planning and construction projects in the interests of no-surprises. We have a dedicated team who ensure Councillors and Local Board members are pro-actively briefed and updated on projects and provide a high level of service for enquiries about operational issues. We provide elected members with regular updates on potential drought conditions and our water production plan.

Watercare will continue to provide timely, delivery focused, quality, concise advice to local boards and ensure local boards are engaged early on projects and decisions directly impacting their local area.

Over the past few years, both Watercare and Council have been tested by serious incidents, including the Anniversary Weekend Floods of 2023, and more recently, the Ōrākei Main Sewer collapse in Parnell in late 2023. During the sewer collapse, communications from both Watercare and Auckland Council were clear, and joined up. Watercare agrees that significant public facing issues should continue to be led as a partnership between Watercare's Board Chair, CE, and elected members.

Houkura – Independent Māori Statutory Board: Watercare will continue to foster its relationship with Houkura across 2025 – 2028. Houkura's Issues of Significance recognise access to infrastructure as an Issue of Significance to Māori in Tāmaki Makaurau. It seeks to ensure that Māori receive ongoing access to safe, operational, and reasonably priced infrastructure services and are enabled to contribute to the decision-making process of future infrastructure projects actively and meaningfully. Watercare will strengthen our relationship with Houkura through regular meetings at both operational and governance levels and work with Houkura to respond to its Issues of Significance instrument. Watercare will also work with Houkura towards the discharge of its Te Tiriti o Waitangi audit obligations.

Māori Partners: We value our partnership with Māori. In working with our Māori partners we have developed a mutual respect and a shared understanding. Watercare supports the Auckland Water Strategy's commitment to partnering with Mana Whenua to achieve the vision of te Mauri o te Wai o Tāmaki Makaurau and working together to advance our core interests in water and the environment.

Watercare has a dedicated Te Rua Whetū team, that oversees implementation and monitoring of the Māori Outcomes Plan and provides wider support to kaimahi on Te Ao Māori and kaupapa Māori issues. Watercare has developed effective working relationships with mana whenua and mātaawaka to ensure we uphold our obligations and responsibilities derived from Te Tiriti o Waitangi and to achieving better outcomes for Māori.

Watercare is committed to building strong partnerships with mana whenua and mātāwaka (Auckland Māori who are not part of a mana whenua group). This includes aligning with Council's Mana ki te Mana (power to power) approach to Māori engagement, where relationships take precedence over issues or projects. This approach respects the unique mana motuhake (self determination) of each iwi and mātāwaka entity by prioritising their needs and aspirations. These needs and aspirations are reflected in Watercare's refreshed Māori Outcomes Plan including key initiatives and deliverables based on Tāmaki Ora, the new Māori outcomes measuring framework for Auckland Council, the Houkura Issues of Significance, and Watercare's own engagement with Māori.

SOI performance measures related to the above activities are set out in **Appendix C**.

6. 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.

Climate Change: The effects of climate change are increasingly evident, posing significant risks to our infrastructure performance. Over the past five years alone, rainfall has been unpredictable in Auckland – sometimes we have had too little and sometimes too much.

Increased frequency of extreme weather events can create landslides and floods that prevent our teams accessing sites, compromise the integrity of our assets, increase the likelihood of rainwater entering wastewater systems, and can cause untreated water quality in our lakes to deteriorate. Extended dry spells can increase customer demand and reduce supply putting our levels of service for water supply at risk. Sea-level rise has the potential to impact many of our assets and require them to be protected or relocated in future. Adapting to these changes requires substantial investment in resilient infrastructure.

We are aligned to the actions and direction set out in Te Tāruke-ā-Tāwhiri, incorporating climate change considerations, whole of life greenhouse gas emissions and resilience initiatives, and catalysing work programmes and decisions, based on realistic assessments. Alongside this, we have committed to Auckland's regional targets of halving emissions by 2030 and net zero by 2050. To achieve this, Watercare has adopted a range of climate change targets that give direction to the company in taking responsibility for our impacts and establishing ourselves as a low-carbon company including:

- Reducing operational emissions by 50% by 2030
- Net-zero emissions by 2050.

With our built infrastructure emissions, we are revisiting our approach to ensure we take a whole of life view, reflecting the total lifetime emissions impact of new physical assets, including ongoing energy costs, cyclic maintenance and renewal - not just the initial built infrastructure. As this approach is refined, we will confirm any targets for our infrastructure programme.

To achieve our 2030 targets, and improve climate resilience, with a focus on cost effective delivery of climate projects, we have adopted a decarbonisation roadmap which is being refreshed in FY26. The priorities over the coming years include: expanding our solar rollout to more facilities with significant energy demands; investigating options around the use of biogas at our treatment plants; and reducing the intensity emissions from our wastewater treatment processes emissions.

Our operational emissions are largely dominated by emissions from our wastewater treatment and biosolids disposal. Our technical understanding of these emissions sources and possible mitigations is improving, and we have identified that meeting our operational targets will potentially take longer than our targeted date of 2030. Watercare is working with international experts to solve these complex problems.

Reducing nitrous oxide (a very powerful greenhouse gas) from our wastewater processing is a key focus for water utilities globally. Advanced process innovations are being researched but at this point, uncertainty remains on how reductions will be achieved. By the end of FY25 Watercare will have installed online nitrous oxide monitoring at three of our wastewater treatment sites including our largest site at Māngere. These instruments will be used to determine the actual emissions from the sites and identify process optimisation that can reduce emissions. The program of works represents \$2 Million of investment and puts Watercare amongst those leading the way globally in this research. Understanding the current baseline will take some months, allowing a focus on emissions reductions over the next 2 to 3 years.

Biosolids management generates significant amounts of methane (also a powerful greenhouse gas) which can be difficult to capture and manage. A significant portion of Watercare's methane emissions come from the disposal of biosolids from Māngere at Puketutu Island (approx. 25%). This site will be closed in early to mid 2030s and a large work programme is underway to investigate options to resolve. Numerous options are being assessed such as digestion by thermal hydrolysis, landfilling with flaring and various types of incineration such as pyrolysis. Some of these innovative technologies offer good potential benefits, but are not well proven and assessment of their impacts on greenhouse gas emissions is not yet possible. Our goal is to develop a solution for biosolids management by the end of FY26 and the selection process for this solution will include the assessment of the various options on long-term greenhouse gas emissions.

Aligned to the decarbonisation roadmap work, we will complete a robust assessment of our targets for consideration and review by the Watercare Board and in consultation with Auckland Council. However, as discussed above some of the solutions are long term and will take a number of years to identify and prove, to a reasonable level of certainty.

Watercare will continue to report to Council our Scope 1 and 2 greenhouse gas emissions annually, against our SOI target. These will be audited as part of our Statement of Service Performance assurance process. We will also contribute to the preparation of a compliant group climate statement to ensure Auckland Council meets its reporting obligations as a climate reporting entity under the Financial Markets Conduct Act 2013. This includes preparing and maintaining proper climate-related disclosure records as required by Auckland Council and providing information for Auckland Council's Transition Plan. It will also include engaging with Auckland Council's appointed auditor to prepare for assurance over group emissions disclosures.

Health, Safety and Wellbeing (HSW) of our kaimahi: We are committed to providing a safe workplace. Our approach to safety leadership is consistent with modern safety philosophies and practice, documented by the Australasian standard for health and safety at work, AS/NZS ISO 45001. This is an international standard, which means our health and safety management system is structured similar to those in UK and European water utilities and aligns with our integrated management systems. The audit report for certification noted that health and safety ownership was embedded across the business and highlighted increased worker engagement and participation in health and safety. The report also identified areas for improvement, including risk management processes and safety equipment management. These areas have either been rectified or are being worked on.

Watercare manages many critical risks, and the presence and effectiveness of the critical controls for those risks is a priority area of focus. Our safety systems focus on the identification and management of critical risks where there is high potential for serious or fatal injuries.

Watercare continues to participate in the ACC Accredited Employer programme, which gives us the ability to have faster access and support for rehabilitation of injured kaimahi, as well as showing a commitment to best practice in injury prevention.

Māori outcomes: Watercare is an active member of the Māori Outcomes Steering Group. The Māori Outcomes Steering Group reports into Council's Executive Leadership Team and the Council Group Chief Executives and has oversight of the long-term plan funding for Māori Outcomes

Watercare's Te Rua Whetū – Māori Outcomes & Relationships Unit, has strong relationships with their counterpart teams at Council and other CCOs, and is committed to exploring opportunities to improve the consistency between CCOs in how they contribute to Kia Ora Tāmaki Makaurau.

Watercare has refreshed its Māori Outcomes Plan and has a new Achieving Māori Outcomes plan that is aligned to the new Council's Tāmaki Ora plan. This will be released during the Matariki phase in early July 2025. It will advance over the next three years to improve social, economic, and cultural wellbeing for Māori throughout Auckland. Watercare will continue to provide Council with regular updates on engagement hui with iwi and mana whenua and mātaawaka including updates relevant to Tāmaki Ora. Progress against the plan including against Key Performance Indicators, is reported to Council quarterly, including via our quarterly reports.

Watercare is committed to:

- working with Ngā Mātārae regarding the review of the Māori Outcomes Fund and to implement the refreshed Kia Ora Tāmaki Makaurau (Tāmaki Ora) framework and strategy. This includes contributing to the design of measures and preparing to align with the rest of the Auckland Council Group on the Achieving Māori Outcomes Plan development, monitoring and reporting for FY27 onwards.

- building strong partnerships with mana whenua and mātaawaka (Auckland Māori who are not part of a mana whenua group). This includes aligning with Council’s Mana ki te Mana (authority, respect, and influence) approach to Māori engagement, where relationships take precedence over issues or projects. This approach respects the unique mana motuhake (self-determination) of each iwi and mātaawaka entity by prioritising their needs and aspirations.
- working collaboratively with Ngā Mātārae and other Māori Outcomes specialists across the Council Group to take whole-of-Council-Group approach to delivering outcomes for Māori.
- continuing to participate in Auckland Council-led activities and hui such as the Kia Ora Tāmaki Makaurau Programme Delivery Board.

SOI performance measures related to the above activities are set out in **Appendix D**.

2.4 Financial statements for the long-term plan

Operating budgets \$ millions	2023/24 Actual	2024/25 Forecast	2025/26 AP26	2026/27 AP 26	2027/28 AP 26
Revenue¹	1,070.5	1,124.9	1,180.4	1,226.7	1,331.9
Fees and Charges	682.8	743.5	827.7	900.3	964.7
Grants and subsidies ²	45.9	22.7	32.2	33.0	15.0
Other revenue	341.8	358.8	320.4	293.4	352.2
Direct expenditure³	437.9	442.6	464.7	405.6	394.5
Employee related costs	125.9	126.3	129.2	123.8	122.8
Grants, contributions, sponsorship		0.0	0.0	0.0	0.0
Other expenditure	311.5	316.3	335.5	281.8	271.6
Net direct expenditure (income)	(632.6)	(682.3)	(715.7)	(821.1)	(937.4)
Funding from Auckland Council					
Revenue from vested assets	(85.7)	(78.2)	(66.5)	(65.4)	(64.4)
Other non-operating income					
Net finance expense	150.3	187.0	221.7	259.5	314.8
Depreciation and amortisation	394.9	409.0	428.8	464.7	471.0
Demolition cost	-	4.4	5.0	5.0	5.0
Net loss on disposal of PPE	9.7	(6.0)	8.0	8.0	8.0
Loss/gain on revaluation of PPE	25.8				
Income tax ⁴	66.8	22.9	18.2	28.0	43.4
Net expenditure (income)	(70.8)	(143.2)	(100.5)	(121.2)	(159.7)

¹ Revenue excludes vested assets and includes WDC gross revenue

² Includes KO and Healthy waters revenue

³ Direct expenditure includes WDC gross expenses

⁴ Income tax - No subvention or prior period adjustments factored into years 2025 – 2028, includes adjustment for tax depreciation

Net direct expenditure by area					
\$ millions	2023/24 Actual	2024/25 Forecast	2025/26 AP26	2026/27 AP 26	2027/28 AP 26
Net direct expenditure (income)	(632.6)	(682.3)	(715.7)	(821.1)	(937.4)
Wastewater Service	(442.8)	(477.6)	(501.5)	(562.1)	(643.9)
Water Supply	(189.8)	(204.7)	(214.1)	(259.0)	(293.4)

Specific expenditure towards Māori outcomes

\$ millions	2023/24 Actual	2024/25 Forecast	2025/26 AP26	2026/27 AP 26	2027/28 AP 26
Iwi engagement on Watercare projects	1.4	1.4	1.4	1.5	1.5

Other financial information

Current value of assets	The current value of Watercare's assets as 30 June 2024 was \$16.0 billion as disclosed in the audited financial statements.				
Accounting policies	Watercare's accounting policies are consistent with Auckland Council's group policies				
Financial reporting	Watercare's financial reporting to Auckland Council will be in accordance with the requirements of the group.				
Shareholder equity ratio (GAAP)	62%	60%	60%	58%	56%

Sources and uses

\$ millions	2023/24 Actual	2024/25 Forecast	2025/26 AP26	2026/27 AP 26	2027/28 AP 26
-------------	-------------------	---------------------	-----------------	------------------	------------------

Uses of capital funding

- to meet additional demand	436.1	354.6	395.2	747.2	807.4
- to improve level of service	263.0	255.9	191.0	145.4	165.1
- to replace existing assets	346.7	473.5	463.8	480.6	427.1
Total capital expenditure	1,045.8	1,084.0	1,050.0	1,373.2	1,399.6

Sources of capital funding

Infrastructure growth charge	197.8	201.5	179.9	226.2	283.5
Debt	613.5	588.2	576.5	803.8	792.7
Operating surplus	265.2	271.7	298.8	311.9	311.7
Movement in capital WIP and cash	(30.6)	22.7	(5.2)	31.3	11.7
Total funding for capital expenditure	1,045.8	1,084.0	1,050.0	1,373.2	1,399.6

Detailed capital expenditure list (\$million)	2023/24 Actual	2024/25 Forecast	2025/26 AP26	2026/27 AP 26	2027/28 AP 26
Capital expenditure	1,045.8	1,084.0	1,050.0	1,373.2	1,399.6
Water sources					
Business Assets	11.0	5.4	21.6	4.8	4.9
Digital Assets	0.9	0.1	0.0	0.3	0.0
Flood Recovery Works	3.6	4.7	0.4	0.0	0.0
Southwest Wastewater Scheme	0.0	0.0	0.0	0.4	0.0
Water Collection & Treatment Assets	17.2	16.0	20.2	48.8	23.4
Ardmore Water Treatment Plant	2.5	7.9	13.1	10.7	3.3
Huia Water Supply	23.2	24.7	25.3	35.3	66.3
North Harbour 2 Watermain	1.6	3.8	24.4	186.8	232.8
Waikato Water Supply	9.4	7.7	18.7	19.5	27.2
Waiuku Water Supply	0.8	5.7	6.2	14.9	12.1
Water Network Assets	146.7	162.5	169.3	263.0	192.7
Projects supporting Kianga Ora	31.8	34.7	22.2	13.2	4.0
Water total	248.6	273.3	321.4	597.6	566.7
Wastewater networks					
Business Assets	20.2	17.3	20.7	16.3	16.9
Flood Recovery Works	1.8	10.4	2.7	0.0	0.0
Central Interceptor	404.3	320.0	119.5	0.0	0.0
Wastewater Network Assets	91.1	90.9	163.1	129.8	120.4
Orakei Main Sewer	19.3	23.2	1.0	14.5	17.5
Otara Wastewater Network	1.6	2.9	14.0	27.5	22.8
Pukekohe Wastewater Scheme	3.6	11.0	23.7	63.5	57.4
Queen Street Wastewater Network	6.6	28.3	54.1	6.7	0.0
Southwest Wastewater Scheme	13.1	40.6	35.6	91.1	186.9
North East Wastewater Programme	119.4	110.6	34.6	15.7	8.7
Waitematā Water Quality Improvement	8.8	16.3	55.3	77.9	104.1
Whenuapai & Redhills Wastewater Scheme	2.4	11.2	29.4	66.5	36.1
Wastewater Treatment Plant Assets	12.8	26.0	28.2	33.9	52.8
Mangere Wastewater Treatment Plant	17.2	27.8	51.9	102.9	81.4
Rosedale Wastewater Treatment Plant	14.4	22.8	43.3	69.2	97.2
Projects supporting Kianga Ora	20.2	5.0	32.7	13.2	13.2
Wastewater total	756.7	764.2	709.9	728.7	815.4
Shared services					
Business Assets	19.9	23.9	(0.1)	8.9	9.1
Digital Assets	17.4	22.6	18.5	37.3	7.8
Flood Recovery Works	3.3	(0.1)	0.2	0.0	0.0
Water Collection & Treatment Assets	0.0	0.0	0.0	0.6	0.6
Water Network Assets	0.0	0.0	0.0	0.0	0.0
Shared service programmes	40.6	46.4	18.7	46.8	17.5
Capital expenditure	1,045.8	1,084.0	1,050.0	1,373.2	1,399.6

2.5 Prospective statement of comprehensive revenue and expenses

For the year ended 30 June 2024

	2023/24 Actual \$000	2024/25 Forecast \$000	2025/26 AP26 \$000	2026/27 AP 26 \$000	2027/28 AP 26 \$000
Revenue ¹	1,085,078	1,138,081	1,177,561	1,291,984	1,396,207
Total revenue	1,085,078	1,138,081	1,177,561	1,291,984	1,396,207
Operating expenses					
Asset operating costs	(93,220)	(121,621)	(127,883)	(137,179)	(136,751)
Maintenance costs	(90,535)	(83,877)	(86,625)	(85,911)	(85,236)
Employee benefit expenses	(98,706)	(98,692)	(105,484)	(104,615)	(103,793)
Other expenses	(84,558)	(73,370)	(75,439)	(77,863)	(68,671)
Total operating expenses	(367,019)	(377,560)	(395,432)	(405,568)	(394,451)
Depreciation & Amortisation	(394,669)	(408,981)	(428,805)	(464,733)	(470,971)
Finance costs	(150,275)	(187,005)	(221,781)	(260,044)	(315,060)
Total expenses	(911,963)	(973,547)	(1,046,017)	(1,130,345)	(1,180,482)
Operating surplus from trading operations	173,115	164,535	131,544	161,639	215,725
Demolition	-	(4,447)	(5,000)	(5,000)	(5,000)
Net loss on disposal of property, plant and equipment	(9,682)	6,012	(8,000)	(8,000)	(8,000)
Operating surplus before tax	163,433	166,100	118,544	148,639	202,725
Income tax expense	(66,825)	(22,912)	(18,152)	(27,845)	(43,273)
Net surplus for the year from continuing operations	96,608	143,188	100,391	120,794	159,452
Net surplus for the year	96,608	143,188	100,391	120,794	159,452
Other comprehensive revenue and expense net of tax					
Loss/Gain on revaluation of property, plant and equipment	(25,792)	-	-	-	-
Total comprehensive revenue and expense for the year, net of tax	70,816	143,188	100,391	120,794	159,452
Attributable to:					
Owner of the parent, net of tax	70,816	143,188	100,391	120,794	159,452
Non-controlling interest, net of tax	-	-	-	-	-
	70,816	143,188	100,391	120,794	159,452

¹ Includes vested assets and WDC Margin

Prospective statement of financial position

As at 30 June 2024

	2023/24 Actual \$000	2024/25 Forecast \$000	2025/26 AP26 \$000	2026/27 AP 26 \$000	2027/28 AP 26 \$000
Assets					
Current					
Cash and cash equivalents	23,611	5,115	5,115	5,217	5,217
Restricted cash	24,678	29,658	32,675	23,130	12,965
Trade and other receivables from exchange transactions	138,341	145,644	159,280	170,535	181,847
Inventories	20,435	28,937	32,029	31,707	31,299
Prepaid expenses	10,547	9,952	9,988	10,136	10,322
Other financial assets	6,988	-	-	-	-
Total current assets	224,600	219,306	239,086	240,726	241,650
Non-current					
Property, plant and equipment	16,046,002	16,791,246	18,515,907	19,493,920	20,473,820
Intangible assets and goodwill	86,745	100,715	91,974	79,785	84,841
Inventories	6,946	6,946	6,946	6,946	6,946
Prepaid expenses	30,326	28,902	27,648	26,419	25,189
Other financial assets					
Total non-current assets	16,170,019	16,927,810	18,642,475	19,607,070	20,590,797
Total assets	16,394,619	17,147,116	18,881,561	19,847,796	20,832,447
Liabilities					
Current					
Trade and other payables for exchange transactions	34,153	37,037	37,692	34,759	31,104
Accrued expenses	159,613	149,228	146,861	169,949	169,764
Provisions	12,931	14,477	15,673	15,551	15,397
Total current liabilities	206,697	200,743	200,225	220,259	216,264
Non-current					
Borrowings	3,567,495	4,155,677	4,733,544	5,538,263	6,331,888
Deferred tax liability	2,465,539	2,488,451	2,506,603	2,534,449	2,577,722
Trade and other payables for exchange transactions	19,370	23,414	25,582	18,498	10,874
Accrued expenses	9,736	9,565	9,480	9,431	9,383
Provisions	12,085	12,381	12,626	12,601	12,569
Total non-current liabilities	6,074,225	6,689,488	7,287,835	8,113,242	8,942,436
Total liabilities	6,280,922	6,890,231	7,488,060	8,333,501	9,158,700

	2023/24 Actual \$000	2024/25 Forecast \$000	2025/26 AP26 \$000	2026/27 AP 26 \$000	2027/28 AP 26 \$000
Equity					
Equity attributable to owners of the parent					
Retained earnings	4,718,784	4,861,985	4,962,376	5,083,170	5,242,622
Revaluation reserves	5,134,207	5,134,207	6,170,432	6,170,432	6,170,432
Issued capital	260,693	260,693	260,693	260,693	260,693
Capital Reserve	-				
Total equity attributable to owners of the parent	10,113,684	10,256,885	11,393,501	11,514,295	11,673,747
Non-controlling interest	-	-	-	-	-
Total equity	10,113,684	10,256,885	11,393,501	11,514,295	11,673,747
Total equity and liabilities	16,394,606	17,147,116	18,881,561	19,847,796	20,832,447

Prospective statement of changes in equity

For the year ended 30 June 2024

	2023/24 Actual \$000	2024/25 Forecast \$000	2025/26 AP26 \$000	2026/27 AP 26 \$000	2027/28 AP 26 \$000
Balance at 1 July 2023	10,042,881	10,113,697	10,256,885	11,393,501	11,514,295
Difference in actuals and forecast					
Net Surplus for the year	96,608	143,188	100,391	120,794	159,452
Movements in non-controlling interest	-		-	-	-
Total Comprehensive Income	96,608	143,188	100,391	120,794	159,452
Gain on revaluation of property, plant & equipment	(25,792)	-	1,036,225	-	-
Transfer between reserves on disposal of property, plant & equipment	-		-	-	-
Total other comprehensive income and expense	(25,792)	-	1,036,225	-	-
Balance at 30 June 2024	10,113,697	10,256,885	11,393,501	11,514,295	11,673,747

Prospective Statement of Cashflows
For the year ended 30 June 2024

	2023/24 Actual \$000	2024/25 Forecast \$000	2025/26 AP26 \$000	2026/27 AP 26 \$000	2027/28 AP 26 \$000
Operating Activities					
Cash receipts from					
Customers	1,002,758	1,050,088	1,096,347	1,214,317	1,319,789
Dividends	155	-	-	-	-
Interest	2,345	2,450	1,078	1,029	740
Total cash from operating activities	1,005,258	1,052,538	1,097,425	1,215,346	1,320,529
Cash applied to					
Employees and suppliers	(392,058)	(392,384)	(396,967)	(417,192)	(410,309)
Net cash inflows - operating activities	613,200	660,154	700,457	798,154	910,220
Investing activities					
Cash applied to					
Purchase and construction of property, plant and equipment	(1,032,248)	(1,074,847)	(1,052,184)	(1,351,352)	(1,398,031)
Net cash outflows - investing activities	(1,032,248)	(1,074,847)	(1,052,184)	(1,351,352)	(1,398,031)
Financing activities					
Cash provided from					
Proceeds from Auckland Council - related party	1,162,555	1,072,500	-	-	-
Proceeds from external party borrowings - bonds and RCF			1,042,809	1,734,053	1,722,609
Cash applied to					
Repay loans and interest from Auckland Council	(699,334)	(671,323)	(653,158)	(1,078,690)	(1,034,666)
Repay interest on external party borrowings			(34,908)	(111,607)	(210,297)
Net cash inflows / (outflows) from financing activities	463,221	401,177	354,743	543,756	477,646
Net change in cashflows	44,173	(13,515)	3,017	(9,442)	(10,165)
Cash and cash equivalent / (overdraft) at the beginning of the year	4,115	48,289	34,773	37,790	28,348
Cash and cash equivalent / (overdraft) at the end of the year	48,289	34,773	37,790	28,348	18,183
Cash and cash equivalent comprises					
Bank balances / (overdraft)	23,611	5,115	5,115	5,217	5,217
Restricted cash	24,678	29,658	32,675	23,130	12,965
Cash and cash equivalent / (overdraft) at the end of the year	48,289	34,773	37,790	28,348	18,183

Significant Accounting Policies

Reporting entity

These financial statements are for Watercare Services Limited, incorporated and domiciled in New Zealand and a council-controlled organisation (CCO) wholly owned by Auckland Council, as defined in the Local Government Act 2002. The consolidated financial statements of the group (hereafter referred to as the financial statements) are for the economic entity of Watercare and its subsidiaries (Watercare or the group). The group's registered office and principal place of business is at 73 Remuera Road, Remuera, Auckland 1050, New Zealand.

Watercare's objective is governed by section 57 of the Local Government (Auckland Council) Act 2009, which states that Watercare must:

- manage its operations efficiently with a view to keeping the overall costs of water supply and wastewater services to its customers (collectively) at the minimum levels consistent with the effective conduct of its undertakings and the maintenance of the long-term integrity of its assets; and
- not pay any dividend or distribute any surplus in any way, directly or indirectly, to any owner or shareholder.

Any financial return is reinvested back into the business or used to repay debt.

Watercare's operations are also governed by the Local Government Act 2002, and it is audited under the Public Audit Act 2001. Watercare is a public-sector public benefit entity (PBE) as defined under the External Reporting Board (XRB) Standard A1.

Basis of preparation

Watercare is a company registered under the Companies Act 1993. The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 2013, the Local Government Acts 1974 and 2002, the Local Government (Auckland Council) Act 2009 and the Companies Act 1993.

These financial statements have been prepared on a historical cost basis, except for land and buildings, certain infrastructural assets and financial instruments, which are measured at fair value, as disclosed in the notes to the financial statements. These financial statements are presented in New Zealand dollars. All values are rounded to the nearest thousand dollars (\$000), unless otherwise stated. All items in the financial statements are stated exclusive of Goods and Services Tax (GST), except for receivables and payables, which include GST. The net amount of GST recoverable from or payable to Inland Revenue is included as part of receivables or payables in the statement of financial position. The prospective financial statements have removed capitalised interest to align with council policy and this has been restated in prior years. The restated actuals have not been audited.

Statement of compliance

The group applies New Zealand PBE accounting standards (PBE standards). The financial statements and accounting policies comply with the specific recognition, measurement and disclosure requirements of the PBE standards and New Zealand Generally Accepted Accounting Practice (NZ GAAP) and Authoritative Notices that apply to entities applying PBE standards.

Budget figures

The budget figures presented are as approved by the annual Long Term Planning budget process. The budget figures were prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by Watercare in preparing these financial statements. The budget figures included in the financial statements are for the controlling entity (Watercare) and therefore exclude the budget for its subsidiaries. The budgets of the subsidiaries are immaterial to the consolidated group.

Critical accounting estimates and judgments

The group is required to make judgments, estimates and assumptions about carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and judgments are based on historical experience and other relevant factors. Actual results may differ from the estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to estimates are recognised in the period in which the estimate is revised or in the current and/or future period(s) which the revisions affect. Refer to the notes in the 2024 Annual Report below for a discussion of estimates and judgments in applying the accounting policies.

- Revaluation of property, plant and equipment, note 6,
- Unbilled revenue estimate, note 16,
- Provisions, note 22.

Finance costs

Finance costs consist of interest and other costs that are incurred in connection with the borrowing of funds.

Basis of consolidation

Consolidation of a subsidiary begins when Watercare obtains control over the subsidiary and ceases when Watercare loses control of the subsidiary. The group controls an entity when it has the power to govern the financial and operating policies of the entity so as to benefit from its activities. The results of the subsidiary acquired or disposed of during the year are included in the statement of comprehensive revenue and expense from the date Watercare gains control until the date when Watercare ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of the subsidiary to bring the accounting policies used in line with the group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the group are eliminated on consolidation.

Non-controlling interests in the subsidiary are identified separately from the group's equity. Those interests of non-controlling shareholders are initially measured at the non-controlling interests' proportionate share of the carrying amount of the subsidiary's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Adoption of new and revised PBE accounting standards, interpretations and amendments

Watercare adopted *PBE IPSAS 41 Financial Instruments* and *PBE FRS 48 Service Performance Reporting* for the first time on 1 July 2022. Neither standard has a material effect on Watercare's financial statements.

Effective 1 July 2022, Watercare adopted *PBE IPSAS 41 Financial Instruments*. PBE IPSAS 41 replaces PBE IPSAS 29 *Financial Instruments: Recognition and Measurement* and PBE IPSAS 41 also supersedes PBE IFRS 9 *Financial Instruments*. The adoption of PBE IPSAS 41 did not result in a material adjustment to previously reported results.

Effective 1 July 2022, Watercare adopted *PBE FRS 48 Service Performance Reporting*. PBE FRS 48 replaces the service performance reporting requirements of *PBE IPSAS 1 Presentation of Financial Statements*. This adoption of *PBE FRS 48 Service Performance Reporting* resulted in the disclosure of judgements used in the selection, measurement and aggregation of service performance information.

All other standards, interpretations and amendments approved but not yet effective in the current year are either not applicable to the group or are not expected to have a material impact on the financial statements and, therefore, have not been disclosed.

Appendix A: Delivering safe and reliable water and wastewater services to Aucklanders 24/7

#	Measure	Source	2024 actual	2025 SOI target	Next three-year targets		
					2026	2027	2028
1.	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*	Taumata Arowai Quality Assurance Rule	100%	100%	100%	100%	100%
2.	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*	Taumata Arowai Quality Assurance Rule	100%	100%	100%	100%	100%
3.	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*	Taumata Arowai Quality Assurance Rule	100%^	100%	100%	100%	100%
4.	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*	Taumata Arowai Quality Assurance Rule	100%	100%	100%	100%	100%
5.	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	Taumata Arowai Quality Assurance Rule	100%	100%	100%	100%	100%
6.	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*	DIA and Taumata Arowai Quality Assurance Rule	100%	100%	100%	100%	100%
7.	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*	DIA and Taumata Arowai Quality Assurance Rule	100%	100%	100%	100%	100%
8.	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*	DIA and Taumata Arowai Quality Assurance Rule	100%	100%	100%	100%	100%
9.	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.	DIA	7.8	≤10	≤10	≤10	≤10
10.	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	DIA	43 min	≤60 mins	≤60 mins	≤60 mins	≤60 mins

#	Measure	Source	2024 actual	2025 SOI target	Next three-year targets		
					2026	2027	2028
	(minutes).						
11.	Median response time for resolution of urgent calls-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption (Water , rolling 12 mth average).	DIA	3.9 hours	≤ 5 hours	≤ 5 hours	≤ 5 hours	≤ 5 hours
12.	Median response time for attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site (Water , rolling 12 mth average).	DIA	0.8 days	≤ 5 days	≤ 5 days	≤ 5 days	≤ 5 days
13.	Median response time for resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption (Water , rolling 12 mth average).	DIA	1.0 days	≤ 6 days	≤ 6 days	≤ 6 days	≤ 6 days
14.	The percentage of real water loss from the local authority's networked reticulation system.	DIA	12.4%	≤13%	≤13%	≤13%	≤13%
15.	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.	DIA	(a) 0 (b) 0 (c) 0 (d) 0	(a) ≤2 (b) ≤2 (c) ≤2 (d) 0	(a) ≤2 (b) ≤2 (c) ≤2 (d) 0	(a) ≤2 (b) ≤2 (c) ≤2 (d) 0	(a) ≤2 (b) ≤2 (c) ≤2 (d) 0
16.	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.	DIA	19.5	≤50	≤50	≤50	≤50
17.	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).	DIA	84 mins	≤75 mins^	≤90 mins# (LTP Target = 75 min)	≤90 mins# (LTP Target = 75 min)	≤90 mins# (LTP Target = 75 min)
18.	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.	DIA	3.4 hours	≤ 5 hours	≤ 5 hours	≤ 5 hours	≤ 5 hours
19.	The number of dry weather overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system.	DIA	0.5	≤ 5	≤ 5	≤ 5	≤ 5
20.	Average number of wet-weather overflows per engineered overflow point per discharge location (12-month rolling average).	Network Discharge Consent	0.4	≤2 overflows per year	≤2 overflows per year	≤2 overflows per year	≤2 overflows per year

^ Where we recorded non-compliant samples, we took prompt action and there was no risk to public health, as confirmed by Wai Comply in their independent assessment.

*Three Drinking Water Quality Assurance measures at items 6, 7 and 8 also became DIA Non-Financial Performance Measure Rules on 21 August 2024.

All of the above DIA Non-Financial Performance Measures are also Auckland Council Long Term Plan measures.

P1 and P2 results to be reported as well as combined total.

Appendix A1: Watercare Charter Section 29 – minimum quality service standards

#	Measure	Charter Clause	Next three-year targets		
			2026	2027	2028
21.	Monthly median resolution time for resolving urgent water supply call-outs: from the time that Watercare receives notification of the call-out, until time Watercare receives notification that the person employed/engaged to respond to the call out that they have resolved the call out (12 month rolling average).	7(1)(a)	≤5 hours	≤5 hours	≤5 hours
22.	Monthly median resolution time for resolving non-urgent water supply: from the time that Watercare receives notification of the call-out, until the time Watercare receives notification that the person employed/engaged to respond to the call out that they have resolved the call out(12 month rolling average).	7(1)(b)	≤6 days	≤6 days	≤6 days
23.	Number of unplanned water supply interruptions within Watercare's networked reticulation system expressed per 1000 water supply connections (12 month rolling average).	8	<10	<10	<10
24.	The number of wastewater overflows, expressed per 1000 wastewater connections (12 month rolling average).	9	≤5	≤5	≤5
25.	Median resolution time for resolving wastewater overflows: from the time Watercare receives notification of the overflow until when Watercare receives notification from the person employed /engaged to respond to the overflow that they have resolved the overflow (12 month rolling average).	10	≤5 hours	≤5 hours	≤5 hours
26.	Volume of real water loss from Watercare's supply network (litres per water supply connection per day) (12 month rolling average).	11	≤140	≤140	≤140

Appendix B: Building and renewing the necessary water and wastewater infrastructure to improve resilience and maintain service levels for our customers

#	Measure	Source	Next three-year targets		
			2026	2027	2028
27.	Capital expenditure	Watercare	\$1.05b	\$1.37b	\$1.4b

Appendix C: Strengthening our relationships with customers, developers, community stakeholders, and our Māori partners

#	Measure	Source	2024 actual	2025 SOI target	Next three-year targets		
					2026	2027	2028
28.	Community trust score.	Watercare	60%	≥55%	≥55%	≥55%	≥55%
29.	Customer Net Satisfaction Score*.	Watercare	55	≥45	≥45	≥45	≥45
30.	The average consumption of drinking water per day per resident within the territorial authority district (*litres/plus/minus 2.5%) (12-month rolling average). (Gross PCC)	Council required measure - SOI	252 litres	253 litres	Council has proposed a new methodology for this measure, which will result in new targets for the next three years. Targets will be communicated to the Council as soon as they are set. We are still committed to achieving the target for FY51 set out in the Auckland Water Strategy.		
31.	The average consumption of drinking water per day per resident within the territorial authority district (*litres plus/minus 2.5%) (12-month rolling average).	DIA	Existing DIA measure (see no. 30 above) with a new methodology	N/A	Methodology still being determined by the DIA. Targets will be communicated to the Council as soon as they are set.		

#	Measure	Source	2024 actual	2025 SOI target	Next three-year targets		
					2026	2027	2028
	Note: Calculation is based on bulk supply minus commercial consumption, divided by connected population (Residential PCC)						
32.	Percentage of customer complaints resolved within ten days of notification.	Watercare	99.3%	≥95%	≥95%	≥95%	≥95%

+ Customer Net Satisfaction Score includes, amongst many other things, a measure of the new connections performance, but not the developer experience end-to-end.

Appendix D: Improving our organisation performance in relation to our core strategic outcomes

#	Measure	Source	2024 actual	2025 SOI target	Next three-year targets		
					2026	2027	2028
33.	Ratio of procurement sourced through Māori-owned businesses*.	Watercare	2.4% against the target of 3%	5%	5%	5%	5%
34.	Operational greenhouse gas (GHG) performance. We will implement Mitigation measures in line with our emissions reduction targets (scope 1 and 2). Note: these targets now include emissions from Puketutu island Previously set targets, excluding Puketutu, are shown in orange.	Watercare	66,539 tonnes CO ₂ e	<139,170 tonnes CO ₂ e <89,900 tonnes CO ₂ e	<108,000 tonnes CO ₂ e <85,000 tonnes CO ₂ e	<103,000 tonnes CO ₂ e <80,000 tonnes CO ₂ e	<98,000 tonnes CO ₂ e <75,000 tonnes CO ₂ e

*Addressable spend, including through design, construction, maintenance and subcontracting suppliers.

The GHG values for 2026-2028 have been revised and updated in the following way:

- The projection of increased GHGs in the future have been updated with the most recent Auckland Council projections referred to as ASGv1.
- Potential emissions reductions were revised from 2026 to 2028 and updated with current timing and understanding. The main reductions are due to the reduction of nitrous oxide emissions from wastewater treatment and purchase of carbon free electricity.
- Some calculation errors we resolved reducing a significant over estimation of emissions from Puketutu Island.

The revision of the next SOI for 2026-2029 will include refinement of the population growth projection including some increases in emissions such as the new Central Interceptor pump station.

Appendix E: Delivering our services and infrastructure projects efficiently, keeping a strong focus on operating costs, so we can minimise water charges

#	Measure	Source	2024 actual	2025 SOI target	Next three-year targets		
					2026	2027	2028
35.	Percentage of household expenditure on water supply services relative to average household income.	Watercare	0.81%	<1.5%	<1.5%	<1.5%	<1.5%

Appendix F: Additional targets set out in the Watercare Charter

#	Measure	Charter Clause	Next three-year targets		
			2026	2027	2028
36.	Maximum Allowable Revenue from prices for providing water supply and wastewater supply services.	14	\$845.10m	\$919.22m	\$985m
37.	Minimum allowable average increase in average infrastructure growth charges.	17	15.5%	20%	11.2%
38.	Credit rating.	30	Watercare must maintain at least an investment grade credit rating on a stand-alone basis. If Watercare's credit rating is assessed by more than one specified credit-rating agency, all assessments must be at least investment grade.		