

# Quarterly Performance Report

# Watercare

2024/2025 Quarter 1

For the 3 months ended 30 September 2024



# Q1 – At a glance

## Executive Summary

It has been a busy start of the financial year! We published our 2024 annual report mid-September summarising our performance, reflecting on the challenges and successes of 2023/24, while outlining where we need to focus our efforts going forward.

In early September 2024, the Local Water Done Well bill was formally enacted – of most interest to us is the crown monitor, Watercare charter and regulatory provisions outlined in the Act to enable oversight of us as a financially independent entity from July 2025 onwards. Our staff have been working to an incredibly tight timeline to ensure that all the necessary information and work is undertaken to ensure we can be financially independent on 30 June 2025. To date, we have already shared an information memorandum with two credit rating agencies, Moody's and S&P, outlining Watercare. We expect to get their feedback in November 2024. We also welcomed the Commerce Commission Chair, Dr John Small and his colleagues at our October 2024 Board meeting, as they take their role as our Crown Monitor. The Crown Monitor role is an important part of our interim economic regulatory regime which will be in place until full economic regulation is set up over the coming years. Meanwhile, the Department of Internal Affairs (DIA) and Auckland Council are working on a charter for Watercare, which will cover service expectations, price path, investment and outcomes. In parallel our teams are working on the Watercare Business Plan, which is also a requirement of the legislation. We have a dedicated programme manager in place to manage the delivery of these various streams as any deviation from the tight timeline will put the 30 June 2025 deadline at risk.

Over the last few months, we have had to put in place development controls in areas where our treatment plants are reaching capacity i.e. Warkworth and Wellsford. In these areas, and elsewhere in Auckland, there are a number of developers looking to develop land out of sequence with the timing of the Future Development Strategy (FDS). The communities, developers, councillors and local board members have been kept up to date with these developments. In line with our SOI 2024-2027 commitments, we are collaborating with Council and Auckland Transport to align with Council's position in relation to Private Plan Changes that do not conform to the Future Development Strategy.

In February 2024, we agreed with Waikato District Council (WDC) that our contract with them would end on 30 June 2026. However, after subsequent discussions with WDC, we have agreed to extend the contract by another two years, with the revised end date being 30 June 2028. This extension of time gives WDC a bit of breathing room while it firms up what the district's future water services look like under the Government's Local Water Done Well policy. Given our long and valued relationship, we are happy to support WDC through this process, as it works towards its desired outcome under water reform.

Total storage remained below target during September 2024, but rainfall in early October 2024, combined with Waikato production being increased over budget, has improved our position.

## Financial Performance

**Capital delivery:** The capital spend to 30 September 2024 was \$237m vs budget of \$310m, \$73m unfavourable. Upon reflection the spend across the year was incorrectly phased and as we are below forecast, we are reshaping our plan for the year to catch up some of these. We will be able to provide a more accurate forecast in Q2. In Q1, \$56m was spent towards water supply investment against a YTD budget of \$86m; \$181m was spent towards wastewater investment against the YTD budget of \$224m. Full year spend for both water and wastewater will be reviewed and reported to Council via our Q2 report. The wider renewals programme is currently \$25m behind plan YTD, however, this is expected to ramp up over the rest of the year as we come into the drier months.

The Central Interceptor Programme current forecast spend for the year may be lower than budget, but construction remains on track. However, this is due to resequencing of activities and the receipt of a more definitive programme for the Point Erin works. A number of larger construction projects have had lower than expected spend YTD including the Huia 1 and Nihotupu 1 Watermain Replacement, Sylvia Park Rising Main rehabilitation, KO Wesley Stage 2 Watermain, East Coast Bays Link Sewer Upgrade and WIWQIP Herne Bay Wastewater Branch 5 Upgrade. However, the majority of these projects are expected to largely recover their YTD spend deficits.

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

**Direct revenue:** YTD \$20m favourable to plan. Water and Wastewater revenue charges are \$3.9m favourable to plan reflecting higher than anticipated consumption volumes. Other direct revenue is \$17m favourable to plan YTD. Infrastructure Growth Charges (IGCs) and developer revenues are \$18.5m favourable YTD along with third party damage, interest and rental income. These are partially offset by WDC contract revenue which is \$4.1m down on plan YTD due to lower than anticipated capital project work. Annual plan assumed \$11.7m in insurance revenue related to the FY23 floods, the claim continues to progress.

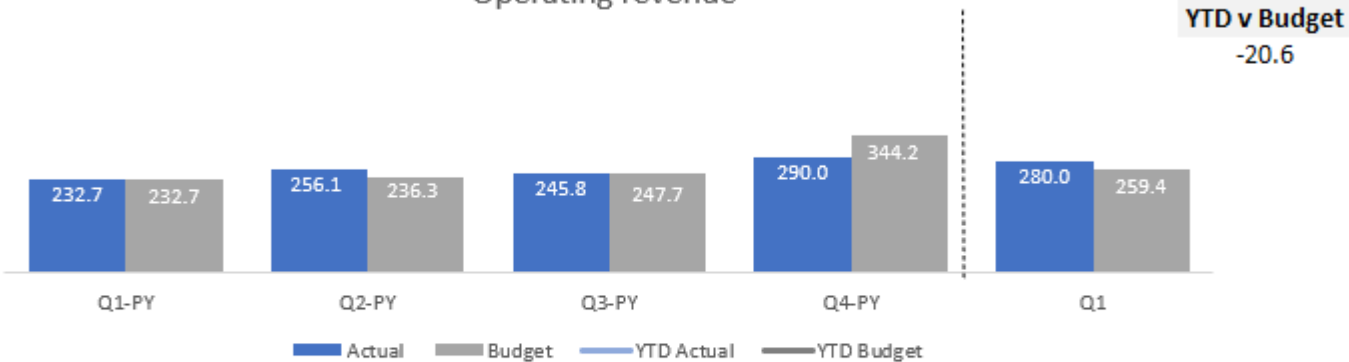
**Direct expenditure:** YTD \$13m favourable to plan. WDC costs are down \$4.1m YTD due to lower capital project work. A slower than anticipated ramp up of spend associated with financial independence and the Human Resource Information System (HRIS) project are also contributors to the favourable result YTD. However, this spend is expected to increase over the coming months. Other plant operating costs make up the balance of the favourability YTD due to timing differences in tankering costs and plant professional and technical costs. Maintenance costs are in line with plan YTD with lower than anticipated faults in our central network area offsetting ongoing flood related costs YTD.

We have \$1.4m of unbudgeted expenditure in FY25, which will be payable to the Crown to reimburse it for preparing the Watercare Charter (DIA) and then monitoring the Charter (Commerce Commission). Costs in future financial years, while Watercare is subject to interim economic regulation by the Commerce Commission, are estimated to be approximately \$1.4m per annum.

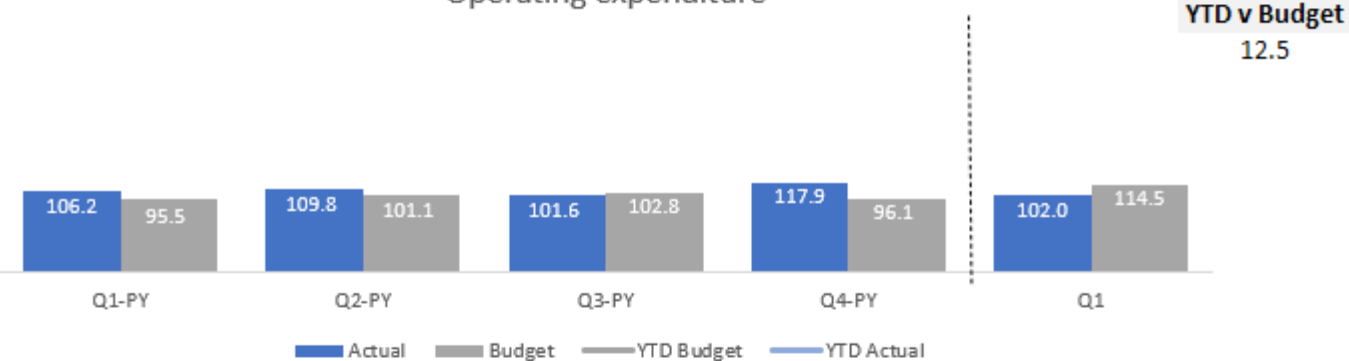
*Note: for more details on financials, please refer to Financials section.*

## 1 Group Performance Reporting

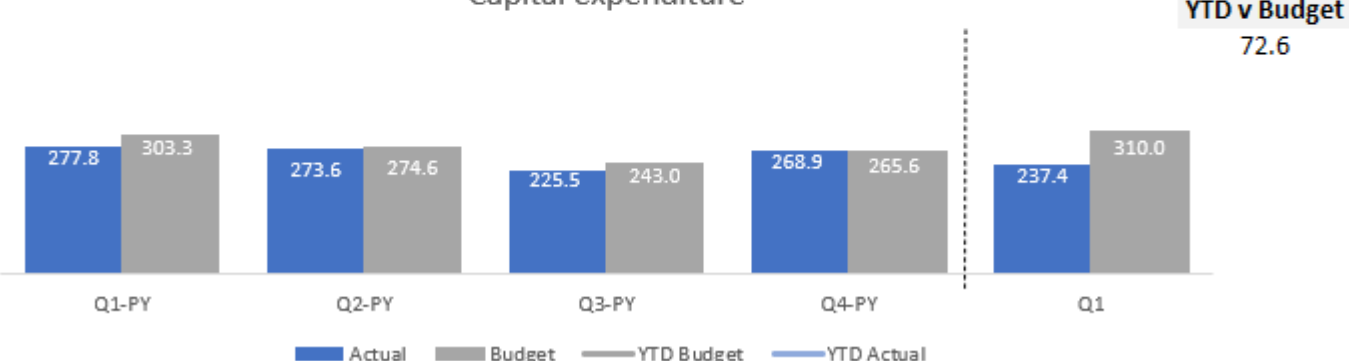
### Operating revenue



### Operating expenditure



### Capital expenditure





## Highlights, Issues/Risks

The Central Interceptor's Hiwa-i-te-Rangi Tunnel Boring Machine (TBM) has travelled 13-kilometres since leaving Māngere Wastewater Treatment Plant in 2021, travelling under the Manukau Harbour and the Hillsborough Ridge (110m, the deepest section of her journey) to get to Western Springs. This was a special milestone as when the construction contract was signed with Ghella Abergeldie JV back in 2019, the original end point for the tunnel was here. Since then, the Board has agreed to extend the tunnel twice more, with the final destination now Point Erin, with the TBM due to reach there in mid-2025.

To ensure we are set up for success and the delivery of Local Water Done Well, we realigned our leadership team in July 2024 and restructured our functions to deliver our services more cohesively and efficiently. This is one of the critical building blocks for the evolution of Watercare and is key to demonstrating a focus on operational efficiency and programme delivery, especially when we achieve financial independence and prepare to raise our own debt.

Our August results reflected strong employee engagement as we embark on exciting plans for the future. Our engagement score came in at 7.6 out of 10 with an 84% participation rate, showing we have maintained our strong employee engagement for the calendar year to date. Turnover continues to fall and is now 9.5%, and our employee NPS score remained steady at 25. We are encouraged by this as it means we have a great team of loyal and engaged people to deliver for Tāmaki Makaurau given the programme of important work we have to do.

Collective bargaining is underway at present, with a number of collective agreements all falling due for renewal. The PSA has initiated collective bargaining for a new Multi-Employer Collective Agreement (MECA) and we are working with our Auckland Council colleagues on this.



## Key Performance Measures

For the 3 months to 30 September 2024, 30 of the 36 measures are tracked monthly. Six measures are yearly measures.

In Q1, of the 30 measures tracked monthly, 25 measures were met, and five measures were not met.

For a detailed update on the Q1 performance against the SOI measures, please refer to Performance Measure section (pages from 15 to 21).

# Strategic alignment and key policies

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

### Highlights

Under the new drinking water standards, in July, August and September 2024, we maintained microbiological and chemical compliance for our water treatment plants and Distribution Zones.

Full compliance with the Drinking Water Quality Assurance Rules was achieved for cyanobacteria and cyanotoxins compliance.

Overall consent non-compliance for operations decreased to 11 in September 2024, down from 14 in August 2024. Four were technical non-compliances, and seven facilities were affected by non-technical issues. The five of the 11 non-compliances related to Huia WTP, Beachlands WWTP, Army Bay WWTP, Snells Beach WWTP and Wellsford WWTP which all require operational or capital upgrades to permanently resolve the non-compliances.

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

### Issues and Risks

On 11 October 2024, Kordia, our network provider, had a major network issue that impacted Watercare's sites. From 2:27am to 4:40am, all sites were offline, including the control network so treatment plants were offline to central SCADA and the Nerve Centre was blind. Staff were dispatched to major sites to ensure the safe manual operation of these sites. There were no operational issues due to the outage. Plants continued to run (site SCADA unaffected) with no issues. However, losing network visibility of our sites is a cause of significant concern and is being fully investigated. We will be getting a full investigation report on the incident to understand why there was no redundancy in the network design. An update will be provided in the Q2 report.

In September 2024, out of 40 distribution zones, the Laingholm distribution zone did not achieve the residual disinfection compliance due to a software glitch that caused us to miss taking a sample. Three FAC samples are required a week in this zone, with only two collected due to a Laboratory scheduling fault. Based on the levels of FAC, pH, turbidity, E.coli, total coliforms in the Laingholm zone Watercare assessed this issue as being a technical non-compliance and there was no increased risk to public health. A high degree of confidence has been established that the water supply remains safe in the Laingholm zone.

## Auckland Water Strategy

Our assessment of water literacy among Aucklanders reveals a significant knowledge gap among those aged 18-24. As we move forward with our community engagement strategy, we are prioritising outreach to rangatahi (youth), who will be key stakeholders in the development and utilisation of our services in the future. Over the coming month, we will engage directly with young people through a Youth Summit and a Hackathon. These initiatives aim to foster meaningful conversations and explore ways to involve youth in our decision-making processes. Additionally, we are collaborating with Auckland Council's Community Partnering Programme and Sustainable Schools to strengthen our engagement through established community networks.

Currently, 98,000 customers have downloaded our app, enhancing their visibility of water consumption. As summer approaches, we will continue to promote the app to encourage wise water usage among Aucklanders.

A revised plan for smart meters will be presented to the Board in December 2024.

Proactive leak management will continue as noted above, employing new survey methods across supply zones, such as major fittings surveys and lift-and-shift noise loggers. This approach will increase the kilometres surveyed, reduce leak occurrences, and maintain water savings. Pressure management will also continue in FY25, with optimisation efforts in new areas and the installation of intelligent pressure reduction valves and controllers.

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

### Highlights, issues and risks – Water

Key water projects are set out below:

- The Waikowhai Pump Station & Watermain shovel ready project is being delivered between Watercare and Kāinga Ora (KO) and is the largest water project spend year to date. This is slightly ahead of plan and the project is on track to be delivered by March 2025 facilitating major KO redevelopment in Mount Roskill.
- The Wesley Watermain and Bulk Supply Point shovel ready project is slightly behind plan due to delays in letting of the contract for the physical works. This project includes a new bulk supply point, transmission and network piping to enable the growth of 7,200 dwellings proposed by KO in Mount Roskill. The project is due for completion in 2026.
- Work on the Water pipeline renewal programme is expected to ramp up in the coming months.
- The CBD waterpipe renewal project will commence in February 2025 and is on track for the full year.
- Other major water projects that have experienced slower spend year to date include the Penlink water pipeline (phasing), Scott Rd acquisition and designation (timing of consent application), Southern Regional Water renewals and Orewa 3 to Orewa 1 cross connection. However, these are expecting to be on track for the full year.
- A number of projects have been impacted by reprioritisation or planning and consenting delays. These projects include Nihotupu 1 Transmission supply reconfiguration, North Harbour watermain duplication (southern section), Howick main upgrade, Waikato water treatment plant chemical upgrade, St Johns pump station and zone optimization and Woodlands Park reservoir and pipelines. Most of these projects are progressing through the consenting stage.

## Key water projects

Key programme of works	Status	Description	Progress towards key deliverables
North Harbour No.2 Watermain	On track	This pipeline will service growth in north Auckland. It also provides an alternative route for conveying water from the west to the north and will provide security and resilience. The expected completion date for this project is late 2033.	Deferral of funding and changes to pipe route have caused the project to be rephased in recent years. The project team continues to evaluate options to reduce operational and programme delivery risks associated with the rephasing of this work. Planning has progressed with scoping geotechnical investigations, investigative works on Greenhithe Bridge crossing, as well as tie-ins into existing systems which will address key delivery risks. Engaging further with key stakeholders such as Auckland Transport and NZTA is also a focus for addressing any conflicts with planned projects along the route.
Huia Water Treatment Plant replacement	Q1 update	The plant is at the end of its operational life. It needs to be replaced to continue the supply of high-quality water to a growing Auckland. The plant supplies around 20% of Auckland's water from our western supply dams.	We are working through procurement to start geotechnical investigations onsite in December 2024. The Kauri Dieback Risk Management Plan (to enable this work) has been approved. Project design and construction elements were deferred due to AMP (Asset Management Plan) funding constraints and optioneering development for upstream raw water pipelines. A construction start date of 2029 is programmed. A Community Liaison Group (CLG) has been established with ongoing interface as the project progresses.
Nihotupu No.1 and Huia No.1 watermain replacement	On track	This project involves two critical watermains nearing the end of their design lives, which are being replaced. It involves approximately 15km of steel watermain replacement to be laid between Titirangi and Gillies Ave, with the project broken into a number of stages. The expected completion date for this project is 31 October 2025.	Overall project is 96% complete with 62% of it live. Duke St to Winstone Rd – This section has been completed and was lived in late August 2024. Donovan St – We have completed 96% of the section and works are progressing well. We have been working hard to minimise disruption to the public and there is a good working relationship between the project and AT. The works on Heaphy St have been completed and was lived on 1 October 2024. We will need to return to connect the rest of Donovan St to the top of Heaphy St in March/April 2025. St Andrews Rd to Gillies Ave is 45% complete, works are progressing to plan. Nihotupu 1 – Internal approvals have been provided to proceed to detailed design.

## Highlights, issues and risks – Wastewater

Key wastewater projects are set out below:

- The Dunkirk Road Wastewater Pump Station and upgrade was completed in September, on time and under budget. This new pump station can handle flows of up to 225 litres per second and hold up to 700,000 litres of wastewater, greatly reducing the overflows into the Tamaki River and catering for growth in the area.
- The Ōrākei Main Sewer relining project is well underway and on track. In total, we will be relining a 1.6-kilometre section of the sewer from close to the Parnell Train Station to the end of Logan Terrace, during low flow periods over consecutive summers. The works are split into five stages, with construction activities on Stage 1 due to be fully reinstated by December 2024. Stage 2 will then get underway this summer, when we will reline the section from Alberon Reserve back down to the manhole in a carpark on St Georges Bay Road. A 13m deep shaft is required and earthworks are already underway to construct this. Within the reserve, we have managed to keep two walkways open as it is a popular walking spot for locals. Some neighbours to the Stage 2 works will be impacted by construction noise that exceeds allowable limits. We are therefore working with those neighbours to ensure they are not negatively impacted.

- The Sylvia Park Rising Main Rehabilitation project has completed feasibility with the project expected to be completed by the end of FY25.
- Our WWTP renewals programme, now has contractors and procurement arrangements in place for the majority of the programme.

## Key wastewater projects

Key programme of works	Status	Description	Progress towards key deliverables
Central Interceptor	On track	The CI is a 16.2km wastewater tunnel, running from Pt Erin to the Māngere Wastewater Treatment Plant. The CI will increase the capacity of the wastewater network, replace aging infrastructure, and reducing wet weather overflows in the catchment area by around 80%. Please see next section for detailed update on the CI.	
Northern Interceptor	On Track	The objective of this programme is to address existing wastewater overflows and capacity constraints in the western catchment by diverting flows from the Māngere WWTP to Rosedale WWTP. The project comprises wastewater conveyance from Hobsonville PS to Rosedale WWTP.	Physical works are complete for the pipeline from Hobsonville PS to near the Rosedale WWTP. The detailed design of the tie-in of the Northern Interceptor at the Rosedale WWTP is completed. The consent has been lodged by Watercare and granted by Auckland Council. Construction works procurement has been undertaken and negotiations are now on-going with contractors. A draft Stage 2 business case is circulating for approval. The works are scheduled to commence late 2024, early 2025 and be complete by mid-2026.
Sub-regional wastewater servicing – North East	On track	This upgrade will cater for population growth in Warkworth and Snells Beach and will produce high quality wastewater for discharge.	<p><b>Warkworth Local Network:</b> Ongoing coordination with Auckland Transport regarding entrusted works associated with the Northern Branch pipeline section. We are working alongside AT to coordinate our pipeline design and construction when it passes through the Hill Street intersection, which AT is upgrading. Additionally, we are working through our approach to crossing the Mahurangi River. Various options are being considered as part of this assessment.</p> <p>There has been significant local interest in the proposed Southern Branch pipeline route to connect the Northern Branch to Lucy Moore Park Pump Station. Stakeholder Engagement (Rodney Local Board, One Mahurangi and developers) has increased over Q1 on alternative pipeline routes/methodology. A decision on the pipe alignment will be made in December 2024 by the Watercare Board.</p> <p>The local network pipeline will be in service 2028. Wastewater tankering (limited by specific agreements) and connection controls will be required for the Northern Warkworth Growth area until this new pipeline is in service.</p> <p><b>Lucy Moore Park Pump Station:</b> Construction of the new wastewater pump station at Lucy Moore Park is complete. The pump station can only be commissioned with flows once the new Snells WWTP is completed.</p> <p><b>Warkworth to Snells Transfer Pipeline:</b> Tunnelling of 2 of 3 drives complete with internal carrier pipeline installation ongoing. Third and final drive is currently scheduled for practical completion June 2025.</p> <p><b>Snells WWTP:</b> Construction continues with commissioning commencing mid-2025. This will require an extension to the short-term resource consent for the operation of the existing WWTP until commissioning is complete late 2025.</p> <p><b>Snells Outfall:</b> Complete, scheduled 3-week commissioning period once WWTP discharges are available, mid 2025.</p> <p><b>Snells Beach Saline Intrusion:</b> Currently awaiting completion of cultural impact assessment on remediation of 48 manholes and 2km of network piping.</p>



Key programme of works	Status	Description	Progress towards key deliverables
Sub-regional wastewater servicing – South West	Q1 update	This programme of works will provide wastewater services for the communities of Kingseat, Clarks Beach, Glenbrook Beach and Waiuku.	In early July 2024, Watercare withdrew the Notice of Requirement application for a wastewater treatment plant in Glenbrook Beach. A long-term servicing strategy for the area is expected to be known by the end of 2025. Population growth in the short to medium term will be serviced through an upgrade at Clarks Beach Wastewater Treatment Plant and construction of a new outfall. Construction of the plant upgrade started in August 2024 as planned, with work for the outfall planned to start in November 2024. Both projects are on track to be completed by June 2026.
Western Isthmus Water Quality Improvement Programme ( <b>WIWQIP</b> ) (Pending agreement of proposed amendment including Point Erin Tunnel)	On track	This programme of works will provide improved beach water quality from reduced wastewater overflows.	Work on the collector sewer systems and stormwater separation activities associated with the Western Isthmus Water Quality Improvement Programme ( <b>WIWQIP</b> ) is ongoing, including feasibility solutions development for Waterview, Avondale, Westmere, Grey Lynn, Branch 6 at Cox’s Bay and Motions. Projects for Pt Chevalier, CC7 and a connection to CI at Dundale are due to begin feasibility in FY25. At a programme level, the feasibility and design stages of scoped projects are in progress.
Whenuapai Redhills	Delayed	Comprises three packages of work to provide wastewater capacity in Whenuapai.	The Detailed Design phase is complete for all packages. Both designation and resource consents were lodged around 12 months ago. The designation/notice of requirement for the pump station portion of the works has been notified publicly by Council and a hearing took place on 3 October 2024. The recommendation and decision from this hearing is pending, and a decision on consenting will still need to be progressed. The tunneled portion of the works consent conditions are currently being reviewed and progressing. Tankering of wastewater continues in Redhills (Whenuapai project package 3) until the necessary pipelines have been built. These construction works are scheduled to start shortly. Physical works have been delayed to FY26, for the tunneled and pump station portion of the works, after review of the LTP funding.

## Q1 progress update on the projects with milestones

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

Significant project	FY25 milestone	Q1 FY25 status update
Ōrākei Main Sewer	Section 1 relining complete	On track for FY25 completion
Queen Street Diversion	Commence construction in Queen Street	On track for FY25 completion
Rosedale Northern Interceptor Integration	Works commence	On track for FY25 completion
Warkworth growth servicing	Confirm scheme	On track for FY25 completion
Warkworth to Snells Transfer Pipeline	Works complete	On track for FY25 completion
Central Interceptor	Southern section goes into service	On track for FY25 completion
Onehunga WTP PFAS & Second Barrier	Feasibility complete	On track for FY25 completion
Kāinga Ora – Wesley Stage 2 Watermain and BSP	Works commence	Completed
Kāinga Ora – Waikowhai Pump Station and Watermain	Works complete	On track for FY25 completion

## Central Interceptor

### Highlights

As at 30 September 2024, a total of \$1,337.5 million has been spent towards the Central Interceptor (CI) against a total CI budget of \$1,667.9 million. This includes a budget of \$77.6m of Interface projects, such as Western Isthmus Water Quality Improvement Programme (WIWQIP) works and Confluence Chamber Stage 2 works, and \$144.8m for the Point Erin Tunnel works.

The CI extension to Point Erin was instructed on 28 May 2024, and the Contractor mobilised to the Point Erin site on 24 June 2024, with secant piling works for the terminal shaft in progress.

The Main Tunnel tunnel boring machine (TBM) advanced 355m in September 2024, with a total length of 13,244m installed. The TBM broke through into Western Springs on 11 September 2024, which was the original finishing point for the tunnel. The TBM is now on its way to Tawariki St, and also Point Erin where shaft preparation is well underway. The TBM is expected to finish its journey to Point Erin in 2025 with the full tunnel going live by then end of the 2026 calendar year.

At Māngere Pump Station (MPS), mechanical, electrical, instrumentation and control system works are continuing to progress to near completion. Commissioning of MPS (scheduled for December 2024) continues to progress well. The bulkheads were installed between the inlet shaft and wet well to allow filling of the wet well and commencement of main pump commissioning, with all six main pumps having completed the 2-hour run test and low flow test successfully.

All major live sewer cut-ins (Haycock, PS23, and PS25) for Section 1 have now been completed.

### Issues and Risks

The WIWQIP has an approved value of \$328m with a funding split 54% Watercare and 46% Healthy Waters. Watercare and Healthy Waters (Auckland Council) now have a formal cost sharing funding agreement that confirms the cost sharing of the wider WIWQIP scheme (and in particular the connection works that would enable Healthy Waters to connect to Watercare's Central Interceptor Wastewater Tunnel Extension).

A critical risk review was completed in July 2024, targeting prevention of incidents for the highest risk activities. A Level 3 Emergency Drill was undertaken in September with multiple external agencies (NZ Fire, NZ Police, Mines Rescues) involved. The operation was well-executed, and key insights gained have been documented. It confirmed that the team has mature systems to handle such events.

Section one of the tunnel from May Rd, Mt Roskill south to MPS will be ready for operation by December 2024 and will be brought into service in a way that does not cause any operational issues, considering the time of year (i.e. Christmas). The teams are working together to ensure a smooth handover from the construction teams to the operational teams.



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

### Highlights, Issues and Risks

We commenced the design, planning and configuration of a new Human Capital Management (HCM) system, which will eventually replace 5-6 separate HR systems currently used. We anticipate switching on the new system in July 2025. Auckland Council is also implementing the same HCM product under Group Shared Services.

We place people at the heart of what we do, and an outcome of implementing this HCM system will improve how we manage people processes and data in a simpler, more effective way throughout the employee lifecycle.

It will also help us streamline our payroll, employee onboarding experience, and other events such as parental leave, making things easier and more efficient for everyone.

Watercare's channel strategy was specifically designed to give customers more choice in how they interact with us. Our customer strategy, developed in 2019, outlined a variety of options tailored to meet diverse customer needs and preferences, differentiating between simple transactions and more complex interactions. To enhance this strategy, we introduced 'live chat' which allows our agents to manage multiple chats simultaneously. This was followed by the 'chatbot', an AI guided tool that enables customers to log faults without any staff interaction. These tools provided more cost-effective channels than the old voice and email interactions. Additionally, we improved our 'My Account' self-service portal and launched the 'Watercare app', providing customers with more self-service options and reducing the need for customers to contact us by phone or email. Deploying our channel strategy to shift interactions to lower cost channels, telephony system upgrade, process optimisation and proactive comms has delivered approximately \$3.1m in savings over FY24.

We completed a new wastewater pump station and a 1.4-kilometre gravity main that will greatly reduce overflows into the Tāmaki River and accommodate planned growth. This project was delivered under a \$51 million shovel ready project between us and Kāinga Ora at \$42.7 million. This achievement is a testament to the combined efforts of our designers, infrastructure teams, and contractors who worked collaboratively to deliver critical infrastructure that meets the needs of the community without exceeding our budget.

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

### Highlights

Our stakeholder team have been actively engaging with our staff and communities through various initiatives aimed at shaping our metropolitan servicing strategy. Four workshops were held in collaboration with teams from Finance, Digital, and MSN, where we explored key water challenges to better understand what matters most to people and communities. These workshops, supported by community information from our insights team, is helping us gauge the range of information required for more meaningful conversations, ensuring our 2025 community engagement programme can be more targeted and effective. We are also placing a stronger emphasis on improving our engagement with rangatahi (youth) who will be the future developers and users of our services. In the next month, we will be learning directly from young people through a Youth Summit and a Hackathon (problem solving challenge), where we aim to explore how we can better involve younger people in these important conversations. Also, by partnering with Auckland Council's Community Partnering Programme and Sustainable Schools, we are building stronger engagement relationships via established community networks.

With the establishment of Ngā Kakau Paraha – our Māori supplier business network, aimed at supporting Watercare's asset upgrade and renewals programme, we are confident to see an improvement in our performance (SOI measure on ratio of procurement sourced through Māori owned businesses), as the programme progresses. This initiative won the "social impact award" in the NZ Procurement Excellence Awards 2024. This award acknowledges our ongoing mahi to create opportunities for Māori businesses, ensuring their sustained participation in our projects. We are also working in collaboration with iwi directly and others (e.g. Amotai) to achieve our contract spend target with Māori businesses.

### Issues and Risks

In July 2024, we received one whistleblower disclosure via the PwC service and one disclosure forwarded from Auckland Council. The Auckland Council disclosure has been investigated with no irregularities found. The other disclosure, which was non-fraud related, was investigated by the People Team.

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

### Highlights, issues and risks

It is crucial for us to ensure our company purpose and values continue to serve us well as we move in the next phase of being a financially independent entity with significant infrastructure investment and industry regulatory changes ahead. With our entire team able to input into feedback rounds and workshops during the quarter, we have now concluded the development phase of a purpose and values refresh exercise, which will provide us with a solid foundation to guide us over the coming years.

We were a finalist in the 2024 Diversity Awards for our work on workplace neurodiversity inclusion. While we did not win this time, we remain proud of the work the team have done in this space to make our business accommodating for all types of thinking styles. We enjoyed being part of the wider business community leading the way for better Diversity and Inclusion in Aotearoa workplaces.

Our training campus at Māngere was a finalist for best skill-based learning at the NZ Association for Training and Development 2024 Awards.

Bringing to life what we value is an important part of our culture at Watercare. In July 2024, we held our very first 30 Year Plus Club celebration. This event was designed to recognise the contributions and loyalty of our longest serving team members, both current staff and alumni, all who have achieved an impressive 30 years' service or more, 1042 years of service in total at this first celebration! The celebration was a reminder of the importance to our business of relationships built over time and through the ups and downs. This impressive team celebrated and reminisced over lunch and together where we honoured our past and reminded ourselves of the value loyalty. This is just one of many ways we show our appreciation and respect for those who have dedicated a significant part of their working life providing a lifeline service for the people of Tāmaki Makaurau.

## Climate change and sustainability

The Auckland Council Group's Climate Related Disclosure reporting for the last financial year has been completed. Our contribution to the final report included our Scope 1, 2 and 3 GHG emissions and inventory and input in prioritised group risks. We are progressing towards a detailed risk assessment of our entity risks through to the end of 2024 using a new methodology developed for the group.

Performance against the greenhouse gas SOI measure has tracked well in the first quarter of the year (30,714 tCO<sub>2</sub>e vs 139,170 tCO<sub>2</sub>e). Through reviewing data from the past quarter, we are seeing positive performance in electricity, and fuel consumption. Action continues to integrate the projects in the 2030 Decarbonisation Roadmap into the planning and delivery mechanisms of Watercare.

## Māori outcomes

Watercare met with Mana whenua representatives to discuss the Kaitiaki Forum Review's findings and the Forum has been disestablished. Engagement with Mana whenua o Tāmaki Makaurau will continue across all Watercare projects. Watercare's Chair, CE and Chief, Iwi strategy and Relationships will meet directly Rangatira ki te Rangatira.

The revised Māori Outcomes Plan for 24/25 is still being worked on. Watercare has undertaken to meet with Ngā Mātārae leads to ensure alignment.

Watercare is working together with Auckland Council on the Marae pou. We identified two marae in particular have water flow issues, therefore affecting the Marae's compliance. We are working together on the solution.

Engagement with mana whenua across Watercare projects continue, giving effect to the kia ora te Hononga and kia ora Te Taiao pou. Overlapping view points from a RMA process has been raised as an issue, and these have been worked through with Auckland Councils Regulatory and Consenting unit.

Through the kia ora te Rangatahi (realising rangatahi potential) pou, Watercare has a number of young māori employed across different business units. This will also be reflected in the next intake of Watercare summer internships who will start work at Watercare in Q2.

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

### Highlights, issues and risks

On 2 September 2024, the Local Government (Water Services Preliminary Arrangements) Act was enacted, establishing the Local Water Done Well framework and the preliminary arrangements for the new water services system. This Act outlines the regulatory provisions to enable a new, financially sustainable model for Watercare, including the appointment of a Crown Monitor for the interim regulation of Watercare. Watercare and Council are now working at pace to progress Watercare’s journey to financial independence by the 1 July 2025 deadline.

In Q1, we compiled a comprehensive information memorandum on Watercare, outlining our business, operations, and financial position, which has been shared with ratings agencies seeking a preliminary rating ahead of going to market for raising funds. By November 2024, we should have received preliminary feedback from both ratings agencies, Moody’s and S&P Global Ratings.

The Commerce Commission was appointed as Watercare’s Crown Monitor, and Commission’s Chair, Dr John Small and his team, have started attending Watercare’s board meetings. The Commission will be responsible for monitoring Watercare’s performance against the Watercare Charter that economically regulates Watercare from 1 July 2025 until permanent economic regulation is put in place for all of New Zealand. As noted above, the cost of this monitoring is unbudgeted, but expected to be approximately \$1.4m/annum.

The major risk facing Watercare in this regard is the extremely tight timeframes. Council and Watercare have made good progress in our discussions with DIA and the Charter should now be drafted by Christmas. The success of Watercare under the Local Water Done Well policy relies upon the delivery of the Watercare Charter by Christmas and everyone working to these timelines.

Over the coming months, the team will continue work on the legislative requirement to prepare the Watercare Business Plan, which will cover all elements necessary for the interim regulator and external lenders to understand Watercare’s strategic, financial and operational priorities and service level standards. This document will articulate, in a cohesive way, Watercare’s regulatory context, service standards and commitments, core services, asset management, investment profile and priorities, and funding and financing.

## Performance Measures

### Department of Internal Affairs measures

Performance measure	Previous year result	Target	Q1 actual	Status	Commentary
Compliance with Taumata Arowai Quality Assurance Rules T3 – Bacterial water quality. The extent to which the local authority's drinking water supply complies with Drinking Water Quality Assurance Rules T3.	100%	100%	100%	Met	



Performance measure	Previous year result	Target	Q1 actual	Status	Commentary
Compliance with Taumata Arowai Quality Assurance Rules T3 – Protozoal water quality. The extent to which the local authority's drinking water supply complies with Drinking Water Quality Assurance Rules T3.	100%	100%	100%	Met	
Compliance with Taumata Arowai Quality Assurance Rules D3 – Microbiological water quality. The extent to which the local authority's drinking water supply complies with Drinking Water Quality Assurance Rules D3.	100%	100%	100%	Met	
Compliance with the territorial authority's resource consents for discharge from our sewerage system measured by the number of: (a) abatement notices (b) infringement notices (c) enforcement orders (d) convictions received by Watercare in relation to those resource consents. <i>Note the assumption is that abatement notices received relates to new notices issued in the financial year</i> (12-month rolling average).	a) 0 b) 0 c) 0 d) 0	a) ≤2 b) ≤2 c) ≤2 d) 0	a) 0 b) 0 c) 0 d) 0	Met	
The average consumption of drinking water per day per resident within the territorial authority district (*litres plus/minus 2.5%) (12-month rolling average).	252	253 litres	251	Met	
Median response time for attendance for urgent call-outs (water): from the time that the local authority receives notification to the time that service personnel reach the site (minutes) (12-month rolling average).	43	≤ 75 mins	42	Met	
Median response time for resolution of urgent call-outs (water): from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption (hours) (12-month rolling average).	3.9	≤ 5 hours	3.60	Met	
Median response time for attendance for non-urgent call-outs (water): from the time that the local authority receives notification to the time that service personnel reach the site (days) (12-month rolling average).	0.83	≤ 5 days	0.82	Met	
Median response time for resolution of non-urgent call-outs (water): from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption (days) (12-month rolling average).	1.07	≤ 6 days	1.05	Met	
The total number of complaints received by the local authority about any of the following: (a) drinking water clarity (b) drinking water taste (c) drinking water odour	7.8	≤ 10	7.75	Met	

Performance measure	Previous year result	Target	Q1 actual	Status	Commentary
(d) drinking water pressure or flow (e) continuity of supply (f) Watercare's response to any of these issues expressed per 1000 connections to the local authority's networked reticulation system (12-month rolling average).					
Attendance at sewerage overflows resulting from blockages or other faults: median response time for attendance – from the time that the territorial authority receives notification to the time that service personnel reach the site (minutes) (12-month rolling average).	84	≤ 75 mins	81	Not met	Overflows are triaged as either a P1 or P2 response. P1 is for overflows going into a waterway or effecting multiple properties. A P1 response is on site within 60 minutes. A P2 response is for all other overflows. A P2 response is on site with 240 minutes (4 hours). At 81 minutes this means we are meeting all P2 and probably most P1s.  The more important measure is resolution of blockages and faults (see row below), and this target is being met.
Attendance at sewerage overflows resulting from blockages or other faults: median response time for resolution – from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault (hours) (12-month rolling average).	3.4	≤ 5 hours	3.2	Met	
The total number of complaints received by the territorial authority about any of the following: (a) sewerage odour (b) sewerage system faults (c) sewerage system blockages (d) Watercare's response to issues with its sewerage system expressed per 1000 connections to the Watercare's sewerage system (12-month rolling average).	19.56	≤ 50	18.83	Met	
The percentage of real water loss from the local authority's networked reticulation system (12-month rolling average).	12%	≤13%	12.97%	Met	Watercare calculates its leakage based upon the IWA (International Water Association) water loss calculation. The calculation involves estimates for both volumes produced and utilised.  *Water loss result is with 95% confidence limits of +/- 10%.

Performance measure	Previous year result	Target	Q1 actual	Status	Commentary
The number of dry-weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system (12-month rolling average).	0.56	≤ 5	0.54	Met	

## Organisational performance measures

Performance measure	Previous year result	Target	Q1 actual	Status	Commentary
<b>Delivering safe and reliable water and wastewater services to Aucklanders 24/7</b>					
Adherence to all of DIA's non-financial service performance measures.	91.67%	100%	93.33%	Not met	Out of 15 DIA measures, 14 measures were met, and one measure was not met. Please refer to 'Department of Internal Affairs measures' section.
Average number of wet-weather overflows per engineered overflow point per discharge location (12-month rolling average).	0.44	≤ 2 overflows per year	0.28	Met	
Leakage performance – litres/connection/day(l/c/d).	116	98.2 l/c/d being the Economic Level of Leakage	123.65	Not met	<p>Watercare has set an aspirational target for economic level of leakage (ELL) at 98.2 l/c/d.</p> <p>The ELL is the point at which the cost of producing water is equivalent to the cost of the efforts to keep leakage at those levels through a combination of leakage repairs, managing water pressure and renewal of watermains.</p> <p>The aim is to achieve an ELL at or close to the target. We did not meet this target, with ELL higher than the target.</p> <p>The level of leakage is calculated by deducting the volume of water sold and unbilled water usage (or non-revenue water) from the total volume of water produced. The programme to reduce non-revenue water continues.</p> <p>To bring the result back towards the target, we are continuing our leak reduction efforts, within our existing opex budget.</p>

Performance measure	Previous year result	Target	Q1 actual	Status	Commentary
Compliance with Taumata Arowai Quality Assurance Rules T3 – Chemical water quality. The extent to which the local authority's drinking water supply complies with Drinking Water Quality Assurance Rules T3.	100%	100%	100%	Met	
Compliance with Taumata Arowai Quality Assurance Rules T3 – Cyanotoxins water quality. The extent to which the local authority's drinking water supply complies with Drinking Water Quality Assurance Rules T3.	100%	100%	100%	Met	
Compliance with Taumata Arowai Quality Assurance Rules D3 – Residual disinfection (chlorine) water quality. The extent to which the local authority's drinking water supply complies with Drinking Water Quality Assurance Rules D3.	99.82%	100%	97.50%	Not met	The Laingholm Distribution Zone did not achieve compliance due to one missed sample.
Compliance with Taumata Arowai Quality Assurance Rules D3 – Disinfection by-products water quality. The extent to which the local authority's drinking water supply complies with Drinking Water Quality Assurance Rules D3.	100%	100%	100%	Met	
Compliance with Taumata Arowai Quality Assurance Rules D3 – Plumbosolvent metals water quality. The extent to which the local authority's drinking water supply complies with Drinking Water Quality Assurance Rules D3.	100%	100%	100%	Met	
<b>Building and renewing the necessary water and wastewater infrastructure to improve resilience and maintain service levels for our customers</b>					
Deliver capital programme in line with the asset management plan baseline approved by the Board.	Not reported	80% of projects are in service within approved time and 80% of projects are delivered within approved budget.	4 projects are baselined to be completed in September 2024. These will be reported on in Q2	Yearly target	A list of the 19 capital works projects we are scheduled to deliver in FY25 is listed <b>below*</b> .
Planned network pipe renewal Measure – Actual Kilometres delivered /planned kilometres.	New measure	26km (+/- 5%) of network planned for year ending 30 June 2025	3.3km	Yearly target	
Measure: Planned and renewal spend (water and wastewater): reactive maintenance spend. <i>Depicted as both a percentage split, and a ratio.</i>	New measure	75% (Planned): 25% (Reactive) >3	-	Yearly target	Reported six-monthly
<b>Delivering our services and infrastructure projects efficiently, keeping a strong focus on operating costs, so we can minimise water charges</b>					
Percentage of household expenditure on water supply services relative to average household income.	0.81%	< 1.5%	0.81%	Met	

Performance measure	Previous year result	Target	Q1 actual	Status	Commentary
Debt to revenue ratio.	3.58	≤4.00	3.91	Met	
Controllable Cost target (including 4% efficiency target per year, for 10 years, from FY23-FY32).	YTD actuals \$435.1m	\$441m	YTD actuals \$33m	Yearly target	
<b>Strengthening our relationships with customers, developers, community stakeholders, and our Māori partners</b>					
Customer Net Satisfaction Score (Previously Net promoter score).	55	≥45	55	Met	
Community trust score.	60	≥55%	58	Met	
Percentage of customer complaints resolved within ten days of notification.	99.3%	≥95%	99.3%	Met	
Ratio of procurement sourced through Māori-owned businesses.	2.47%	5%	2.72%	Yearly target	Direct 1.12% and Indirect 1.60%. Total Māori business spend for FY25 is \$8.10m. (\$3.33m Direct, \$4.77m Indirect). We have 125 active Māori suppliers out of a total of 2112 active suppliers (5.92% of active suppliers). We are also working in collaboration with iwi directly and others (e.g. Amotai) to achieve our contract spend target with Māori businesses.
Adherence to the Service Level Agreement with Council (10 working days) for Watercare to provide specialist input into resource consents. (3 months rolling average).	90%	90%	89.89%	Not met	Increase in input requests over the last three months (average 243) compared to April – June (average 206). We are recruiting new kaimahi to replace engineers that have recently left and are almost back to a full team.
We will implement Mitigation measures in line with our emissions reduction targets scope 1 and 2) (Quarterly measure). <i>Note: these targets now include emissions from Puketutu island and also align with our current Asset Management Plan. Previously set target for FY25, excluding Puketutu is &lt;89,200 tonnes CO<sub>2</sub>e.</i>	66,539 tCO <sub>2</sub> e	<139,170 tonnes CO <sub>2</sub> e	30,714 tonnes CO <sub>2</sub> e	Yearly target	Tracking well against target. We are seeing positive performance in electricity and reduced fuel consumption.
Health & Safety: Every month, a minimum of one permit audit is conducted per site (i.e. all 15 major operational sites, and 21 major construction project sites)	New measure	One per site (36)	49	Met	

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

Project name	FY25 baseline, end of execution phase	On time?	On budget?
1. Mangakura Dam 1 Safety Upgrade	02/09/2024	Yes, delivered on time	Yes, under budget
2. Kahika Rising Main Replacement	30/09/2024	Yes, delivered on time	Yes, under budget
3. Northern Interceptor – Stage 1	30/09/2024	Yes, delivered on time	Yes, under budget
4. Dunkirk Road WW Capacity Upgrade	30/09/2024	Yes, delivered on time	Yes, under budget
5. Glen Innes WW PS (DPS071) Pump Replacement	15/10/2024	On track to deliver on time	On track to deliver within budget
6. Orewa 3 to Orewa 1 cross-connection Highgate Bridge	31/10/2024	On track to complete within the threshold	On track to deliver within budget
7. Supply Treatment Huia and Supply Treatment Waitākere Tank Reconciliation	30/11/2024	Not on track but forecast to complete FY25	On track to deliver within budget
8. Glenbrook Estuary Crossing	30/11/2024	On track to deliver on time	On track to deliver within budget
9. Rehua Place Stage 2 and Aorere Park WW Pipeline	31/12/2024	On track to deliver on time	On track to deliver within budget
10. Kāinga Ora – Waikowhai Pump Station & Watermain	15/02/2025	On track to deliver on time	At risk to deliver over budget
11. Takapu Street wastewater	13/03/2025	On track to deliver on time	On track to deliver within budget
12. East Coast Bays Link Sewer Upgrade	31/03/2025	On track to deliver on time	On track to deliver within budget
13. Waikato WTP Waste Management Upgrade	31/03/2025	On track to deliver on time	On track to deliver within budget
14. Pukekohe East Bulk Supply Point	30/04/2025	On track to complete within the threshold	On track to deliver within budget
15. Branch 3B Judges Bay Replacement	30/04/2025	On track to deliver on time	On track to deliver within budget
16. Rosedale MLE 2_3 wall repair	30/05/2025	On track to deliver on time	On track to deliver within budget
17. Warkworth to Snells Transfer Pipeline	30/05/2025	On track to deliver on time	On track to deliver within budget
18. Rosedale MLE Diffuser Renewal	30/06/2025	On track to deliver on time	On track to deliver within budget
19. Waiuku Interim Treatment Facility	30/06/2025	Yes, delivered on time	Yes, on budget



## Direct operating performance

\$ million	FY24		FY 25 Quarter 1 YTD			FY25
	Notes	Actual	Actual	Budget	Variance	Budget
<b>Net direct revenue</b>		<b>589</b>	<b>178</b>	<b>145</b>	<b>33</b>	<b>643</b>
<b>Direct revenue</b>	<b>A</b>	<b>1,025</b>	<b>280</b>	<b>260</b>	<b>20</b>	<b>1,084</b>
Fees and user charges		683	186	182	4	764
Operating grants and subsidies		-	-	-	-	-
Other direct revenue		342	94	78	17	320
<b>Direct expenditure</b>	<b>B</b>	<b>436</b>	<b>102</b>	<b>114</b>	<b>13</b>	<b>441</b>
Employee benefits		126	32	35	3	115
Grants, contributions and sponsorship		0	0	-	(0)	-
Cost of goods and services		4	1	1	(0)	3
Repairs and maintenance		96	22	22	(0)	73
Outsourced works and services		-	-	-	-	-
Other direct expenditure		210	47	57	10	250
<b>Other key operating lines</b>		<b>662</b>	<b>172</b>	<b>173</b>	<b>1</b>	<b>173</b>
Capital grants and subsidies intercompany		15	-	-	-	-
Non-direct revenue		-	-	-	-	-
Vested assets		86	23	17	6	66
Capital subsidies revenue	<b>C</b>	<b>31</b>	7	25	(19)	59
Finance revenue		-	-	-	-	-
Depreciation and amortisation	<b>D</b>	395	98	89	9	392
Finance costs		150	44	41	3	181
Net interest expense		-	-	-	-	-
Non-direct expenditure		-	-	-	-	-

**A. Direct revenue:** YTD \$20m favourable to plan. Fees and user charges are \$3.8m favourable to plan reflecting higher than anticipated consumption volumes. IGCs for the month were again higher than plan and are now \$15m favourable YTD. New Development revenue was also higher than plan and is now \$3.5m favourable YTD. Interest and Rental Income, and third-party damage charges are also favourable YTD. These are all partially offset by WDC contract revenue which is \$4.1m down on plan YTD due to lower than anticipated capital project work.

**B. Direct expenditure:** YTD \$13m favourable to plan. WDC costs are down \$4.1m YTD due to lower capital project work (revenue impact mentioned above). YTD Professional services incurred is \$3m lower largely due to several feasibility projects being capitalised and lower than anticipated spend YTD on financial independence in the first two months of the year, however this is now increasing. The HRIS project is underway but is currently running \$2.3m favourable YTD due to a contract payment planned in July now to be paid throughout the year. Other plant operating costs make up the balance of the favourability YTD (\$1.6m) including timing differences YTD in tankering costs and plant professional and technical costs.

**C. Capital subsidies revenue:** YTD \$19m unfavourable to plan. Funds YTD relate to shovel ready projects which are higher than plan (\$3.2m), however annual plan also included the receipt of Insurance funds and Point Erin funds from Council which are both now scheduled to be received later in the year. Phasing of this will be updated as part of our Q1 reforecast.

**D. Depreciation:** Depreciation expense is \$9m higher than plan due to retirement of assets in Q1 resulting in accelerated depreciation.

## Financial breakdown by key activities

Direct revenue (\$m)	Prior Year	Quarter 1 YTD			Full year
	Actual	Actual	Budget	Var	Budget
<b>Fees &amp; User Charges</b>					
<i>Water Revenue</i>	211	58	56	2	236
<i>Wastewater Revenue</i>	471	127	125	2	527
<b>Grants and subsidies</b>					
<i>Grants from KO</i>	31	-	4	(4)	16
<i>Any other grant from 3rd parties</i>	-	-	10	(10)	20
<b>Other direct revenue</b>					
<i>Infrastructure Growth Charges</i>	198	62	48	15	195
<i>Insurance proceeds for storm recovery</i>	-	-	12	(12)	23
<i>Other key revenue</i>	144	32	30	2	125
<b>Direct expenditure (\$m)</b>					
<b>Staff cost</b>					
<i>Salaries and wages</i>	146	38	36	(2)	145
<i>Contractors</i>	17	10	10	-	13
<i>Other staff costs</i>	10	3	3	0	11
<i>Labour recoveries</i>	(48)	(15)	(15)	-	(54)
<b>Other direct expenditure</b>					
<i>Maintenance costs</i>	96	22	20	(2)	73
<i>Other operating costs*</i>	214	44	60	16	253

\* Includes Cost of goods and services