

Quarterly Performance Report

Watercare

2024/2025 Quarter 2

For the 3 months ended 31 December 2024



Q2 – At a glance



Executive Summary

- We have made huge strides in securing Watercare’s future and making sure we are ready for 2025 – and we have done this by embracing change and staying true to our core 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.
- Two months into summer, our water supply situation remains stable. However, the latest weather forecast until March predicts drier than normal conditions. Watercare’s modelling has been updated to account for the lack of summer rain that was previously forecasted and suggests we may dip into the “drought preparedness zone” in early March 2025. We remain focused on staying on top of leaks, along with continuous monitoring of weather forecasts, our dam storage levels, water demand, and network performance. Aucklanders are also doing their bit to be responsible with water usage. Our "Easy Does it" summer campaign is helping to keep our waterwise messaging top-of-mind.
- Two years on from our 2023 anniversary floods, we are about 75% through our \$80m flood recovery works. This has included repairing landslips in our supply catchments and restoring permanent wastewater connections to about 200 properties. Our Pukekohe Water Treatment Plant (WTP) is back in service after it was severely damaged in the floods. The plant was upgraded to reduce flood risk with a more efficient chlorine dosing system. We expect to complete the whole flood recovery programme by mid-2025.
- As the Committee will be aware, we have had to implement development controls in Warkworth and Wellsford, and in Army Bay. In November 2024, we uploaded maps and tables explaining the areas of constraint on our website.
- At our first Board meeting of 2025, we welcomed two new directors, Karen Sherry and John Crawford. We also welcomed Meg Wiltshire as our new Chief Corporate Affairs Officer. Meg will oversee the Corporate Affairs function to lead our communication, stakeholder engagement, customer insights and legal and governance teams as we manage key relationships and protect and enhance Watercare’s reputation.
- We expect the Watercare Charter to pass into law in early March 2025. It will outline our commitments over the next three years, until we become subject to permanent economic regulation. In preparation for the Watercare Charter passing into law (to commence 1 April 2025), we have produced a 10-year business plan that covers our priorities and challenges, asset management approach, infrastructure investment, revenue and funding plans for the next 10 years. This plan will be finalised after the Watercare Charter is enacted into law.

\$ Financial Performance

Capital delivery: YTD capex spend is \$137m behind plan. Uncertainty around funding due to financial separation, consenting and resequencing has led to lower than anticipated project spend. We have brought forward other projects such as property purchases and renewals to partially offset this. The full year capital programme has been revised to \$1.17b e (originally \$1.21b).

The Central Interceptor Programme is progressing well and handover and “go live” was achieved in January and the main tunnel reached Tawariki Street in mid-December. Huia 1 and Nihotupu 1 Replacement is \$6.5m lower than plan due to phasing and release of risk - the project is on track to be completed this calendar year. Planning projects are \$6.2m behind plan, major pipeline and plant renewal programmes \$38.2m, Warkworth Growth Servicing and Wellsford WWTP Upgrade \$9.9m. Spend on the Queen St Diversion project and Herne Bay collector sewer has been lower than plan but are progressing (\$10.5m). Flood renewal works required are less than anticipated (\$18.2m), plus digital control systems and renewal projects were slower to start (\$9.1m). A number of operations renewal projects are about to begin construction (\$8m). A \$4.5m provision was taken in December 2024 due to the half year work in progress impairment assessment.

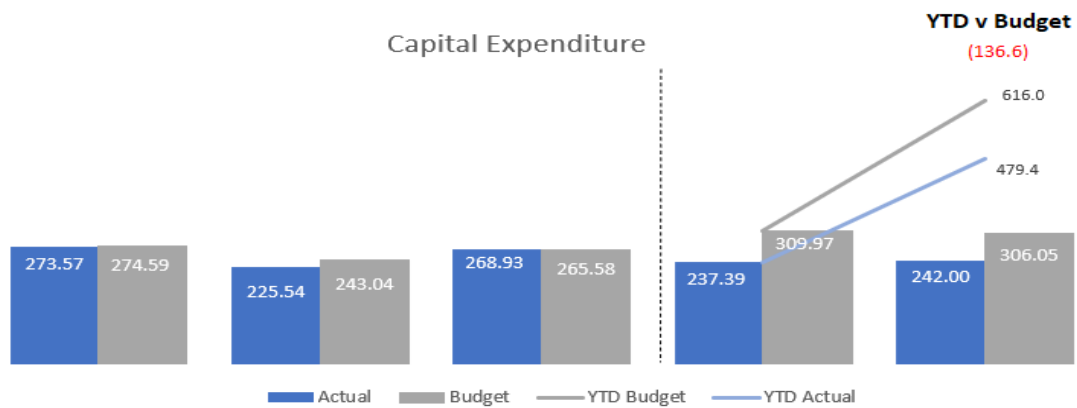
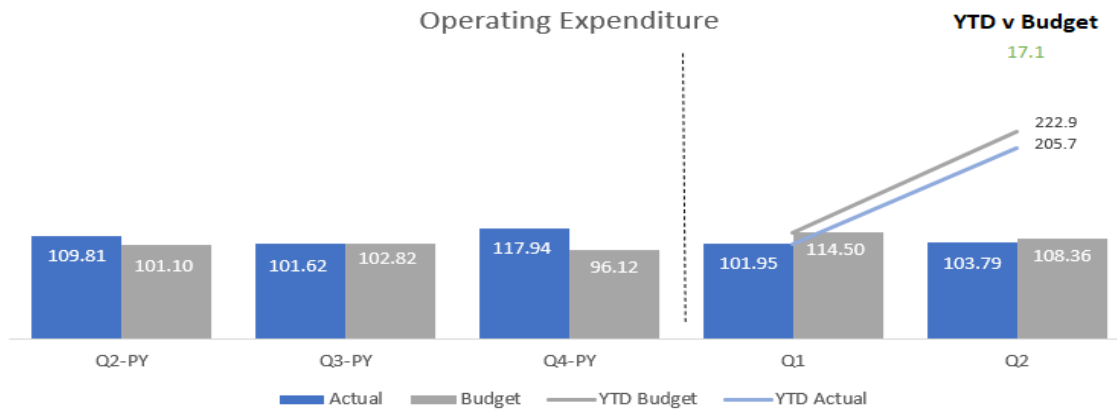
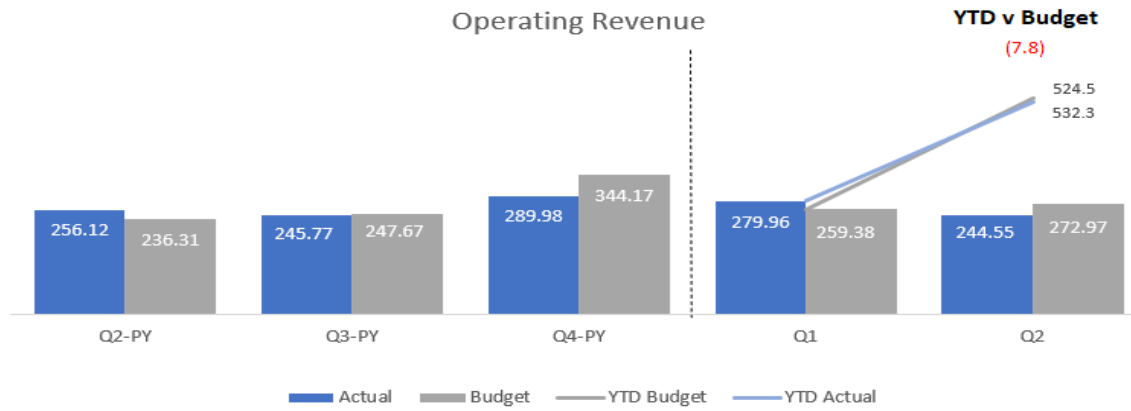
For further analysis please see the Infrastructure Highlights, issues and risks section.

Direct revenue: YTD \$9m unfavourable to plan. Water and Wastewater Revenue is \$8m unfavourable to plan reflecting lower consumption volumes and mix of retail vs commercial customer revenues. Infrastructure Growth Charges (IGCs) for the quarter are down \$4.6m YTD. New development revenue for December was down against plan but is still \$2.7m favourable YTD. Interest and Rental Income, and third-party damage charges are also favourable YTD. These are partially offset by Waikato District Council (WDC) contract revenue which is \$4.9m down on plan YTD due to lower than anticipated capital project work.

Direct expenditure: YTD \$17m favourable to plan. The key drivers are lower than expected spend on digital enhancement projects, slower staff recruitment and lower Waikato District Council (WDC) capital works costs (revenue impact mentioned above). The digital enhancement programme was slow to gain momentum, however the HRIS project is well underway, with other digital enhancement projects due to start in the second half of the year (YTD \$6.9m fav). Staff recruitment was slower than planned until November 2024, and combined with timing of annual leave taken has impacted the YTD result. Professional services incurred are also lower due to the number of feasibility projects now being capitalised and lower than anticipated spend in programme delivery. Other plant operating costs make up the balance including timing differences in tankering costs and plant professional and technical costs. This has been partially offset by higher Chemical and Energy costs (YTD \$1.8m unfavourable) due to lower than anticipated storage levels in the main southern dams and a Geosmin outbreak in the Hūnua dams resulting in higher reliance on the Waikato treatment plants to ensure dam levels are maintained.

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

1 Group Performance Reporting





Highlights, Issues/Risks

Watercare is working at pace to ensure we are financially independent and able to raise our own funds by 1 July 2025. We continue to collaborate with Auckland Council on our financial separation. Last November, the Council's Governing Body approved terms under which we will repay Council our existing debt over a five-year period. They also noted our intention for Council to provide us with treasury services on an arms-length basis that complies with legislation. To ensure a smooth and successful transition, the Watercare Board and executive were heavily involved in preparation of the Information Memorandum to support the determination of draft credit rating, responding to the Watercare Charter, meeting with and briefing banks, and preparing a business plan as required by the new legislation. While the schedule is extremely tight and the programme is packed, it is on track. The programme highlights significant people risk with key executives being fundamental to success.

Watercare is fully participating in the Group Shared Services (GSS) initiative, where the benefits are clearly defined and supported by a sound business case that makes financial sense and does not increase risk. 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.

Our score from the November 2024 staff engagement survey came in at 7.7, 0.1 above the last survey with good participation (79%), though slightly down from 84% in the August pulse survey. Our people's experience of our values at work saw high scores between 7.9 and 8.2 which shows good understanding of and engagement with the values.

We are making good progress with our collective bargaining programme and have positive momentum to move closer towards settlement of our agreements.



Key Performance Measures

For the 3 months to 31 December 2024, 30 of the 36 measures are tracked monthly. Six measures are yearly measures.

In Q2, of the 30 measures tracked monthly, 23 measures were met, and seven measures were not met.

For a detailed update on the Q2 performance against the SOI measures, please refer to Performance Measure section (pages from 17 to 23).

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 October and December 2024, we maintained microbiological and chemical compliance for our water treatment plants and Distribution Zones. E.coli of 5 cfu/100ml was detected in the Maungawhau distribution zone on 23 November 2024. The investigation indicated sample contamination and no public health risk. However, this will still be reported as non-compliant in regulatory reports.

During Q2, full compliance with the Drinking Water Quality Assurance Rules was achieved for cyanobacteria and cyanotoxins compliance.

Overall consent non-compliance for operations decreased to five in December 2024, down from 11 in September 2024. All five recorded non-compliances were technical non-compliances related to Huia WTP, Waiuku WWTP, Kingseat WWTP, Wellsford WWTP and Auckland Tree consent.

Watercare is optimising its network to control excessive pressures and make leaks quicker to find. In FY24 this yielded 7 MLD of leakage savings and the programme is targeting 5 MLD of savings in FY25. Areas being implemented this year to date are St Heliers, Balmoral, Glen Innes and Walmsley Road.

Issues and Risks

Watercare's modelling has been updated to account for the lack of summer rain that was previously forecasted. Modelling suggests that we may dip into the "drought preparedness zone" in early March 2025. Storage is being closely monitored, and communications materials have been prepared should they be required. We have returned the Waikato 50 plant into service. This means we can produce around 190MLD from both plants. However, it does result in approximately \$20,000 unbudgeted opex per day. If there is more rain, then production can ease off (the Waikato 50 plant can be turned off in a matter of days).

On 12 February 2025, we encountered a fault with one of the two incoming power cables supplying the Waikato WTP. The fault was confirmed to be located on a Watercare owned cable. A load assessment of the operational cable was completed. This showed that operating the Waikato WTP at 160MLD, and the Waikato 50 WTP out of service, the operational cable is at 98% of load capacity. Accordingly, production was reduced to 140MLD which was 80% of cable load capacity. Additional production was put on Ardmore WTP. The Waikato power incomer was successfully repaired and tested late afternoon on 16 February 2025 and plant flows returned to planned levels the next day. As February is a peak water production month, operating Waikato WTP on a single power supply was an elevated level of risk. We had put extra production on Ardmore – hence storage will reduce more than planned. We declared a Level 2 incident to manage our response.

On 23 January 2025, at 2:30pm the Waitākere No. 1 Transmission watermain failed in Mountain View Road. This watermain feeds from the Waitākere WTP to the Waitākere Supply Zone. Due to the elevation of the water supply zone, it is difficult to back-feed from other parts the network. This led to up to 1,000 people being without water for 12 hours and another approximately 8,000 people having lower pressure. The Pleasant Road pump station could have historically provided a pumped back feed solution to the outage. However, at present this pump station has been reconfigured to provide supply for the Nihotupu treated watermain, which failed during the January 2023 floods. A project is underway to resolve this issue. The main was repaired overnight and the network was returned to service by 8am on 24 January 2025. Although the network maintenance contractor continued to flush air from the main for the remainder of the day in isolated locations.

In December 2024, residual disinfection compliance was achieved in 37 of 40 distribution zones as some sample results had <0.1 mg/L chlorine: North Shore South (2 samples), Te Henga (1 sample) and Wellsford (1 sample). Wellsford also did not meet the target 85% compliance rate for chlorine residual (77%). Reactive flushing or rechlorination was completed for all instances. Proactive network flushing has been implemented in Wellsford. Its efficacy will be reviewed in January, with auto flushers to be installed early 2025.

Chemical compliance was not achieved at the Waikato Water Treatment Plant (WTP) with arsenic exceeding the DWSNZ MAV of 0.01mg/L with a result of 0.011mg/L in a sample collected on 25 November 2024. Similar elevated results occurred at Hamilton City Council, Waikato District Council and Waipa District Council WTPs. Level 3 incident was declared to manage our response, and we coordinated and led a multi-agency incident response. We followed standard procedure in terms of notifying the Water Services Authority (Taumata Arowai), reduced production at the Waikato WTP, undertook extensive sampling, and continued to keep our stakeholders informed. Apart from the first sample, all subsequent samples complied with the maximum acceptable value (MAV) for arsenic. There was no immediate risk to public health.

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. Kordia, network provider, provided a post-incident report which outlined the root cause and what they have done to avoid the same incident occurring again. In response, Watercare has removed legacy hardware and is moving to an express route.

Auckland Water Strategy

Aucklanders' trust in Watercare is stable at 55% in Q2, driven by proactive media coverage on infrastructure investment, flood recovery work, and major projects, and reflected in a strong net media sentiment score of +49 (Dec 2024) Water demand remains on track despite the dryer summer conditions and is being supported by our summer "Easy Does It" campaign and proactive media updates, reinforcing the importance of wise water use.

Watercare's Metropolitan Servicing Strategy which will help shape Auckland's water future for the next 70 years, is gearing up for community engagement in 2025.

In October 2024, we hosted two youth summits, bringing together two groups of 20 (ages 15-18, Years 10 to 13) from across Tāmaki Makaurau. Over two days, the groups participated in site tours, hands-on learning, and workshops, exploring what matters most to them when it comes to water and what needs to be considered in long-term decision-making.

Alongside this, in November 2024, we ran a hackathon for university students (ages 18-24), challenging them to tackle real-world water issues and develop innovative solutions to shape a sustainable future.

5 Group Performance Reporting

Key messages from our youth:

- Invest in the future now – Don't leave it for tomorrow; short-term pain which will lead to long-term benefits is worth doing.
- Innovation and research are key – To make better decisions, we need to explore new ideas and possibilities.
- There should be no waste – Use what we have wisely and minimise waste wherever possible.

These insights continue to shape our strategy, ensuring that Auckland's water future reflects the voices of tomorrow.

Our smart meter roll out is continuing for new connections and meter replacements. However, we are working on reviewing the smart meter rollout operating model with a request for information in market to ensure we are delivering an optimal roll out.

We are continuing our proactive leak detection (and pressure reduction) program to reduce water loss. To date we have surveyed 4,000km, saving 1.5 MLD per day.

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

Highlights, issues and risks – Water

Key water projects are set out below:

- As at 31 December 2024, \$113m was spent towards water supply investment against the YTD budget of \$169m, \$56m behind plan. Full year spend is expected to be \$307m, \$7.4m behind plan, with a number of projects being accelerated or brought forward such as property purchases and renewals to partially offset the YTD variance. The major projects contributing to the YTD variance were the Wesley Watermain shovel-ready project, Local Network Watermain Renewals, Helensville & Parakai WA Network Servicing Plan, CBD Waterpipe Renewal and Ardmore WTP Resilience and Roof Project. Details of major water projects are listed below.
- The Waterpipe Renewal Programme has been accelerated for the year and is the largest water project by spend for the year. There have been some initial delays with AT traffic management planning approvals, however these issues have been resolved, and work is expected to ramp up in the coming months. Total spend for the year is expected to be \$28m compared to plan of \$20.9m.
- The Wesley Stage 2 Watermain and Bulk Supply Point project is a shovel-ready project involving the construction of a new bulk supply point, transmission and network piping to support the development of 7,200 Kāinga Ora (KO) dwellings in Mount Roskill. There have been some delays in awarding the contract for the physical works, however, these have now been resolved and the new watermain is now in service and work is progressing well. Spend for the project is expected to be \$4.6m unfavourable to plan for the year, but project completion and commissioning is scheduled for June 2026.
- The Huia 1 and Nihotupu Replacement project is on target and is expected to be completed by the end of September 2025. YTD spend is in line with plan however full year spend is expected to be lower than plan due to a number of risks not materialising.
- The Trig Road Reservoir Land purchase is a project that was brought forward. This project will facilitate the building of the Trig Road Reservoir, North Harbour 2 watermain required for resilience of North Harbour 1 and to service future growth in Whenuapai. The property is due to settle in June 2025.

- The Waikowhai water pump station and watermain shovel ready project being delivered between Watercare and KO is on track to be delivered by the end of the year with commissioning beginning in March 2025 facilitating major KO redevelopment in Mount Roskill. YTD spend is \$2.3m ahead of plan at \$13.5m, and full year spend is expected to be \$14.3m.

Key water projects

Key programme of works	Status	Description	Progress towards key deliverables
North Harbour No.2 Watermain	On track	This pipeline will service growth in north Auckland. It also provides an alternative route for conveying water from the west to the north and will provide security and resilience. The expected completion date for this project is late 2033.	Deferral of funding and changes to pipe route have caused the project to be rephased in recent years. The project team continues to evaluate options to reduce operational and programme delivery risks associated with the rephasing of this work. Planning for early works continues, with a number scheduled for 2025, which will address key delivery risks. Engaging further with key stakeholders such as Auckland Transport and NZ Transport Agency Waka Kotahi is also a focus for addressing any conflicts with planned projects along the route.
Huia Water Treatment Plant replacement	Q2 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.	Procurement documents for geotechnical investigations were issued in December 2024, with contract award planned for January 2025 and likely start date in March/April 2025. The Kauri Dieback Risk Management Plan (to enable this work) has already been approved. The optioneering development for upstream raw water pipelines will continue work in 2025, with stakeholder engagement and geotechnical investigations then into design stages. A Community Liaison Group (CLG) has been established with on-going interface as the project progresses and the next meeting is planned for late January 2025. Local Board meeting planned for February 2025.
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 stages. The expected completion date for this project is 31 October 2025.	The Huia 1 section is 98% complete with 73% of it live (one final stage to be connected in April 25). The Nihotupu section is nearing completion of the detailed design stage. Donovan St / White Swan Rd – The pipe laying has been completed. The outstanding works include three chambers and the connection works. The three chambers are 65% complete. St Andrews Rd to Gillies Ave – the pipe laying has been completed, and the line was livened in early January 2025. Reinstatement will continue until mid-Feb. Nihotupu 1 – Detailed design is progressing ahead of schedule. Planning has started with the Contractor for the delivery of the physical works.

Highlights, issues and risks – Wastewater

Key wastewater projects are set out below:

- As at 31 December 2024, \$366m, was spent towards wastewater investment against the YTD budget of \$447m. Full year spend is expected to be \$34.6m lower than plan for the year, with Queen St Diversion, Central Interceptor Programme, Wellsford WWTP and Māngere Digester 8 project being major contributors to the difference. Major wastewater project details are listed below.
- Central Interceptor (including Pt Erin Tunnel Works) YTD is currently behind plan due to resequencing of activities. However, there has been good progress across all sites and section 1 of the scheme including the Māngere Pump Station was commissioned in December. The main tunnel works to Pt Erin is due to be completed before the end of the financial year. The full year forecast spend is expected to be \$12.1m lower than plan due to ongoing refinement of the programme.
- Queen St Diversion project YTD is \$15.7m behind plan YTD with delays incurred as a result of additional design required to incorporate relining of a section of the Orākei Main Sewer. Construction is now underway on the three main sites along Queen St, and site investigations have established that the Orākei Main Sewer is located closer to the Farmers Building than planned resulting in additional stakeholder and cost impacts. The relining work is now not expected to be carried out until December 2025 during the low flow season. The full year forecast is expected to be \$13m lower than plan.
- Spend on the Snells Beach Wastewater Treatment Plant (WWTP) Upgrade and the associated Warkworth to Snells Transfer Pipeline projects is \$9m ahead of budget YTD with good progress being made on both projects. The Transfer Pipeline has now reached the WWTP at Snells Beach and the WWTP is progressing well and due to be completed by mid to late 2025 providing additional wastewater treatment capacity and facilitating growth in the area.
- The Orākei Main Sewer replacement project is well underway and on track. A high level programme for the entire works is completed based on relining during low flow periods over consecutive summers. Construction activities on stage 1 were fully reinstated in early December 2024 with work now well underway on stage 2 of the project.
- The Wellsford WWTP Upgrade project has been impacted year to date by ongoing consenting delays. These have now been resolved and the contractor has been deployed to site. Earthworks has now begun, but the delays are expected to have a \$10m impact on the full year. This project is an upgrade of the wastewater treatment plant at Wellsford and is expected to be completed in July 2026.
- The Wastewater plant renewals programme across Watercare are currently \$15.4m behind budget. Contractors and procurement arrangements have been put in place for the majority of these and it is expected there will be some significant progress made in the second half of the year.

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.	

Key programme of works	Status	Description	Progress towards key deliverables
Northern Interceptor	On track	<p>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.</p> <p>The project comprises wastewater conveyance from Hobsonville PS to Rosedale WWTP.</p>	<p>Physical works are complete for the pipeline from Hobsonville PS to near the Rosedale WWTP.</p> <p>The detailed design of the tie-in of the Northern Interceptor at the Rosedale WWTP is completed. The construction works have been awarded with works to commence in early 2025 and be complete by mid-2026.</p>
Sub-regional wastewater servicing – North East	On track	<p>This upgrade will cater for population growth in Warkworth and Snells Beach and will produce high quality wastewater for discharge.</p>	<p><u>Warkworth Local Network</u>: The project aims to provide a necessary capacity upgrade to support growth in the Warkworth area and reduce wastewater overflows into the Mahurangi River from the Engineering Overflow Point (EOP) at Elizabeth Street. An alternate alignment and construction methodology was approved by the Watercare Board in December 2024, following extensive stakeholder consultation. A trenchless construction method will be used for most of the pipeline, except for the Elizabeth Street section, where the shallow pipe depth requires open-cut excavation. The local network pipeline will be in service 2028, however depending on how long consents take to get granted, we may be able to recover significant time with the new construction methodology. Wastewater 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><u>Lucy Moore Park Pump Station</u>: 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><u>Warkworth to Snells Transfer Pipeline</u>: All tunnelling is complete with internal carrier pipeline installation ongoing.</p> <p><u>Snells WWTP</u>: The Wastewater Treatment Plant completion remains on track for end of September 2025. Key components of the plant construction including the Inlet Pumpstation, UV and Outfall system are nearing completion. Commissioning will commence 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><u>Snells Outfall</u>: Complete, scheduled 3-week commissioning period once WWTP discharges are available, mid 2025.</p>
Sub-regional wastewater servicing – South West	Q1 update	<p>This programme of works will provide wastewater services for the communities of Kingseat, Clarks Beach, Glenbrook Beach and Waiuku.</p>	<p>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.</p> <p>Population growth in the short to medium term will be serviced through an upgrade at Clarks Beach Wastewater Treatment Plant and construction of a new outfall. Construction of the plant upgrade began in August 2024 and the outfall began in November 24. Both projects are on track to be completed by June 2026.</p>

Key programme of works	Status	Description	Progress towards key deliverables
Western Isthmus Water Quality Improvement Programme (WIWQIP) (Pending agreement of proposed amendment including Point Erin Tunnel)	On track	This programme of works will provide improved beach water quality from reduced wastewater overflows.	Work on the collector sewer systems and stormwater separation activities associated with the Western Isthmus Water Quality Improvement Programme (WIWQIP) is ongoing, including feasibility solutions development for Waterview, Avondale, Westmere, Grey Lynn, Branch 6 at Cox's Bay and Motions. Projects for Pt Chevalier, 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 16 months ago. The designation/notice of requirement for the pump station portion of the works has now been confirmed following a hearing late 2024. However, regional consent approval remains outstanding, and the works cannot proceed to construction without this. NZTA approval has been granted to tunnel under the motorway, a critical project milestone. Tankering of wastewater continues in Redhills (Whenuapai project package 3) until the necessary pipelines have been built. Complete construction of both pipelines A & B is required to alleviate the tankering challenges in the Redhills area. Pipeline A construction has commenced and is scheduled to complete end of November 2025. Construction of pipeline B is still pending, awaiting a resolution (anticipated to be resolved by end February 2025) between Watercare and a developer. A mutually exclusive part of the package, i.e pipeline D, is now under construction-having commenced in January 2025 and scheduled to complete in August 2025.

Q2 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	Q2 FY25 status update
Ōrākei Main Sewer	Section 1 relining complete	Completed
Queen Street Diversion	Commence construction in Queen Street	Completed
Rosedale Northern Interceptor Integration	Works commence	On track for FY25 completion
Warkworth growth servicing	Confirm scheme	Completed
Warkworth to Snells Transfer Pipeline	Works complete	On track for FY25 completion
Central Interceptor	Southern section goes into service	Completed
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 31 December 2024, a total of \$1,412.1 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 main tunnel boring machine (TBM) advanced 466m to the end of January 2025, approximately 957m away from the shaft at Pt Erin. Breakthrough into Pt Erin is forecast for late March 2025 with the full system going live by then end of the 2026 calendar year.

Commissioning of Māngere Pump Station (MPS) and the southern section of the tunnel, including Link Sewer C out into Blockhouse Bay was completed to a sufficient level to permit operation of Southern section of Central Interceptor. A formal event was held on 14 February 2025 at MPS, attended by Minister for Local Government Simon Watts, Auckland Mayor Wayne Brown, stakeholders and project teams.

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).

Key programme of works	Status	Description	Progress towards key deliverables	Work progress
Physical works	On track	Activity underway at all sites that are not complete.	<p>All work in the Southern tunnel is now complete; the only remaining underground work for the southern system is the installation of the second bulkhead at May Rd, and removal of temporary brackets in PS23 shaft.</p> <p>At Māngere Pump Station (MPS), work continues to progress well. Remaining critical items to complete at month end include minor finishing works on the Air Treatment Facility, switchroom HVAC snagging; elevator certification; and final fire system tests.</p> <p>At Tawariki St, excavation work is substantially complete below the temporary flume within the Orākei Main Sewer.</p> <p>Pt Erin shaft excavation continued, as did Rawalpindi control chamber excavation. All other significant excavation work is complete.</p> <p>May Road Air Treatment Facility pre-commissioning tests were substantially complete.</p>	<p>The map displays the Central Interceptor route from Māngere Wastewater Treatment Plant in the south to Pt Erin in the north. Key construction sites are marked with circular progress indicators. A legend indicates: <ul style="list-style-type: none"> Central Interceptor (blue line) Main construction site (orange circle) Construction site (red dot) Progress indicators include: <ul style="list-style-type: none"> Point Erin: 35% Tawariki St: 31% Western Springs: 65% Lyon Ave: 75% Greenlane: 72% May Rd - shaft A: 80% May Rd - shaft B: 60% PS23: 86% PS25: 100% Miranda Reserve: 100% Hironda: 100% Dundale: 100% Haycock: 99% Keith Hay Park: 89% PS23: 90% MPS (Shaft & PS): 89% Confluence Chamber and Rising Main: 96% MPS - Building: 97% MPS - Surface Works: 87% </p>
Tunnelling	On track	The TBM has tunnelled 15,231m.	Including the extension of main tunnel to Point Erin, the TBM has completed 94% of the total tunnel length.	
Main works into service	Q2 update	The entire Central Interceptor is to go into service at the end of 2026	The CI was due to terminate at Western Springs. The CI is now being extended to Pt Erin. The Southern Section was ready to go into service on 18 December 2024, and the full tunnel will be in service by end of 2026 calendar year.	

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

Highlights, Issues and Risks

On 1 February 2025, we experienced a 52% price increase for electricity at various sites, including Māngere WWTP and Pump Station 64 in Ōrākei. These sites account for 46% of our imported load. This price increase is due to unfavourable electricity market conditions in 2024 and is in addition to the previous contract expiry of 1 February 2024 that incurred an even larger increase of 84%. The 2025 increased prices were partially budgeted for. However, the additional electricity volumes required to run Waikato WTP have escalated the budget challenges. During 2025, we are again going to market for this load. The current procurement strategy is to procure fixed price variable volume contracts split across multiple years to reduce financial shocks.

Given the dry conditions Auckland's water consumption can spike by up to 100 million litres on a hot, dry day compared to average usage. This puts pressure on our treatment plants and networks. Over summer, we are running a water efficiency campaign that says when it comes to using water 'easy does it'.

We partner with EcoMatters to provide free home water-use audits to help Aucklanders save water and money. From FY21 to FY24, the audited customers on average achieved 25% reduction in their water use, with average savings per household of \$319 per annum.

A renewals prioritisation model is under development to target where money is best spent renewing watermains. Watercare has renewed old and leaky watermains at a rate of 20km per year from FY21 to FY24. This will accelerate with the Asset Upgrades and Renewal (AUR) programme over the next 10 years helping to reduce Opex.

The smart metering program rolled out 60,000 meters across Auckland. This is the largest rollout in Australasia by percentage of customers with a smart meter and the second largest by number of smart meters installed.

The programme of works in relation to 'growth pays for growth' has been on hold while we are awaiting confirmation of the Watercare Charter and the contents of Bill 3. We will kick off a pricing project early in 2025. In the meantime, Infrastructure Growth Charges have increased 14.4% in FY24, and again increase in FY26 and FY27, helping to increase the pace at which growth pays for growth.

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

Highlights, issues and risks

To ensure the success of the Metropolitan Servicing Strategy, we are committed to ensuring diverse community voices are part of the conversation, including our youth who are often underrepresented in such engagement. Building on our successful community and youth engagement in 2024, we will be proactively involving young people in the consultation process. Auckland Council's planning committee was briefed on the programme mid-February 2025 and have provided constructive feedback and support for the engagement programme and approach.

In December 2024, we confirmed a solution for the planned growth pipeline through Warkworth's town centre that keeps disruption to the community to a minimum, and has the support of local business association One Mahurangi. We were pleased to have closely collaborated with our stakeholders to identify a route and construction methodology that keeps disruption to the community – particularly to local businesses – to a minimum. This has always been a priority for us. This pipeline is an incredibly important piece of infrastructure that not only supports new housing north of the Mahurangi River, but will also significantly reduce the number of overflows to the river that occur in wet weather.

To provide greater transparency to people wanting to build in Auckland, in November 2024, we published a map that shows where there is capacity in our networks to support new housing, and where capacity is constrained. The areas where there is limited capacity do not necessarily have a blanket no-connections rule, and for the most part we assess applications on a case-by-case basis. Our message to people wanting to build in areas with constraints is to please get in touch with us. We can help them to understand if their project is likely to be impacted. The map provides greater clarity to developers on where there is capacity in our water and wastewater networks to support new housing, and where capacity is constrained. Since we published and shared the map, we have received 2,413 queries, more than 1900 applications were approved and around 200 applications were declined due to either local network or bulk constraints.

At our December 2024 Board meeting, Alexis Poppelbaum, Chair of Hibiscus and Bays Local Board presented community's concerns regarding the infrastructure constraints. Our Board valued the community insights and perspectives provided by Alexis. We are looking to reinvigorate the Army Bat WWTP Community Liaison Group meetings to ensure it provides the community with a forum for communication and dialogue regarding the operation and performance of the plant, upgrade works, and their effects on the community and environment.

Foodstuffs and Watercare were in the news in January 2025 regarding Foodstuff's new Highland Park Pak'n Save supermarket's fire flow requirements. The parties have now met and agreed on a temporary fire flow solution that allows the supermarket to open on time. In the meantime, the parties are working together, in good faith, to agree on a permanent solution for fire flow at the site.

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

In November 2024, we published our gender pay gap for the first time and this year we were pleased to report further improvement in reducing this. We started our gender pay gap journey in 2022 where it initially sat at 13.5%. Last year, the gap reduced to 11.8% and our latest read shows we have further reduced this in 2024 to 9.2%. The reduction was achieved through ongoing targeted action plans including hiring and developing practices to build diverse talent pipelines, scrutiny around our remuneration review process to ensure pay equity, and upholding principles of reporting transparency which have included seeing us be an active member of the MindtheGap registry and the Gender at Work community. We look forward to further reducing our gap next year by continuing to enhance our approach.

Our self-leadership programme EmpowerME received international recognition at the LearnX awards, which recognise excellence in learning and development and talent management. EmpowerME was awarded diamond status (second highest) in the leadership development and soft skills training categories.

We also won best paper in the practitioner category at the International Water Association Nutrient Removal and Recovery Specialist Conference for an innovative technology trial at our Māngere Wastewater Treatment Plant. Last but not most certainly not least, our Watercare Graduate Programme was recognised with the NZ Age Industry Award for Best Diversity and Inclusion Strategy 2024. This prestigious award is a testament to the focus we have on early careers and our unwavering commitment to building a diverse and inclusive workplace.

We received an award for our graduate development programme – in December 2024, NZAGE (New Zealand Association of Graduate Employers) recognised Watercare for best diversity and inclusion strategy specifically acknowledging our graduate development programme' success in improving the representation of Māori and Pasifika people in our workforce.

In December 2024, the Watercare Board approved the updated commitment to health, safety and wellbeing. The updated commitment articulates both the commitment from the business, and that required from kaimahi, to deliver high standard of health, safety and wellbeing. The updated commitment supports an engaged and empowered team and our aspiration to be employer of choice. It also protects our staff so that they are healthy and safe, and their wellbeing is supported. During Q2, we also refreshed safety leadership training which is now delivered via in-house training programme.

Climate change and sustainability

Performance against the greenhouse gas SOI measure has tracked well in the first quarter of the year (54,116 tCO₂e vs 139,170 tCO₂e). Through reviewing data from the past quarter, the sourcing of approximately 50% of Watercare's electricity from Ecotricity, a carbon positive electricity supplier, has resulted in a significant reduction in our electricity emissions.

Development of our Climate Transition Plan, which is a new requirement from Auckland Council this year, has started and we are working internally to refine our key climate change risks and possible mitigation options for those risks.

Our original decarbonisation roadmap (scope 1 and 2 only) was developed in 2022, since that time the understanding of the potential reduction initiatives has changed and Watercare has started to rework this roadmap with updated knowledge and understanding.

In addition to reporting and auditing our Scope 1 and 2 emissions through our Statement of Intent (SOI), since FY23 we have prepared a separate report further exploring our emissions profile and mitigation and management efforts associated with climate change. The report for FY24 has been published on our [website](#). Prior reports can be accessed [here](#) (under 'Annual reports' section).

Our most challenging emissions sources relate to nitrous oxide and methane generated from our wastewater treatment processes and biosolids disposal. Our nitrous oxide emissions strategy is referenced in this report and notes the work we are doing to address these challenging emissions sources. Some of the work we have been doing in this space is globally significant. Direct monitoring of nitrous oxide emissions has commenced at our Māngere Wastewater Treatment Plant. This will help us better understand the actual emissions for the plant and in the future allow Watercare to identify emissions reduction options through manipulation of the treatment process.

Māori outcomes

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

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

During Q2, the Commerce Commission released a discussion document regarding its plans to charge a levy for the economic regulation of water services. Likewise, the Water Services Authority – Taumata Arowai, also released a discussion document for its plans to charge a levy. Auckland Council and Watercare reviewed and considered the discussion documents and submissions were filed by Council on 24 January 2025. We are now awaiting further information from the Commerce Commission and Taumata Arowai.

Until comprehensive economic regulation is implemented (from FY29), we are subject to interim regulatory oversight by a Crown Monitor (being the Commerce Commission), with requirements outlined in a "Watercare Charter" (Charter). The Charter will be in effect for the three-year period FY26-FY28 and is expected to be passed as secondary legislation in early March 2025. The Charter will outline our commitments over the next three years, until we become subject to permanent economic regulation. While significant work remains, favourable credit ratings and banking arrangement responses mean we are on track for completion of financial separation by end of June 2025.

At the 5 February 2025 Board meeting, the Board approved the draft 10-year business plan which will be finalised in March 2025 (after the Charter passes into law). The business plan covers Watercare’s priorities, challenges, asset management approach, infrastructure investment, revenue and funding plans for the next 10 years.

The Capital Raising Programme remains on track to release the Bank Debt RFP toward the end of February 2025.

Performance Measures

Department of Internal Affairs measures

Performance measure	Q1 result	Target	Q2 actual	Status	Commentary
Compliance with Taumata Arowai Quality Assurance Rules T3 – Bacterial water quality. The extent to which the local authority's drinking water supply complies with Drinking Water Quality Assurance Rules T3.	100%	100%	100%	Met	
Compliance with Taumata Arowai Quality Assurance Rules T3 – Protozoal water quality. The extent to which the local authority's drinking water supply complies with Drinking Water Quality Assurance Rules T3.	100%	100%	100%	Met	
Compliance with Taumata Arowai Quality Assurance Rules D3 – Microbiological water quality. The extent to which the local authority's drinking water supply complies with Drinking Water Quality Assurance Rules D3.	100%	100%	97.5%	Not met	Microbiological compliance in the distribution network was achieved in 39 out of 40 zones. E.coli of 5 cfu/100mL was detected in the Maungawhau zone on 23/11/2024. This was immediately notified to Taumata Arowai with resamples, network flushing and detailed investigations completed. Whilst every precaution is taken during the sampling process the likely cause of the E.coli was from sample contamination - with inadequate sterilisation prior to sample collection. There was no risk to public health.
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) (12-month rolling average).</i>	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	

Performance measure	Q1 result	Target	Q2 actual	Status	Commentary
The average consumption of drinking water per day per resident within the territorial authority district (*litres plus/minus 2.5%) (12-month rolling average).	251	253 litres	252.2 litres	Met	
Median response time for attendance for urgent call-outs (water): from the time that the local authority receives notification to the time that service personnel reach the site (minutes) (12-month rolling average).	42	≤ 75 mins	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).	3.60	≤ 5 hours	3.4	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).	0.82	≤ 5 days	0.81	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).	1.05	≤ 6 days	1.03	Met	
The total number of complaints received by the local authority about any of the following: (a) drinking water clarity (b) drinking water taste (c) drinking water odour (d) drinking water pressure or flow (e) continuity of supply (f) Watercare's response to any of these issues expressed per 1000 connections to the local authority's networked reticulation system (12-month rolling average).	7.75	≤ 10	7.85	Met	
Attendance at sewerage overflows resulting from blockages or other faults: median response time for attendance – from the time that the territorial authority receives notification to the time that service personnel reach the site (minutes) (12-month rolling average).	81	≤ 75 mins	79	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 79 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.

Performance measure	Q1 result	Target	Q2 actual	Status	Commentary
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).	3.2	≤ 5 hours	3.17	Met	
The total number of complaints received by the territorial authority about any of the following: (a) sewerage odour (b) sewerage system faults (c) sewerage system blockages (d) Watercare’s response to issues with its sewerage system expressed per 1000 connections to the Watercare’s sewerage system (12-month rolling average).	18.83	≤ 50	18.03	Met	
The percentage of real water loss from the local authority’s networked reticulation system (12-month rolling average).	12.97%	≤13%	12%	Met	Watercare calculates its leakage based upon the IWA (International Water Association) water loss calculation. The calculation involves estimates for both volumes produced and utilised. *Water loss result is with 95% confidence limits of +/- 10%.
The number of dry-weather sewerage overflows from the territorial authority’s sewerage system, expressed per 1000 sewerage connections to that sewerage system (12-month rolling average).	0.54	≤ 5	0.50	Met	

Organisational performance measures

Performance measure	Q1 results	Target	Q2 actual	Status	Commentary
Delivering safe and reliable water and wastewater services to Aucklanders 24/7					
Adherence to all of DIA’s non-financial service performance measures.	93.33%	100%	86.67%	Not met	Out of 15 DIA measures, 13 measures were met, and two 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).	0.28	≤ 2 overflows per year	0.22	Met	

Performance measure	Q1 results	Target	Q2 actual	Status	Commentary
Leakage performance – litres/connection/day(l/c/d).	123.65	98.2 l/c/d being the Economic Level of Leakage	110.94	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>
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.	97.50%	100%	92.50%	Not met	<p>Residual disinfection compliance was achieved in 37 of 40 distribution zones as some sample results had <0.1 mg/L chlorine: North Shore South (2 samples), Te Henga (1 sample) and Wellsford (1 sample). Wellsford also did not meet the target 85% compliance rate for chlorine residual (77%). Reactive flushing or rechlorination was completed for all instances. Proactive network flushing has been implemented in Wellsford. Its efficacy will be reviewed in January, with auto flushers to be installed early 2025.</p>


Performance measure	Q1 results	Target	Q2 actual	Status	Commentary
Compliance with Taumata Arowai Quality Assurance Rules D3 – Disinfection by-products water quality. The extent to which the local authority's drinking water supply complies with Drinking Water Quality Assurance Rules D3.	100%	100%	100%	Met	
Compliance with Taumata Arowai Quality Assurance Rules D3 – Plumbosolvent metals water quality. The extent to which the local authority's drinking water supply complies with Drinking Water Quality Assurance Rules D3.	100%	100%	100%	Met	
Building and renewing the necessary water and wastewater infrastructure to improve resilience and maintain service levels for our customers					
Deliver capital programme in line with the asset management plan baseline approved by the Board.	4 projects are baselined to be completed in September 2024. These will be reported on in Q2	80% of projects are in service within approved time and 80% of projects are delivered within approved budget.	8 projects, 80%, have been completed July-Dec on time and within budget. 2 projects were not completed on time#. 100% of the projects delivered on time has been within budget.	Yearly target	#For the two projects not delivered on time: Supply Treatment Huia and Supply Treatment Waitākere Tank Reconciliation is forecasting to delivered within budget, Glen Innes WW PS (DPS071) Pump Replacement has now been completed (mid Dec, but baselined for completion mid Oct). It did not complete on time nor within budget (8% over). A list of the 19 capital works projects we are scheduled to deliver in FY25 is listed below* .
Planned network pipe renewal Measure – Actual Kilometres delivered /planned kilometres.	3.3km	26km (+/- 5%) of network planned for year ending 30 June 2025	6.0km	Yearly target	Yearly target. Operations delivery back on track following Traffic Management Plan delays. Infrastructure delivery business tranche 1 design complete.
Measure: Planned and renewal spend (water and wastewater): reactive maintenance spend. <i>Depicted as both a percentage split, and a ratio.</i>	-	75% (Planned): 25% (Reactive) >3	4.5	Yearly target	Reported six-monthly
Delivering our services and infrastructure projects efficiently, keeping a strong focus on operating costs, so we can minimise water charges					
Percentage of household expenditure on water supply services relative to average household income.	0.81%	< 1.5%	0.89%	Met	
Debt to revenue ratio.	3.91	≤4.00	3.94	Met	
Controllable Cost target (including 4% efficiency target per year, for 10 years, from FY23-FY32).	YTD actuals \$33m	\$441m	\$34m	Yearly target	YTD Direct expenditure as at 31 January 2025 is \$240m against a target of \$255m, a favourable variance of \$15m. Variance largely due to

Performance measure	Q1 results	Target	Q2 actual	Status	Commentary
					timing. Still expecting to meet the target for the year.
Strengthening our relationships with customers, developers, community stakeholders, and our Māori partners					
Customer Net Satisfaction Score (Previously Net promoter score).	55	≥45	54	Met	
Community trust score.	58	≥55%	55	Met	
Percentage of customer complaints resolved within ten days of notification.	99.3%	≥95%	99.29%	Met	
Ratio of procurement sourced through Māori-owned businesses.	2.72%	5%	3.06%	Yearly target	Direct 1.10% and Indirect 1.87%. Total Māori business spend for FY25 is \$20.34m. (\$7.54m Direct, \$12.75m Indirect). \$2.42m of the direct spend has been through our Ngā Kakau Paraha (Māori supplier business network). We have 127 active Māori suppliers out of a total of 2170 active suppliers (5.13% of active suppliers).
Adherence to the Service Level Agreement with Council (10 working days) for Watercare to provide specialist input into resource consents. (3 months rolling average).	89.89%	90%	87.89%	Not met	With an increase in specialist input requests coming through and with the team also looking at the capacity reviews following the constraint map release. We aim to address any questions that the Committee may have regarding the development controls in place at the upcoming deep dive session of 11 March 2025.
We will implement Mitigation measures in line with our emissions reduction targets scope 1 and 2) (Quarterly measure). <i>Note: these targets now include emissions from Puketutu island and also align with our current Asset Management Plan. Previously set target for FY25, excluding Puketutu is <89,200 tonnes CO₂e.</i>	30,714 tonnes CO ₂ e	<139,170 tonnes CO ₂ e	54,116 tonnes CO ₂ e	Yearly target	Overall tracking well against target. We are seeing positive performance in electricity due to purchasing electricity from a renewable electricity provider.
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)	49	One per site (36)	26	Not met	The drop off over December 2024 was due to the close down of many sites over the holidays. We focused on ensuring the results return to within the target. In January 2025, the results were 44 against the target of 36. In FY26, we will seasonally adjust this measure.

**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	No, not delivered to time*	Yes, under budget
6. Orewa 3 to Orewa 1 cross-connection Highgate Bridge	31/10/2024	Yes, original scope delivered on time	Yes, original scope delivered within budget
7. Supply Treatment Huia and Supply Treatment Waitākere Tank Reconciliation	30/11/2024	No, not delivered to time*	On track to deliver within budget
8. Glenbrook Estuary Crossing	30/11/2024	Yes, delivered on time	Yes, under budget
9. Rehua Place Stage 2 and Aorere Park WW Pipeline	31/12/2024	Yes, delivered on time	Yes, under budget
10. Kāinga Ora – Waikowhai Pump Station & Watermain	15/02/2025	Not forecasted to deliver on time	On track to deliver within 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	Not forecasted 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	At risk to deliver on time*	On track to deliver within budget
16. Rosedale MLE 2_3 wall repair	30/05/2025	Not forecasted to deliver on time	On track to deliver within 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	Not forecasted to deliver on time	Not forecasted to deliver within budget
19. Waiuku Interim Treatment Facility	30/06/2025	Yes, delivered on time	Yes, on budget

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

 Operating performance						
\$ million						
	Notes	FY24	FY25 YTD - Quarter 2			FY25
		Prior Year Actuals	Actual	Budget	Variance	Long Term Plan/Annual plan
Net direct expenditure		589	318	310	8	643
Direct revenue	A	1,025	524	533	(9)	1,084
Fees and user charges		683	365	373	(8)	764
Operating grants and subsidies		-	-	-	-	-
Other direct revenue		342	159	160	(1)	320
Direct expenditure	B	436	206	223	17	441
Employee benefits		126	63	64	1	115
Grants, contributions and sponsorship		-	-	-	-	-
Cost of goods and services		4	2	2	-	3
Repairs and maintenance		96	44	44	-	81
Outsourced works and services		-	-	-	-	-
Other direct expenditure		210	97	113	16	242
Other key operating lines						
Vested assets		86	47	34	13	66
Capital subsidies revenue	C	31	18	37	(19)	59
Finance revenue		-	-	-	-	-
Non-direct revenue		-	-	-	-	-
Operating grants and subsidies intercompany		-	-	-	-	-
Capital grants and subsidies intercompany		15	-	-	-	-
Depreciation and amortisation	D	395	209	184	(25)	392
Finance costs		150	90	85	(5)	181
Net interest expense		-	-	-	-	-
Non-direct expenditure		-	-	-	-	-

A. Direct revenue: YTD \$9m unfavourable to plan. Fees and user charges are \$8m unfavourable to plan reflecting lower than anticipated consumption volumes and mix of retail vs commercial customer revenues. Leakage allowances are also higher than anticipated YTD. IGC's YTD are \$5m unfavourable expected to be lower than plan for full year. New Development revenue has also been tracking lower over recent months but is still \$2.9m favourable YTD. Interest, rental income, and third-party damage charges are favourable YTD. These are all partially offset by WDC contract revenue which is \$4.9m down on plan YTD due to lower than anticipated capital project work.

B. Direct expenditure: YTD \$17m favourable to plan. WDC costs are down \$5.5m YTD as mentioned above. Professional services incurred are \$3.1m lower largely due to a number of feasibility projects being capitalised and lower than anticipated professional services in programme delivery. The HRIS project is now well underway, but other Digital Enhancement projects are now not due to start until the second half of the year (YTD \$6.9m fav). Chemical and Energy costs are \$1.8m unfavourable YTD due to lower than anticipated storage levels in the main southern dams resulting in higher reliance on the Waikato treatment plants to ensure dam levels are maintained. Other plant operating costs make up the balance of the favourability YTD including timing differences YTD in tankering costs and plant professional and technical costs.

C. Capital subsidies revenue: YTD \$19m unfavourable to plan. Funds related to shovel ready projects are \$2.6m favourable to plan due to timing of projects achieving required milestones, however Pt Erin funds from Council (\$10m) were incorrectly planned to be received in August and will now be received later in the year. \$11.7m in insurance recoveries have also not yet been realised.

D. Depreciation: YTD Depreciation expense is \$25m higher than plan due to retirement of assets in Q1 resulting in accelerated depreciation.

Financial breakdown by key activities

Direct revenue (\$m)	Prior Year	FY25 YTD - Quarter 2			Full year
	Actual	Actual	Budget	Var	Budget
Fees & User Charges					
<i>Water Revenue</i>	211	112	115	(3)	236
<i>Wastewater Revenue</i>	471	252	256	(4)	527
Grants and subsidies					
<i>Grants from KO</i>	31	18	15	3	16
<i>Any other grant from 3rd parties</i>	-	-	10	(10)	20
Other direct revenue					
<i>Infrastructure Growth Charges</i>	198	96	101	(5)	195
<i>Insurance proceeds for storm recovery</i>	-	-	12	(12)	23
<i>Other key revenue</i>	144	63	59	4	125
Direct expenditure (\$m)					
	Prior Year	FY25 YTD - Quarter 2			Full year
	Actual	Actual	Budget	Var	Budget
Staff cost					
<i>Salaries and wages</i>	146	76	72	(4)	145
<i>Contractors</i>	17	10	15	5	13
<i>Other staff costs</i>	10	5	5	0	11
<i>Labour recoveries</i>	(48)	(29)	(29)	0	(54)
Other direct expenditure					
<i>Maintenance costs</i>	96	43	39	(4)	73
<i>Other operating costs*</i>	214	100	119	19	253

* Includes Cost of goods and services