



Disclosure of dividends policy and policy for funding growth

30 June 2026

Contents

This report has been prepared to comply with Watercare’s disclosure obligations under the Commerce Commission’s Water Services Information Disclosure Determination 2026 (20 February 2026).

These disclosures relate to the following clauses and are to be published by 30 June 2026 (clause A11):

- 4.6 Dividends policy; and
- 4.7 Policy for funding growth.

Compliance overview	3
<hr/>	
Clause 4.6 Dividends policy	4
<hr/>	
Clause 4.7 Policy for funding Growth	4
<hr/>	
1. Introduction	4
2. Growth Servicing Policy	4
3. Our approach to funding growth	5
4. Infrastructure development funding and delivering responsibilities	6
5. Infrastructure Growth Charges (IGCs)	7
Appendix Infrastructure Growth Charges terms and conditions	9

Cover image:
Lower Nihotupu Dam

Compliance overview

The following table sets out the requirements in clause 4.6 (Dividends policy) and clause 4.7 (Policy for funding growth) of the Information Disclosure Determination, and identifies where they are addressed in this document. The disclosure of the growth-funding approach reflects current policy and practice and may change as Watercare’s Pricing Review Plan develops.

Clause	Requirement	Status	Section reference
4.6 Dividends policy			
(1)	Disclosure of dividends policy or a statement where no policy exists or dividends are not permitted	Compliant	Clause 4.6 Dividends policy
4.7 Policy for funding growth			
(2)(a)	Explanation of the approach to funding growth	Compliant	Sections 2 to 5
(2)(b)	Reasons for the chosen funding approach, including the following:	Compliant	Sections 2 to 5
(2)(b)(i)	- Statement of whether, and if so, a demonstration of how growth is self-funded	Compliant	Sections 3.1, 4 and 5.2
(2)(b)(ii)	- Statement of whether, and if so, a demonstration of how mixed-purpose projects are at least partly funded by growth or connection charges (or both)	Compliant	Section 3.2
(3)(a)	Disclosure of every type of charge or obligation related to new connections or other types of growth	Compliant	Sections 4 and 5, as well as charges disclosed via the prescribed template
(3)(b)	Description of circumstances in which each charge or obligation applies.	Compliant	Sections 4 and 5, as well as charges disclosed via the prescribed template
(6)	Disclosure at the single service level	Compliant	Section 3.1

Disclosures in this file sits alongside disclosure of charges and IFF levies (under the Infrastructure Funding and Financing Act 2020), including the Infrastructure Growth Charges (IGCs), required under Clause 4.8, which have been published in the following files:

- [FY26 charges and IFF levies;](#)
- [FY27 charges and IFF levies.](#)

Clause 4.6 Dividends policy

Watercare is not permitted to pay dividends to its shareholder. Under s 57(1)(b) of LG(AC)A 2009, Watercare “must not pay any dividend or distribute any surplus in any way, directly or indirectly, to any owner or shareholder”. Under s 56A(1)(b) of the LG(WSP)A 2025, Auckland Council “must not receive any equity return, directly or indirectly, from an Auckland water organisation”.

Clause 4.7 Policy for funding growth

1. Introduction

This section sets out Watercare’s approach to funding growth, guided by our Growth Servicing Policy. It explains how growth-related infrastructure is funded, the role of Infrastructure Growth Charges (IGCs), and the respective funding responsibilities of Watercare and developers.

2. Growth Servicing Policy

Watercare’s Growth Servicing Policy sets out how growth is serviced and the associated funding responsibilities, including who pays for new infrastructure required to support development in each of the following service area categories:

- Category 1: In Watercare’s Existing Area of Service;
- Category 2: Contiguous with the Area of Service;
- Category 3: Non-contiguous with Existing Services;
- Category 4: Future Urban or equivalent zone;
- Category 5: Rural or Equivalent Zone.

This policy defines servicing pathways based on the location of development, how they align with Auckland Council’s policy, planning and strategic direction, and capacity within the network. These pathways enable connection to the existing network (subject to available capacity and payment of IGCs), orderly staging of development providing cost efficiency, delivery of infrastructure through Watercare’s investment programme, or developer-funded solutions through commercial agreements.

For unanticipated growth in the future urban or rural zones, Council will undertake a policy assessment of development in the context of the Future Development Strategy (FDS) and other relevant policies and plans, and Watercare will follow Council’s lead on the provision of services. Watercare’s role in

relation to out-of-sequence growth is to assess the availability and capacity of wastewater and water services and the impact on in-sequence growth. Council takes into account wider impact on other asset providers eg., stormwater, parks, community facilities, and transport.

Further detail is set out in Watercare's [Growth Servicing Policy \(2026\)](#).

3. Our approach to funding growth

3.1 Our current funding model

Watercare's revenue is derived directly from customer charges. We therefore need to ensure our overall customer charges, including IGCs, are sufficient to fund our expenditure and debt repayments in the most cost-effective manner possible. We also need to balance sources and uses of funds on an annual basis and use appropriate mechanisms to spread debt over an optimal timeframe.

Growth-related investment in line with the FDS spatial plan area and our planned sequence is charged under a user-pays model: bulk infrastructure (dams, treatment plants, transmission mains) is funded by debt and customer charges, including IGCs, while local infrastructure (smaller networks and pumping stations) is funded and delivered by developers (and vested to Watercare). Where growth is out-of-sequence (within the FDS spatial plan area) or falls outside FDS areas, infrastructure funding agreements apply on a case-by-case basis.

The principle is growth is funded by growth across local and bulk infrastructure. IGCs need to increase progressively over time to a level that achieves this.

Watercare's approach to funding growth applies consistently to both water supply and wastewater services.

3.2 Allocation of infrastructure costs to growth

Investment in growth infrastructure is undertaken to increase capacity for increased population and demand. Most capex programmes/projects can be categorised broadly into three strategic drivers: growth, renewal and level of service. New assets we construct may include elements of all three drivers. For example, if we are replacing a pipe in poor condition, its replacement will meet existing capacity (renewal); it may be larger in size (for growth) or be of a superior design or material (level-of-service improvement).

Where projects have multiple cost drivers, these are assessed and costs allocated accordingly. Where growth is a driver, the relevant portion is reflected in the infrastructure growth charge calculation.

4. Infrastructure development funding and delivering responsibilities.

Funding sources and responsibilities for delivering local and bulk assets for growth are different:

- **Local network infrastructure** generally refers to the part of water and wastewater systems that customers connect to. It covers all infrastructure that is not bulk infrastructure. Provision of local reticulation within new developments and connection of new development to existing trunk networks is the responsibility of land developers, and is funded and delivered by the developer. If existing local network infrastructure requires upsizing to enable the proposed development to connect, this must be funded by the developer.
- **Bulk infrastructure** generally refers to treatment facilities (water and wastewater treatment plants) and larger transmission pipes and associated infrastructure that the local network infrastructure connects to. Capital investment in bulk infrastructure to provide services to new or existing customers who increase their demand on our services are funded through IGCs.

The area serviced by bulk infrastructure is extended over time by Watercare to meet growth in accordance with Auckland Council's FDS. The FDS sets out a 30-year programme to sequence urbanisation of rural land, including ongoing signals for the release of Future Urban zoned land for development. This land is predominantly rural and may require new bulk infrastructure to be provided.

4.1 Funding for local network infrastructure investment

Property developers will fund growth of the local network, where increased capacity is required to meet the water and wastewater demand from their developments.

Developers of greenfield land obtain required consents and build and pay for earthworks, roading and utilities such as electricity, telecommunications, water and wastewater to service new developments. We require developers to construct and fund the internal water and wastewater infrastructure on their land to our specifications. Developers are also required to fund any connecting infrastructure between their internal network and our existing local network infrastructure. They may be required to fund upgrades (if any) to the local network infrastructure as well, where capacity is inadequate for their developments.

Once constructed, the ownership of developer-funded infrastructure is vested in Watercare through Auckland Council. We then take the responsibility to operate and maintain the assets and provide services in perpetuity.

Watercare funds capital investment to renew or improve the level of service of existing local infrastructure. Watercare funds some growth investment in local network infrastructure where it is associated with renewal or level-of-service improvement of existing assets, mainly in brownfields areas.

4.2 Funding for out-of-sequence or unplanned bulk infrastructure investment

Watercare generally plans and pays all the cost of capital investment for bulk infrastructure, including for growth. We recover the cost of bulk growth infrastructure through IGCs. However, we may need to reach commercial agreements with a developer (or developers) to fund the additional bulk infrastructure cost arising from out-of-sequence or unplanned development on a case-by-case basis. An approved Watercare business case is required prior to signing off any such agreement.

In tandem with these agreements, infrastructure growth charges are still charged to contribute to the demand on the wider network.

4.3 Infrastructure growth charges

A new connection or a significant increase in non-domestic demand creates a requirement for us to provide, or to have provided, new or additional bulk assets or assets of increased capacity. This is paid for through the IGCs as discussed in the next section.

5. Infrastructure Growth Charges (IGCs)

5.1 Overview and purpose

IGCs are contributions toward the capital investment required for bulk infrastructure. These charges support the provision of services to new or existing customers who increase demand on our services.

Through the IGCs, the cost of increasing the capacity of our bulk infrastructure is paid for by those who increase demand on the system now, rather than by existing customers or future generations, in line with the growth pays for growth principle. An IGC is charged to all new water and/or wastewater network connections, for additional residential units at an existing connection, and where a non-domestic customer increases water usage by 220 kilolitres or more per year.

One IGC is applicable per residential unit for domestic customer connections. Where the gross floor area of the residential unit (including apartments) is less than 65m², two-thirds of the standard IGC rate applies.

The IGC is charged at the time an approval for a connection is made. It is not to be confused with a connection fee, which covers the direct cost of connecting privately-owned pipes to the local water network through a water meter.

The level of IGCs varies by location of the site and the upgrades required to service.

5.2 Charging structure and calculation methodology

The IGC rate a customer is billed varies depending on whether the capital investment is on the Auckland metropolitan water and wastewater networks or on the smaller, stand-alone non-metropolitan networks (generally in satellite towns and smaller settlements). The methodology used to calculate IGCs is consistent across both services. In some areas, there may only be a water or a wastewater service. Customers may be required to pay the relevant water supply IGCs, wastewater IGCs, or both, depending on their circumstances.

The metropolitan rate applies for connections made to:

- our large, contiguous water supply network and water treatment plants; and
- our wastewater transmission networks and the four wastewater treatment plants for Auckland: Māngere, Rosedale, Army Bay and Pukekohe.

Watercare undertakes the following steps to calculate the Metropolitan IGC charge:

- We consider the amount we will invest in growth-related infrastructure over a 15-year period (four years historical, current year, 10 years forward).
- We divide the amount we expect to invest in growth-related infrastructure by the number of Development Unit Equivalentents (DUEs) we expect to connect.
- We reduce the total cost of delivering growth-related infrastructure to a property by the net present value of future interest and depreciation payments, paid through ongoing water and wastewater charges. This ensures the developer is not charged twice for the same asset.

5.3 IGC Charging, Assessment and Payment

Infrastructure growth charges terms and conditions from the customer contract are set out in full in the appendix. These cover circumstances in which IGCs are charged, how they are assessed, and payment provisions.

Appendix Infrastructure growth charges terms and conditions

1. What is an infrastructure growth charge?

An infrastructure growth charge (IGC) is a charge to contribute to our costs in meeting the increased demand on our water and/or wastewater network generated by your development, or changes to water/wastewater services to your property.

To ensure that we can continue to invest in our infrastructure and accommodate Auckland's growth, we charge IGCs on all new water and wastewater network connections, additional residential units at an existing connection, and where a property with an existing connection changes from a residential to a business use and vice versa. We also charge IGCs if you are a business customer and water usage at your property increases by 220 kilolitres or more per year, or wastewater discharges from your property increases by 209 kilolitres or more per year.

New water and wastewater network connections, additional residential units and business customers increasing their water use/wastewater discharges have the effect of requiring us to provide new assets within our water/wastewater networks, or otherwise increase the capacity of those networks. Charging an IGC ensures a share of the cost of this capital expenditure is paid by customers who create the need for this expenditure, rather than all customers through water service and wastewater service charges. The IGCs may fund capital expenditure incurred both before and after IGCs are charged.

We use IGCs to fund growth-related capital expenditure only. We fund operating costs associated with new and existing infrastructure from water and wastewater consumption charges.

In Auckland, IGCs fund the type of growth-related capital expenditure on water/wastewater infrastructure that outside Auckland is typically funded by development contributions under the Local Government Act 2002. However, unlike development contributions, an IGC is a contractual charge rather than a charge required under legislation.

These terms and conditions outline the circumstances in which IGCs are charged, when and how they are assessed, and provisions relating to payment.

2. When are IGCs charged?

2.1. We will apply IGCs:

- when you apply for a new residential or business connection to our network. A new connection includes the installation of a larger water meter, unless this is associated only with a fire sprinkler system;
- where there are new or additional residential units at a property served by an existing connection;
- when you apply to obtain the “town to tank” water supply service;
- where a property with an existing connection changes from a residential use to a business use and vice versa; or
- if you are a business customer with an existing connection, where annual demand at your property increases, or is anticipated to increase:
 - in the case of water, by more than 220 kilolitres per year above your property's Baseline Demand; or
 - in the case of wastewater, by more than 209 kilolitres per year above your property's Baseline Demand.

For the definitions of residential and business use, see clause 1.2 of the customer contract.

Subject to clause 5 below, IGCs are assessed based on the prices current at the time the relevant complete application is submitted to us accompanied by all required information or, as relevant, the time that the demand for water and/ or wastewater services at your property increases or is anticipated to increase.

If an invoice for IGCs is not paid in full by its due date, we may reassess the IGCs based on the prices current at the time of the reassessment.

We may issue you with a provisional notice of assessment which sets out an estimate of the IGC that will apply, and how this amount has been calculated.

2.2. Past payment of development contributions

Legislation states that we cannot charge an IGC in respect of a development where a development contribution for water or wastewater infrastructure has been paid to Auckland Council or one of its predecessor councils in respect of the same development. However, in those circumstances we can charge an IGC to reflect an increase in the scale or intensity of the development since the development contribution was required. We will only charge an IGC where that increase in scale and intensity translates into increased demand for water and/or wastewater services.

2.3. Unpaid IGCs or development contributions

In calculating IGCs, we will take into account only IGCs or development contributions relating to your property that have actually been paid. If IGCs or development contributions have been assessed or invoiced (whether to you or a previous owner of your property)

but not paid, they are not included in our calculation of your property's Baseline Demand for the purposes of any new IGCs.

3. How many IGCs are payable?

3.1. Residential customers

We will charge:

- new residential connections
- new residential units at a property served by an existing connection

one IGC per residential unit. However, we charge any residential unit with a gross floor area of 65 square metres or less, two thirds of the full IGC. (Note: the definition of gross floor area is available on our website). A 'residential unit' is any part of the premises that is separately habitable, or has its own separate connection to either water or wastewater services.

3.2. Business customers

A Development Unit Equivalent (DUE) is the unit of demand we use to calculate IGCs.

We will charge:

- new business connections
- properties with an existing connection whose annual demand for water and/or wastewater services has increased or is expected to increase

one IGC per additional development unit equivalent (DUE). For water supply, one DUE is 220 kilolitres of water use per year. For wastewater, one DUE is 209 kilolitres of wastewater discharge per year.

We calculate the number of additional DUEs by subtracting your property's Baseline Demand from its estimated or actual annual demand. For example:

- A new business connection on a greenfield site has a Baseline Demand of 0 DUEs (no IGCs having ever been paid), and an estimated annual demand of 10 DUEs. The IGC assessed is based on 10 DUEs
- A property with an existing connection dating from 2013 has a Baseline Demand of 2 DUEs (based on IGCs paid on connection), and an estimated annual demand of 10 DUEs. The IGC is based on 8 DUEs
- A property with an existing connection dating from 2013 was invoiced for IGCs at that time but these were not paid. Its estimated annual demand is 10 DUEs. Because no IGCs have been paid, it has a Baseline Demand of 0 DUEs. The IGC assessed is based on 10 DUEs
- A property with an existing connection dating from 2009 has a Baseline Demand of 4 DUEs (based on the property's annual average demand for water over the five-year period ending the day before the start of

the period used to calculate the Annual Demand), and an estimated annual demand of 10 DUEs. The IGC is based on 6 DUEs.

DUEs will be rounded up (if greater than or equal to 0.5) or down (if less than 0.5) to the nearest whole number.

Where we expect an increase in annual demand, we will consider information you provide us about the expected increase in water usage and/or wastewater discharges on your property to estimate annual demand.

If you do not know how much your water usage or wastewater discharges is likely to increase, and there is no water demand or wastewater discharge information available, when we charge IGCs we will estimate annual demand by comparing the expected use and development of your property with similar uses and development. We will review the estimate of annual demand and may charge additional IGCs if the original assessment of annual demand was too low.

3.3. Water services-only and wastewater-only IGCs

Where:

- your property requires a new water services connection but not a new wastewater connection
- you apply for a new residential or business connection but a wastewater connection is unavailable; or
- at a property with an existing business connection, the annual demand for water services (but not wastewater services) has increased or is expected to increase

we may charge a water services-only IGC.

Where:

- your property requires a new wastewater connection but not a new water services connection;
- you apply for a new residential or business connection but a water connection is unavailable; or
- at a property with an existing business connection, the annual demand for wastewater services (but not water services) has increased or is expected to increase

we may charge a wastewater-only IGC.

3.4. "Town to tank" water supply services-only IGC

Where you apply to obtain a "town to tank" water supply service, we may charge a "town to tank" water supply service-only IGC.

4. How much is the IGC?

4.1. The IGC rate for your area is set out in the IGC price schedule. The rates are reviewed annually.

4.1.1. Auckland metropolitan area

A uniform IGC rate applies throughout the Auckland metropolitan area. The IGC rate for the metropolitan area is based on growth-related capital expenditure on our bulk networks in the metropolitan area.

4.1.2. Non-metropolitan area

The IGC rate for non-metropolitan areas is based on the growth-related capital expenditure on the water and/or wastewater scheme servicing the area. Please refer to the FAQ on the IGC page on our website for information on how the IGC is calculated.

5. When do I have to pay IGCs, and what if I don't pay?

5.1. You must pay:

- IGCs charged for a new residential or business connection by the due date set out in our invoice to you, or the day before the connection date, whichever is earlier
- IGCs charged in any other circumstances by the due date set out in our invoice to you.

5.2. If you do not pay IGCs by the due date under clause 5.1, in addition to our rights under clause 3.2 of the Customer Contract, we may (at our discretion):

- cancel the invoice, reassess the IGCs in accordance with clause 2.1 and issue an invoice for the reassessed amount
- for IGCs charged for a new residential or business connection, withhold installation of a water meter or approval of plans for a wastewater connection
- for IGCs charged for new or additional residential units served by an existing connection, suspend any work required to change the connection
- for IGCs charged where annual demand for water/ wastewater services at a property with an existing business connection increases or is anticipated to increase, disconnect the property or restrict water supply to the property to reflect the IGCs or development contributions for water services or wastewater services that have been paid.

6. Can an IGC be contested?

6.1 IGC objection process

Yes, an IGC can be contested.

6.2 As the customer, you can choose whether you want to have your assessment reconsidered, or whether you want to object to your assessment (including if you do not agree with the result of your Reconsideration).

- (a) You can request a Reconsideration of your assessment within 10 working days of receiving notice of your assessment.
- (b) If you do not agree with the outcome of that Reconsideration, or you want to proceed straight to an Objection, you can object. Objections are due within 15 working days of receiving notice of your assessment, or, if you have requested a Reconsideration, within 15 days of receiving notice of Watercare's decision on that Reconsideration.
- (c) Once you have objected to your assessment, you cannot request a Reconsideration in respect of the same assessment.

6.3 You can request a Reconsideration of your assessment if you think that Watercare has:

- (a) incorrectly calculated, assessed, or applied these terms and conditions to your development; and/or
- (b) relied on, recorded, or used information that was incomplete or contained errors when assessing the contribution required against these terms and conditions.

6.4 Your request will be considered by Watercare's Reconsideration Panel. The Panel may confirm, vary, or cancel your assessment.

6.5 The grounds for an Objection are set out at paragraph 5 of the Charter for Commissioners.

6.6 For more information on the Reconsideration and Objection process, refer to the 'Reconsiderations and Objections' factsheet and the Charter for Commissioners on our website.