

Board meeting | 24 June 2025

Public session



<b>Venue</b>	Watercare Services, Level 4 Boardroom, 73 Remuera Rd, Remuera and via Microsoft Teams
<b>Time</b>	From 9:45am

Meeting administration		Spokesperson	Action sought	Supporting material
1	<a href="#">Opening karakia</a>	Karen Sherry	-	Verbal
2	Apologies	Chair	Record apologies	Verbal
3	Quorum	Chair	A majority of directors	Verbal
4	Declaration of any conflicts of interest	Chair	For noting	Verbal
5	<a href="#">Minutes of the previous meeting of 27 May 2025 Board meeting</a>	Chair	For approval	Minutes
6	Public deputations	Chair	For information	Verbal
Items for information, discussion and approval				
7	<a href="#">Health, safety and wellness update</a>	Andrew Mercer	For discussion	Report
8	<a href="#">Final draft of Watercare's Statement of Intent 2025-28</a>	Emma McBride	For approval	Report
9	<a href="#">Chief Executive's report</a>	Executive Team	For discussion	Report
10	<a href="#">Review of Economic Regulation Committee Terms of Reference</a>	Jamie Sinclair	For approval	Report
Governance				
11	Asset Management Committee meeting update	Graham Darlow	For discussion	Verbal update
12	Economic Regulation Committee meeting update	John Crawford	For discussion	Verbal update
13	<a href="#">Board planner</a>	Chair	For information	Report
14	<a href="#">Directors' appointment terms, committee memberships and meeting attendances</a>	Chair	For information	Report
15	<a href="#">Disclosure of directors' and executives' interests</a>	Chair	For information	Report
16	General business	Chair	For discussion	Verbal update
Date of next meeting		Tuesday, 29 July 2025		



**Karakia Timatanga (To start a meeting)**

**1. Whakataka te hau ki te uru**

**Whakataka te hau ki te tonga**

**Kia mākinakina ki uta**

**Kia mātaratara ki tai**

**E hī ake ana te atakura**

**He tio, he huka, he hau hū**

**Tihei mauri ora!**

*Cease the winds from the west  
Cease the winds from the south  
Let the breeze blow over the land  
Let the breeze blow over the ocean  
Let the red-tipped dawn come with a sharpened air.  
A touch of frost, a promise of a glorious day.*



2. Tukua te wairua kia rere ki ngā taumata

**Hai ārahi i ā tātou mahi**

**Me tā tātou whai i ngā tikanga a rātou mā**

**Kia mau kia ita**

**Kia kore ai e ngaro**

**Kia pupuri**

**Kia whakamaua**

**Kia tina! TINA! Hui e! TĀIKI E!**

*Allow one's spirit to exercise its potential*

*To guide us in our work as well as in our pursuit of our ancestral traditions*

*Take hold and preserve it*

*Ensure it is never lost*

*Hold fast.*

*Secure it.*

*Draw together! Affirm*



**Minutes**

<b>Board meeting</b>	Public session
<b>Date</b>	27 May 2025
<b>Venue</b>	Watercare House, Level 4 Boardroom, 73 Remuera Rd, Remuera and via Microsoft Teams
<b>Time</b>	10:05am

<b>Attendance</b>		
<b>Board of Directors</b>	<b>Watercare staff</b>	<b>Guests</b>
Geoff Hunt (Chair) Julian Smith Frederik Cornu Andrew Clark John Crawford Graham Darlow Karen Sherry	Dave Chambers (Chief Executive) Jamie Sinclair (Incoming Chief Executive) Mark Bourne (Chief Operations Officer) Richie Waiwai (Tumuaki Rautaki ā-lwi me ngā Hononga) Meg Wiltshire (Chief Corporate Affairs Officer) Sarah Phillips (Chief People Officer) Tere Ryan (Security Co-ordinator) Priyan Perera (Chief Strategy and Planning Officer) (from item 9 until the end) Andrew Mercer (Head of Health, Safety and Wellbeing) (from the start until the end of item 7) Michael Webster (Head of Business Performance) Emma McBride (Head of Legal and Governance)  <b>Via Microsoft Teams</b> Tracey Carter (Legal and Governance Business Partner)	<b>Members of the public</b> Derek Manning, Chartered Civil Engineer and Watercare customer  <b>Members from Auckland Council</b> Trudi Fava (Principal Advisor, CCO Governance & External Partnerships) (from second half of item 7 to end) (via Microsoft Teams)



1.	<b>Opening karakia</b> Graham Darlow opened the meeting with a karakia.
2.	<b>Apologies</b> Councillor Ken Turner sent his apologies for the public session and the Commerce Commission sent their apologies for both the public and confidential sessions.
3.	<b>Quorum</b> All directors were present at the meeting, so a quorum was established.
4.	<b>Declaration of any conflicts of interest</b> Andrew Clark noted his usual conflict of interest when it comes to tax issues, as he is the CFO of Ports of Auckland Limited. No other conflicts of interest were noted.
5.	<b>Minutes of the previous Board meeting of 29 April 2025</b> <i>The board <b>resolved</b> that the minutes of the public session of the Board meeting held on 29 April 2025 be confirmed as true and correct.</i>
6.	<b>Public deputations</b> There were no public deputations.
7.	<b>Health, safety, and wellness update</b> Andrew Mercer presented the report which was taken as read. The following key points were made: <b><i>Review of leadership and kaimahi engagement</i></b> <ul style="list-style-type: none"> <li>• April had several public holidays, which contributed to slightly lower engagement from leaders due to staff absences. However, overall participation remained strong, and there were few incidents of concern reported.</li> <li>• In response to a question regarding the safety induction completion rate, Andrew explained that at the time the report was run, 1-2% of staff – equating to 15 people out of 1,357 staff, had not yet completed their safety induction. Since then, this number has reduced.</li> <li>• In relation the safety leadership in action training, the CE noted that this had now been brought in-house to provide greater flexibility in scheduling.</li> </ul>

	<p><b><i>Details of events with very/high potential of harm</i></b></p> <ul style="list-style-type: none"> <li>• The board recently visited Ardmore Water Treatment Plant (WTP), where they viewed the storage and chlorination systems and discussed the grave consequences of failure.</li> <li>• The chemical spill at the Waikato WTP (Tuakau) involved aluminium sulphate, which is an irritant and not as dangerous as chlorine. The spill was fully contained within the chemical bund, as designed. This was a minor operational issue with low consequence. The team were well trained to respond to the spill.</li> <li>• The incident involving a bleach spray bottle caused a splash back onto the technician's safety glasses. No injury occurred.</li> <li>• The CE highlighted Watercare's strong reporting culture, ensuring even minor events are recorded.</li> <li>• The board raised concerns about a dog-related incident, involving two field technicians and enquired if dog safety training is provided. Andrew stated that lab and field staff are most exposed to the risk and dog safety training is available, but it is not mandatory.</li> </ul> <p><b><i>Risk management and insight into the permit audits</i></b></p> <ul style="list-style-type: none"> <li>• The board acknowledged the permit audit results continue to show strong performance.</li> <li>• The board expressed concern at there being over 900 open items in iCare and encouraged management to reduce this number.</li> <li>• The board noted that TRIFR is trending down, which is positive.</li> </ul> <p><i>The board <b>noted</b> the report.</i></p>
8.	<p><b>Disestablishment of Capital Finance Committee and establishment of Economic Regulation Committee</b></p> <p>The CE introduced the report. The following key points were made:</p> <ul style="list-style-type: none"> <li>• The Capital Finance Committee (CFC) has achieved its purpose and will be formally disestablished. A new Economic Regulation Committee (ERC) will be established, chaired by Julian Smith.</li> <li>• The first ERC meeting will be on 17 June 2025.</li> <li>• Julian Smith noted there are some minor edits to the Terms of Reference (ToR). The most substantive is that the CFC ToR included external specialists from Auckland Council and an Independent Committee Advisor (Jim Reardon). The ERC will not require this kind of support.</li> <li>• The Commerce Commission has advised they will not attend ERC meetings or require the papers.</li> </ul> <p><i>The board <b>approved</b>: the disestablishment of the Capital Finance Committee; <b>the establishment</b> of the Economic Regulation Committee (ERC); the ERC's Terms of Reference; and <b>the appointment</b> of Julian Smith (Committee Chair), Geoff Hunt, John Crawford, and Rukumoana Schaafhausen as members of the ERC.</i></p>
9.	<p><b>Chief Executive's report.</b></p> <p>The CE introduced the report, which was taken as read. The following key points were made.</p>

**Key Performance Measures**

- In response to questioning about our education programmes, Management explained that we know our short-term education campaigns lead to noticeable moderation in usage. However, it is difficult to measure the impact of education programmes over a longer period of time and whether these result in greater water efficiency. Over the long term, we can correlate per capita consumption trends with major events. For example, the global financial crisis (GFC) caused an obvious reduction in water usage. Management will provide an update on the long-term trend analysis to show where reductions have occurred and what they correlate to.
- It was noted that weather, particularly days exceeding 25°C, is a significant driver of increased water use.
- We have not met the community trust score target. A decline in trust during Q1 and Q2 of FY25 has impacted the 12-month rolling average. While trust has begun to stabilise in recent months, there have been some dips in response to announcements about our price increases.
- In response to questioning from the board, it was explained that the community trust score is influenced by several factors, including perceptions of price and affordability. While the recent business plan received positive coverage, the required price increases for infrastructure funding have led to a dip in trust.
- On the education front, we have taken a more intentional approach with our water use campaigns. While people often resist being told what to do, there is a growing awareness among customers of the city's water needs, and this sentiment has been captured in our engagement.
- Meg Wiltshire will report back to the board with a deep dive into the drivers behind the trust score.
- The board noted that building trust in utilities is challenging, and that confident, clear communication is crucial. The board's observation is that Watercare's cautious approach has limited impact and expressed interest in testing a more direct stance. For example, clearly stating, "We are limiting growth in this region due to specific concerns; it's unfortunate but necessary," could help improve trust and public understanding.

**Customers**

- We engaged residents on population growth, ageing infrastructure, and climate change to shape the Metropolitan Servicing Strategy.

**Partnerships**

- A Kōtuitanga agreement will be signed by Ngāti Whatua CEO Mārama Royal and Watercare's board Chair on the principles of partnership. The Kōtuitanga agreement is a high-level relationship document.

**People**

- In April, we held a health and safety deep dive workshop for our senior leaders, focusing on the recent Ports of Auckland prosecution. This was led by an external facilitator and expert witness from the trial. The session highlighted critical risk management and safety leadership. The insights gained will inform and strengthen our ongoing health and safety strategy.
- The Workday HR software project remains on track for an end of July launch.
- There has been an increase in FTEs due to a lower number of leavers for the month compared to previous months.
- Watercare conducts engagement surveys twice a year, with the next one scheduled for 3 June 2025. Results will be reported back to the board. Scores are usually around 7/10.

	<ul style="list-style-type: none"> <li>The board recalled the HSE Global review conducted at the end of 2023. The reviewer highlighted that Watercare employees show exceptionally high intrinsic motivation—among the highest they had seen—comparable to St Johns Ambulance.</li> <li>The board was pleased to see that Dam Safety Manager, Shreesh Basnyat, attended the CEATI conference to present on managing Auckland’s high-risk dams and lessons from recent extreme events.</li> </ul> <p><b>Operations</b></p> <ul style="list-style-type: none"> <li>Dam storage levels are 70.2% boosted by 50mm of recent rainfall in the southern catchment, sitting about 3% below the historical average.</li> <li>April rainfall was well above normal (188% Hūnua, 193% Waitākere), bringing the year-to-date total to 85-90% of average.</li> <li>With storage above the drought preparation threshold, the Level 2 drought incident has been closed.</li> <li>Normal to above-normal rainfall is forecast for the next three months.</li> <li>Auckland Council plans a 1080 operation in the Hūnua catchments in July, with mitigation plans ready.</li> <li>A Level 3 incident was declared recently after a failure caused a wastewater overflow at Hobbs Bay Wastewater Pump Station. The incident occurred on the weekend, and the station was returned to service by Sunday morning, with environmental monitoring ongoing.</li> <li>The station’s low-lying location in a depression causes inflow to exceed outflow during large storms. The station was originally built by Rodney District Council, and it would not meet current engineering standards. Our short-term fixes include relocating electrical equipment and adding a pump bypass. Longer term plans involve replacing several pump stations as part of Army Bay wastewater expansion.</li> </ul> <p><b>Programme delivery</b></p> <ul style="list-style-type: none"> <li>The Traffic Management Plans for works on Mayoral Drive is advancing, with Auckland Transport approving Mayoral Drive traffic permits. The board requested an update on these works and the changes made to the Temporary Traffic Management approval.</li> <li>The Branch 3B Judges Bay project is complete, and the pump was turned on yesterday. In the next couple of weeks there will be water quality testing so that the Safeswim black flag can be removed.</li> <li>The board expressed their disappointment regarding the further delays to the Snells Beach Wastewater Treatment Plant (WWTP) project and cautioned against compressing the commissioning phase as this can be risky.</li> </ul> <p><i>The board <b>noted</b> the report.</i></p>
<b>10.</b>	<p><b>Audit and Risk Committee meeting update</b></p> <p>Andrew Clark, Chair of the Audit and Risk Committee (ARC) advised that the ARC met on 21 May 2025 and the meeting covered the following:</p> <ul style="list-style-type: none"> <li>The ARC reviewed various matters which have been included in today’s confidential pack.</li> <li>The ARC discussed critical water supply assets and single points of failure. The ARC asked management to ensure they were talking with other utilities, such as Waka Kotahi and Auckland Transport, so that we are all prepared in the event of a failure and, if necessary, have a specific Business Continuity Plan in place.</li> <li>The year end preparations with Deloitte have been very positive. There is uncertainty around timing of Bill 3 and some of the levels of disclosure. Management will manage this by ensuring we “over disclose”.</li> </ul>

	<ul style="list-style-type: none"> <li>• Deloitte has urged us to start working on the statement of service performance early.</li> <li>• The ARC queried whether they will need the 28 August meeting. It remains in the diary as a placeholder.</li> <li>• Insurance renewals are on track for an out of cycle board approval on 11 June 2025.</li> <li>• The ARC reviewed three policies which will be recommended to the board for approval in June.</li> </ul>
<b>11.</b>	<p><b>Capital Finance Committee meeting update</b></p> <p>Julian Smith, Chair of the Capital Finance Committee (CFC), advised that the CFC met on 21 May 2025 and the meeting covered the following:</p> <ul style="list-style-type: none"> <li>• This was the final CFC meeting. The minutes will be tabled at the Board meeting in June for approval.</li> <li>• Outstanding progress has been made with the bank debt facilities which will be executed on 6 June.</li> <li>• The syndication programme is materially oversubscribed and in excellent shape.</li> <li>• Watercare has reduced its capital cost by \$24 million. The benefit was generated by the executive working with our partners and is an outstanding result.</li> <li>• The focus is now moving to the debt capital programme (bonds), which is likely to occur in October and be New Zealand based.</li> <li>• There has been discussion regarding director oversight on the Due Diligence Committee, but a decision has been made that no director oversight is required.</li> <li>• Law firm, Mayne Wetherell, has been appointed specifically for the debt capital programme.</li> <li>• Jim Reardon is transiting to the Treasury Management Committee and in time he will pass the reigns to another external treasury expert who is an ex ASB executive.</li> <li>• The CFC Chair noted that the team must have a celebration to recognise how hard the team have worked on this large capital raise.</li> </ul> <p><i>The board <b>noted</b> the report.</i></p>
<b>12.</b>	<p><b>Board Planner</b></p> <ul style="list-style-type: none"> <li>• The next board meeting will be a one-hour insurance renewal meeting on 11 June 2025.</li> <li>• Karen Sherry will be an apology for the August Board meeting.</li> </ul> <p><i>The board <b>noted</b> the Board planner.</i></p>
<b>13.</b>	<p><b>Directors' appointment terms, committee memberships and meeting attendances</b></p> <p><i>The board <b>noted</b> the report.</i></p>
<b>14.</b>	<p><b>Disclosure of Directors' and Executives' interests</b></p> <p><i>The board <b>noted</b> the report.</i></p>

15.	<b>General business</b> The public session closed at 10:42am.
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CERTIFIED AS A TRUE AND CORRECT RECORD

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Geoff Hunt, Chair

DRAFT

Board meeting | 24 June 2025

Public session



## Health, safety, and wellbeing update

For discussion

### Te pou whenua tuhinga / Document ownership

#### Prepared and recommended by

Andrew Mercer

Head of Health, Safety and Wellbeing

#### Submitted by

Jamie Sinclair

Chief Executive Officer

7

### 1. Te tūhunga / Recommendation

We recommend that the Board notes and discusses this report.

### 2. Whāinga / Purpose

This report provides an update on health, safety and wellbeing outcomes and performance at Watercare for April 2025.

### 3. Kōrero pitopito / The details Take matua / Key points

The report includes a summary of monthly activity across five core areas of HSW focus:

- Leadership
- Kaimahi engagement
- Risk management and insight into the permit audits
- Continual improvement
- Performance trends and analysis
- Review of investigation into Dunkirk Pumpstation close-call.

## 4. Kōrero pitopito / The details

### 4.1 Leadership

	March 2025	April 2025	May 2025	Commentary
Leadership walks Target to be determined by business unit	156 feedback  192 site inspection	124 feedback  149 site inspection	180 Feedback  201 inspection	The ongoing emphasis on the importance of leaders visiting sites and understanding work-as-done in the field is reflected in the strong performance around leadership walks and site inspections.
Training – Safety leadership in action Target: 100% of people leaders	82.7%	84%	89%	Remaining leaders are scheduled on upcoming session dates. The future evolution of this training will review capacity and approach, and adjust content and delivery to keep this current.

### 4.2 Kaimahi engagement

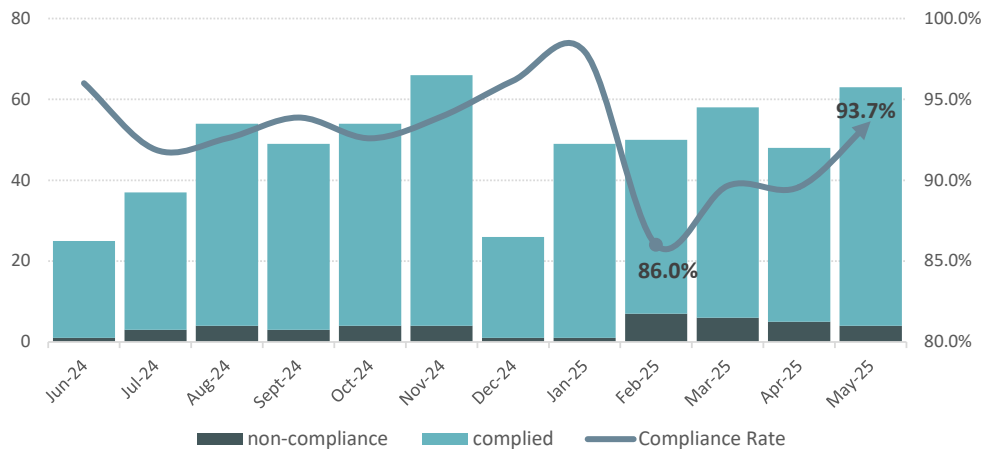
	March 2025	April 2025	May 2025	Commentary
HSW climate The team targets a HSW climate rating of ≥8/10 in each six-monthly Watercare climate survey	8.1 (+0.2 above benchmark)			The next survey is planned for June 2025.
Reward and recognition All business units to have a way to reward and recognise positive health, safety and wellbeing	307	193	279	Recognition records are recovering since Easter, with 307 in March, 193 in April, and rising to 279 in May. Recognitions in May includes acknowledging employee attitudes, safety e-module development, and completing the Health and Safety Representative Stage 2 course to enhance safety knowledge and leadership.
Training – induction Target: 100% of Kaimahi	99%	98%	99%	A few remaining staff are yet to complete this induction.
Communication/ engagement	A new health and safety committee has been established for the Newmarket office. This initiative has been well-supported and will be key point of leadership and engagement with the large number of staff based out of the head office. This will become a focal point for the next evolution of wellbeing initiatives.			



#### 4.3 Risk management and insight into the permit audits

	March 2025	April 2025	May 2025	Commentary
Permit audits per site Target: One per site	51/36  88% compliance	47/36  89% compliance	63/36  94% compliance	Over the past 12 months, the permit audit's 12 months rolling compliance rate is averaged at 93%. With audit sampling size returning to pre-Christmas levels, providing valuable opportunities for improvement identified in non-compliance areas at the sites.
Critical risk inspection Measured as: number of inspections completed	35	26	24	See section 4.3.2 for critical risk inspection coverage and trends in critical risk events.
Emergency preparedness Measured as: number of emergency drills completed	6	5	9	There was an increase in the number of emergency drills conducted in May. These drills are important for training, enabling employees to practice and improve their readiness and response to potential emergencies.
No. of high/very high potential of harm events ( <b>incidents and close calls</b> )	10	7	6	A healthy approach to reporting safety incidents is encouraged, especially in proactive hazard reporting. The increase in total reported cases, with a reducing number of high-potential cases, is a positive trend.

Permit to Work Audits Last 12 Months



#### 4.3.1 Details of events with very/high potential of harm

Events in April 2025	Severity of Harm	Incidents	Close call	Hazard	Total
Watercare employees	Very High/High	1	1	6	8
	Medium – Very Low	40	8	18	66
Contractors	Very High/High	1	3	0	4
	Medium – Very Low	24	4	1	29
Public	Very High/High	0	0	0	0
	Medium – Very Low	0	0	1	1
<b>Total cases reported</b>		<b>66 (*53) ↑</b>	<b>16 (*14) ↑</b>	<b>26 (*17) ↑</b>	<b>108 (*85) ↑</b>

\*Average cases reported last 3 months (i.e. Feb, Mar and Apr 2025)

##### High potential events involving Watercare employees

*Incident (WorkSafe notifiable)* – citric acid was accidentally pumped into a sodium hypochlorite dose tank during a routine task to top-up the dose tank at a small water treatment plant. The reaction of citric acid mixing with sodium hypochlorite resulted in the formation of chlorine gas. The very small volume of chemicals involved meant that only a small amount of gas formed, and the immediate response from the operator meant that the gas was successfully contained and the risk then removed by a specialist contractor. Corrective actions include improving signage for chemical separation and reinforcing the importance of verifying labels before adding chemicals. The Standard Operating Procedure (SOP) has been updated to reflect these changes.

*Close call* – a Watercare employee driving on the motorway was exposed to the risk of a high-speed collision due to aggressive and reckless driving by a member of the public. Defensive driving action helped the driver avoid a crash.

##### High potential events involving Contractors

*Incident* – a suspended load incident occurred when a large pump was lifted using a HIAB (truck mounted crane) and a lifting strop. The strop snapped under load, and the pump dropped to ground. An exclusion zone was in place and effective. No injuries or damage occurred. New lifting strops have been ordered with a greater load rating, along with refreshed training for staff on lifting operations.

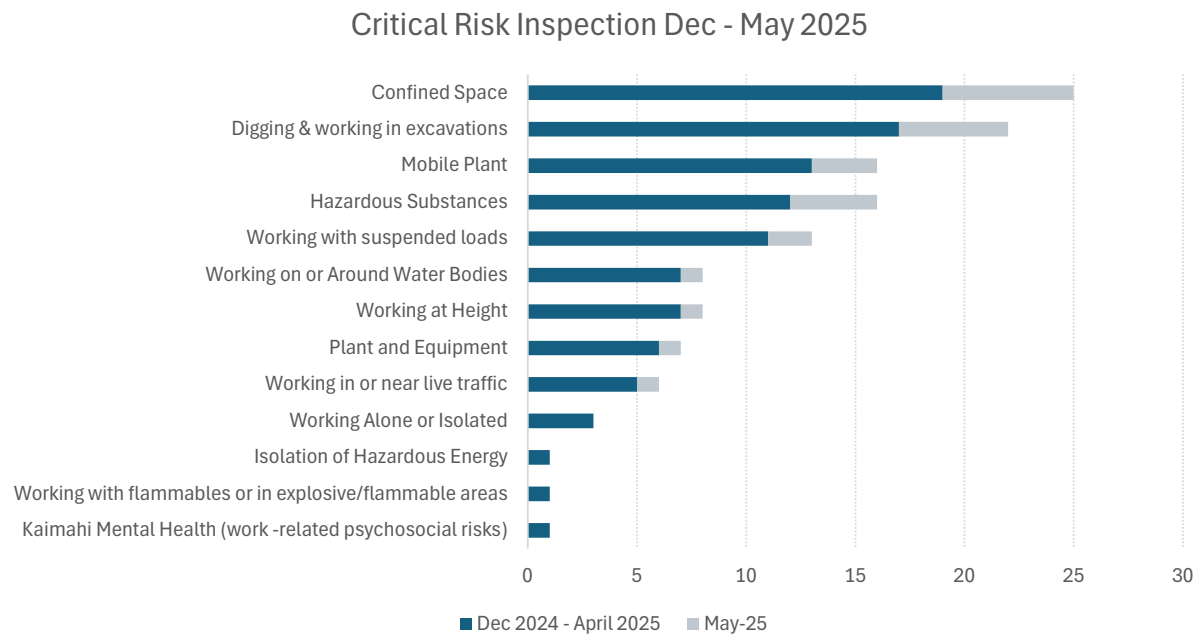
*Close call* – a near miss occurred when a concrete cutting blade came loose from the saw. The saw cut was complete and the blade detached due to a loose fitting. Awaiting the contractor's report to identify any learnings and action.

Close call – a screens bin truck driver reported feeling unsafe when turning into the site from SH1 at Wellsford WWTP, as cars passed on the left and approached from the north at speed, nearly causing a collision. Traffic management was in place, reducing speed from 100km/h to 50km/h, but many drivers disregarded this. Follow up with planning for alternative access routes.

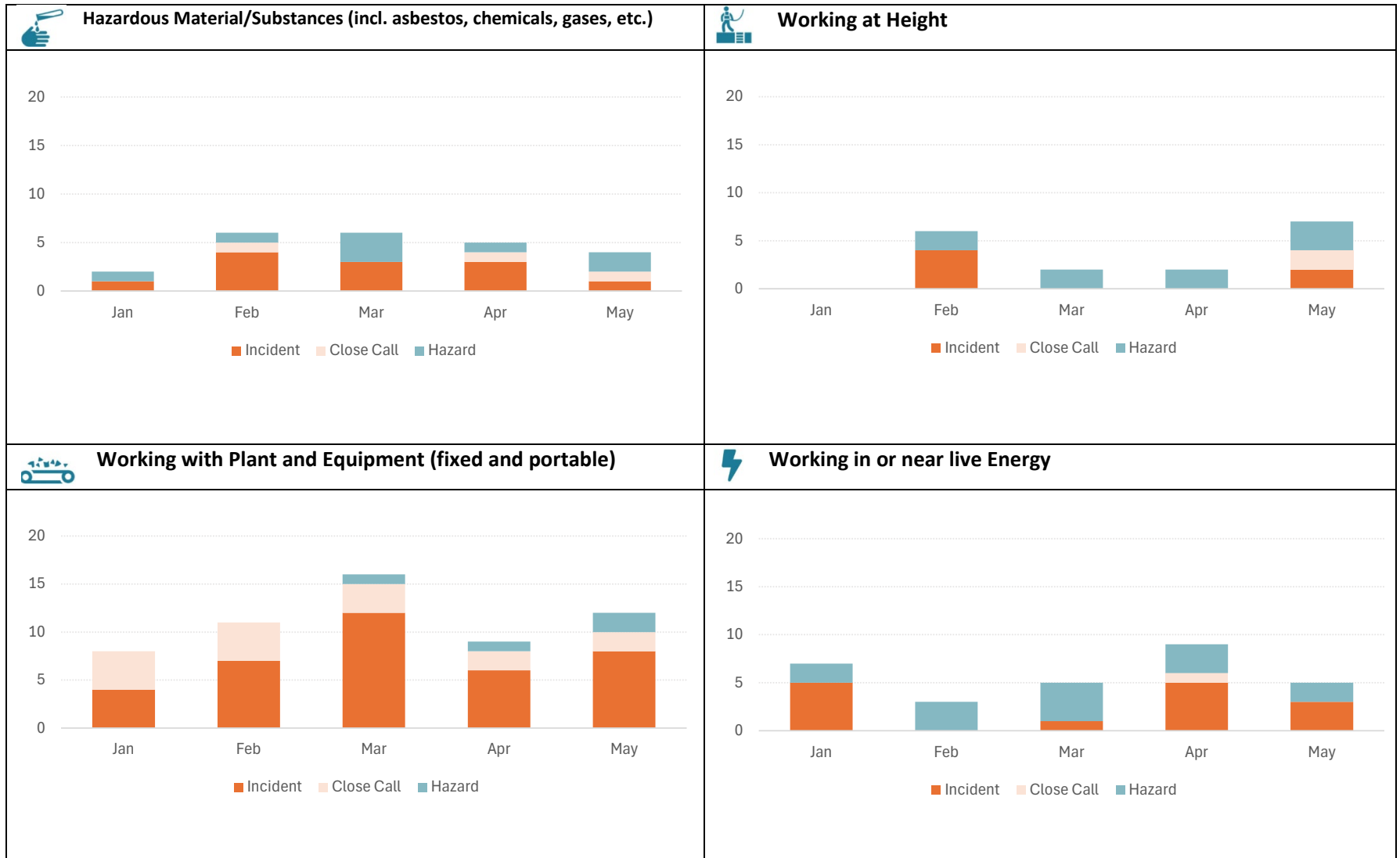
Close call – a dog ran onto the road and attempted to bite a water meter reader, who remained unharmed. The owner secured the dog, and animal control was notified. Requested a contact number for someone on-site to call before sending contractors for meter replacement to avoid potential risks.

#### 4.3.2 Critical risk inspections and events

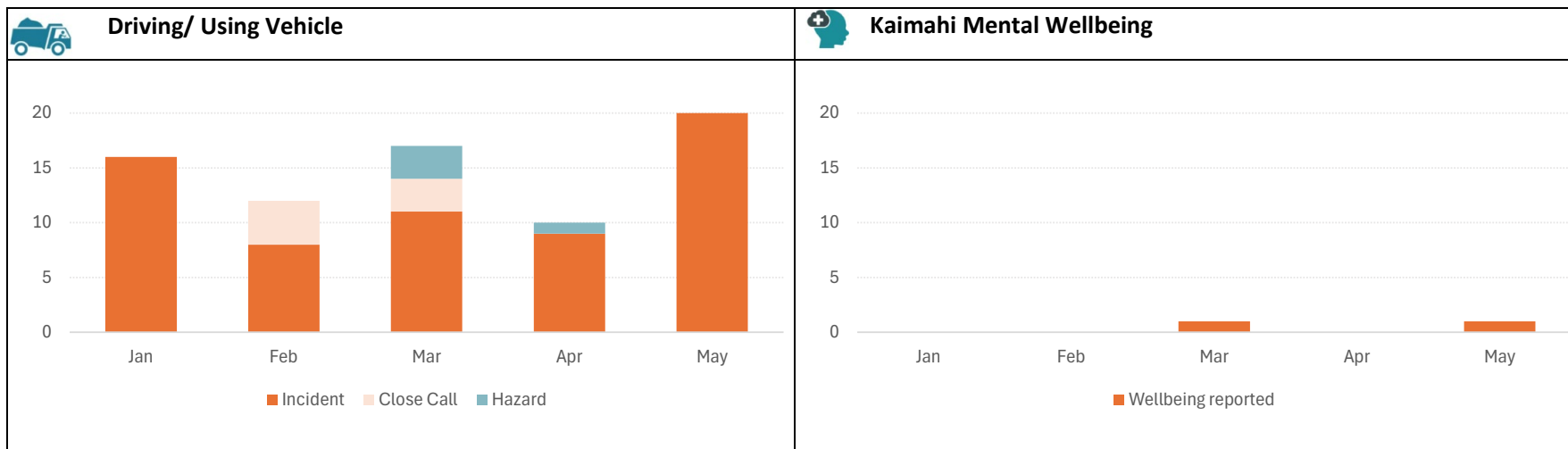
The chart below shows the number of critical risk inspections completed and events reported during the last few months, across the identified critical risk areas.











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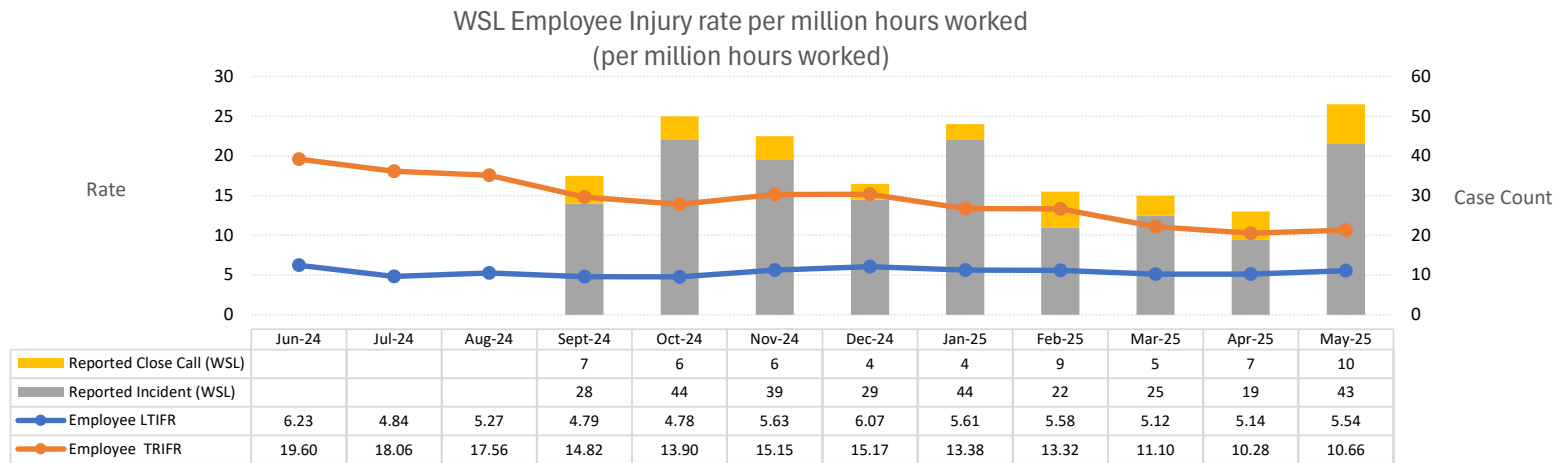
#### 4.4 Continual improvement

	March 2025	April 2025	May 2025	Commentary
Learnings Identified and Shared	1	0	1	A learning exercise following the WorkSafe-notified chemical reaction incident at Huia Village WTP. The learning exercise revealed that normal human factors—complacency and missed pre-checks—contributed to the incident. To support safer practise, actions have been taken to improve housekeeping at this unmanned site, team communication, and chemical handling protocols.
Digital Solution	The Health, Safety & Wellbeing (HS&W) digital software replacement project is scheduled to begin with high-level business process design to align with industry best practices. This will inform the development of detailed requirements, system design, and configuration, ensuring the platform is fit-for-purpose and scalable for future needs.			

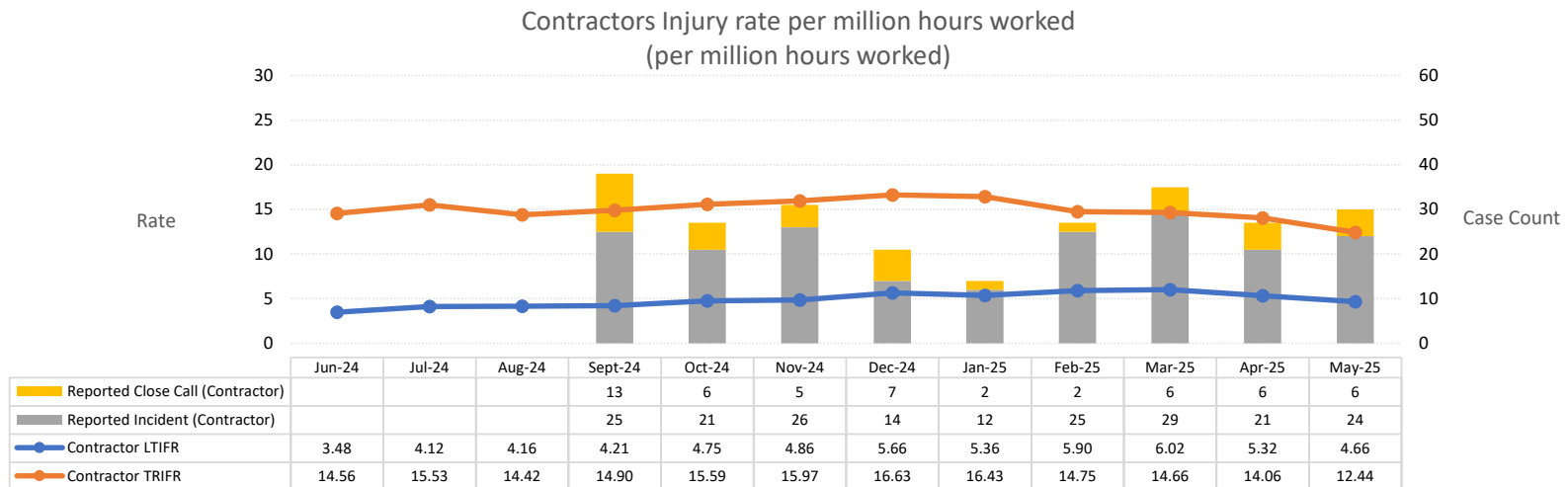
#### 4.5 Performance trends and analysis

	March 2025	April 2025	May 2025	Commentary
Open iCare cases Target: <5% of iCare cases last 12 months	787 13%	937 15%	865 13%	Most of the open cases have no actions but need to be reviewed and closed. Options for efficient closure of these cases are being explored in the designed workshop for the new digital platform.

	March 2025	April 2025	May 2025	Commentary
OCP programme utilisation (number of referral)	21 (9 new)	19 (7 new)	16 (6)	Employee wellbeing is important and will remain as a focus area as the wellbeing programme evolves to reflect improved understanding of what successful wellbeing initiatives apply in the context of Watercare.
TRIFR (Watercare employee per million hours worked)	11.10	10.28	10.66	Watercare continues to encourage a positive reporting culture, where incidents and close calls are viewed as learning opportunities. The focus has shifted to critical risk management and preventing serious harm.
TRIFR (contractor per million hours worked)	14.66	14.06	12.44	







#### 4.6 Review of the close call event at the new wastewater Dunkirk pump station at Tangaroa Street

A close call event involving the switchboard was reported in the March Board report. The Board was concerned at this fundamental failure and asked management to consider seeking an external investigation into this close call.

##### Background

The recently constructed Dunkirk Pump Station was commissioned in August 2024. This pump station is a transmission pump station in a 'single cell' design, comprising a wet well with two large submersible pumps. The main switchboard and pump control is positioned at ground level in the motor control cabinet building.

In February 2025, the Watercare maintenance team carried out a planned maintenance inspection on the submersible pumps. This was the first maintenance activity that was scheduled since the pump station was commissioned into service. The maintenance team implemented the pump isolation procedure in accordance with standard practice. That isolation procedure included a check to 'prove' that the isolation was effective by attempting to start the pump from the control panel. The pump that was thought to be isolated started running. This immediately alerted the maintenance team to the fact that the pumps were incorrectly connected to the wrong control panel. i.e. Pump 1 was wired into the Pump 2 side of the control panel, and vice versa. The asset labelling on the pumps and switchboard was misaligned.

### **Investigation**

On discovering the misalignment, all maintenance work stopped, and an investigation was initiated. The investigation by the contractor who built the pump station, and a review by Watercare staff, revealed a series of errors and opportunities for improvement during the delivery of the project:

- Inaccuracies and lack of clarity in the 'for construction' design drawings led to uncertainty on the part of the contractor during construction.
- Failure of the contractor to complete the required Inspection and Test Plan (ITP) checks during construction.
- Lack of application of temporary asset labelling during construction and commissioning.
- Lack of pressure gauges fitted to the discharge pipework during construction, that would have confirmed what pump was operating when 'on' at the switchboard and running.
- Advancing the project into 'hot commissioning' despite not having completed all key quality checks during construction and 'cold commissioning'.

### **Improvement actions**

- Project delivery processes must ensure that critical quality checks are documented and completed before commissioning assets into service.

### **Recommendation**

- This root cause of this close call was error in construction resulting in incorrect pump wiring alignment. It is recommended that an internal review of project delivery quality management processes is undertaken.
- It is not recommended that any external safety review is undertaken as that is unlikely to offer any new learning opportunity from the event.



Board meeting | 24 June 2025  
Public session



## Final draft of Watercare's Statement of Intent 2025-2028 (excluding financials)

For approval

### Te pou whenua tuhinga / Document ownership

#### Prepared and recommended by

Emma McBride  
Head of Legal and Governance

#### Submitted by

Jamie Sinclair  
Chief Executive Officer

## 1. Te tūhunga / Recommendation

That the Board:

- discusses the Management's proposed additions or amendments in the final draft of the SOI ([Attachment 2](#));
- provides Management with feedback on the final draft of the SOI ([Attachment 3](#)); and
- approves the final draft of the SOI (excluding financials) (Attachment 3) for submission to the Shareholder, Auckland Council, by 31 July 2025, and delegates to Geoff Hunt (Board Chair) and Andrew Clark (Audit and Risk Committee Chair) the final sign off of:
  - a) the draft SOI, including incorporation of:
    - i) any changes requested by the Board at the Board meeting, and
    - ii) the updated SOI financials, once these have been approved by the Board at the July 2025 Board meeting.
  - b) a cover letter to the Mayor.

## 2. Te take mō te pūrongo /Purpose of the report

Watercare is required, under Section 64 of the Local Government Act 2002 (the Act), to produce a SOI for a period of three years, the purpose of which is to provide:

- a public statement of the activities and intentions of a council-controlled organisation (CCO) for the year and the objectives to which those activities will contribute; and
- provide an opportunity for shareholders to influence the direction of the organisation; and
- provide a basis for the accountability of the directors to their shareholders for the performance of the organisation.

Schedule 8 of the Act sets out the required contents of the SOI. It requires that a draft is to be presented to the shareholder by 1 March each year. This year, Council extended the deadline to 31 March 2024 and Watercare met this deadline.

Not only does the SOI set out the intended strategic direction for Watercare, but some of the operational performance measures in the SOI form part of the performance measures that are included in Auckland Council's long-term plan (LTP).

The SOI also includes performance measures enacted in the new Watercare Charter.

The SOI and associated performance measures and the annual performance reporting are all subject to audit by the Auditor-General.

### 3. Rauhanga ā-kaupapa / Background

Watercare's draft SOI was submitted to Auckland Council on 27 March 2025. On 13 May 2025, the CCO Direction and Oversight Committee reviewed Watercare's draft SOI and agreed to provide formal feedback to Watercare on the SOI.

To comply with the section 96 of Local Government (Auckland Council) Act 2009 requirement, Watercare is now required to provide an opportunity for the public to comment on the Shareholder's feedback at today's Board meeting.

### 4. Pārongo tautoko / Supporting information

- [Attachment 1](#): Letter from Mayor Brown to the Watercare Chair dated 22 May 2025 setting out in detail the shareholder's comments on the draft SOI. The letter includes comments that are generic to all of Auckland Council's CCOs, as well as comments specific to Watercare.
- **Attachment 2**: Summary of Management's proposed additions or amendments in the final draft of the SOI, in light of the comments made in the letter from the Mayor.
- **Attachment 3**: Final draft SOI.

### 5. Ngā ritenga ā-pūtea kua marohi / Proposed budgetary implications

The SOI Financials are still being finalised and will be presented to the Board for approval at the July 2025 board meeting. The proposed SOI FY27 capex numbers (\$1.37b) are different to the Charter plan (\$1.2b). Once approved, Watercare will report against the Charter plan.

### 6. Ngā mahi ka whai ake / Next steps

If there are public deputations at the June Board meeting, then the Board may wish to amend the draft SOI before it is submitted to Council.

Once the SOI financials have been approved at the July 2025 Board meeting, they can be included into the final SOI for submission to Council.

In light of the above, at the meeting, the Board will be asked to delegate final sign off of the draft SOI (including any requested changes, and the inclusion of the final SOI financials), as well as the cover letter to the Mayor, to Geoff Hunt and Andrew Clark.

The final SOI needs to be sent to Council by 31 July 2025 and will be formally adopted by Auckland Council in August 2025.

## 7. Ngā whakapiringa / Attachments

Attachment number	Description
1.	Letter dated 22 May 2025 from the Mayor containing the Shareholder's feedback
2.	Management's proposed responses to the Shareholder's comments
3.	Watercare's final draft of the SOI 2025-2028 (excluding financials)



## Attachment 1



22 May 2025

Geoff Hunt  
Chair  
Watercare

**By email** [geoff.hunt@huntconsult.co.nz](mailto:geoff.hunt@huntconsult.co.nz)

Tēnā koe Geoff

### Shareholder comments on Watercare's draft Statement of Intent 2025-2028

Thank you for providing the draft Statement of Intent 2025-2028 (SOI) for Watercare. The CCO Direction and Oversight Committee considered it at its 13 May 2025 meeting. For reference – the hyperlink to the committee item is available here:

[https://infocouncil.aucklandcouncil.govt.nz/Open/2025/05/20250513\\_CDOCC\\_AGN\\_11527.htm#PDF2\\_ReportName\\_106812](https://infocouncil.aucklandcouncil.govt.nz/Open/2025/05/20250513_CDOCC_AGN_11527.htm#PDF2_ReportName_106812)

Below are shareholder comments common to all CCOs and following that the shareholder comments specific to Watercare.

I would like to thank you and the board for your work on the draft SOI.

### General shareholder comments to all CCOs

#### Alignment to 2025/2026 Annual Plan

Final SOIs should reflect 2025/2026 Annual Plan decisions and any adjustments to reflect CCO reform changes. Financial forecasts in the SOI should align with those submitted to council for the Annual Plan. We expect consistent figures for 2025/2026 and the projections for 2026/2027 and 2027/2028.

Furthermore, CCOs should ensure that performance measure targets are fully populated in their final SOIs, and that measures and targets reflect those in the Long-term Plan 2024-2034.

#### Better Value Projects programme

Final SOIs should include a statement on how the ten delivery principles of the Better Value Projects programme will be applied. CCOs are expected to provide case studies of projects when requested to

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the Revenue, Expenditure and Value Committee and report to council on their progress with capital spend reviews, learnings and improvements.

In addition, through the regular quarterly reporting process, CCOs should report progress on milestones for the key capital programmes/projects set out in their SOI.

#### **Group shared services.**

Final SOIs should unequivocally commit to Group Shared Services and agreed processes (in particular Auckland Transport and Watercare).

#### **Outcomes for Māori**

Final SOIs should include a statement on how the needs and aspirations of Māori have been reflected in the CCO's planned activities and deliverables based on Kia Ora Tāmaki Makaurau, Houkura Issues of Significance or CCO's own engagement with Māori.

Additionally, CCOs should refresh their AMO Plans as applicable, to account for functional changes from CCO reform, the new Issues of Significance from Houkura and refreshed Kia Ora Tāmaki Makaurau framework. We understand Watercare's refresh of your plan is well underway.

### **Specific shareholder comments for Watercare**

#### **Responses to Council's strategic objectives and outcomes**

##### *Māori identity and wellbeing*

In the 'Māori identity and wellbeing' section of the SOI, Watercare should reference which parts of the Kia Ora Tāmaki Makaurau framework Watercare's work is aligned to. It should reflect the Auckland Water Strategy Strategic Shift 1 aim that mana whenua and the council group (including CCOs) are 'partners in the protection, management and enhancement of water'.

##### *Belonging and participation*

In the section 'Belonging and participation,' Watercare should reference the Auckland Water Strategy Strategic Shift 2 aim that 'Aucklanders are empowered to shape decisions about, and are prepared for, our changing water future'.

### **Annual work programme**

Council requests that the indigenous restoration project in the Hunua Ranges is included in the 'Protect and enhance our natural environment' section. The contribution of other innovative projects underway could also be included in this section.

The work programme should clearly reflect Watercare's agreed role in the water literacy work (Auckland Water Strategy Action 2.1), which is to continue generating insights on the water literacy of Aucklanders and delivering communications and education to increase this. The strategy seeks that Aucklanders understand the life-sustaining capacity of water (te mauri o te wai) and are actively involved in shaping Auckland's water future. Watercare should also work with Auckland Council to define, measure and set a target for water literacy.

The review of per capita consumption targets in the Auckland Water Strategy has been completed in the current financial year, so reference to this work can be removed from the SOI.

### **Key activities**

The letter of expectations set out some of the requirements to achieve Auckland Council group alignment and coordination of asset management plans, such as alignment on population growth assumptions. These should be reflected in the SOI as it is important that investment in new and existing infrastructure by the council group (including council-controlled organisations) is coordinated, follows the overall strategic direction set by the council, responds to issues facing the region, and is right-sized and cost-effective.

As part of existing collaborative working practices between the council and Watercare, the council should be kept advised if obligations to the Commerce Commission under economic regulation will impact on Watercare's ability to meet any of the group asset management requirements.

As mentioned, the commitment of Watercare to achieving better value for Aucklanders through Group Shared Services is a high priority for the council as your shareholder.

The draft SOI notes that you are at risk of not meeting your target to reduce operational carbon emissions by 50 per cent by 2030. In this context, your review of the decarbonisation roadmap planned for 2025/2026 is of high importance.

### **Performance measures**

You have changed the target for the maximum median time for attendance at sewage overflows from 75 minutes to 90 minutes in the statement of intent. Auckland Council will continue to report against the target of 75 minutes as set in the Long-term Plan 2024-2034. Please consider whether you are able to report results on Priority 1 (60-minute response time) and Priority 2 (4-hour response time) within their overall median maximum target response time of 90 minutes.



You have removed the health and safety measure on undertaking permit audits on each site from the statement of intent. The Watercare Board has a crucial role in health and safety culture. The health and safety results reported to the board will be included in council staff reports on Watercare quarterly performance to the CCO Direction and Oversight Committee.

Council staff will work closely with your staff to ensure these shareholder comments are clear, and to relay any feedback from the CCO Direction and Oversight Committee meeting that relates to performance or operational issues, or issues of detail or wording.

I look forward to receiving the final SOI by 31 July 2025.

Ngā mihi



Wayne Brown

**Mayor of Auckland**

Copy to: Councillor Shane Henderson, Chair CCO Direction and Oversight Committee  
Councillor Kerrin Leoni, Deputy Chair CCO Direction and Oversight Committee  
Councillor Ken Turner, Lead Councillor for Watercare  
Phil Wilson, Chief Executive, Auckland Council  
Dave Chambers, Chief Executive, Watercare  
Jamie Sinclair, Deputy Chief Executive, Watercare

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## Attachment 2

## Shareholder feedback on Watercare's draft SOI, compared to Watercare's updated draft SOI

Shareholder feedback on Watercare's draft SOI	How this has been addressed in the updated final draft SOI
<b>General shareholder comments to all CCOs</b>	
<p><b>Alignment to 2025/2026 Annual Plan</b></p> <p><i>Final SOIs should reflect 2025/2026 Annual Plan decisions and any adjustments to reflect CCO reform changes. Financial forecasts in the SOI should align with those submitted to council for the Annual Plan. We expect consistent figures for 2025/2026 and the projections for 2026/2027 and 2027/2028.</i></p> <p><i>Furthermore, CCOs should ensure that performance measure targets are fully populated in their final SOIs, and that measures and targets reflect those in the Long-term Plan 2024-2034.</i></p>	<p>This will be achieved once the financials are included in July.</p>
<p><b>Better Value Projects programme</b></p> <p><i>Final SOIs should include a statement on how the ten delivery principles of the Better Value Projects programme will be applied.</i></p> <p><i>CCOs are expected to provide case studies of projects when requested to the Revenue, Expenditure and Value Committee and report to council on their progress with capital spend reviews, learnings and improvements.</i></p> <p><i>In addition, through the regular quarterly reporting process, CCOs should report progress on milestones for the key capital programmes/projects set out in their SOI.</i></p>	<p>The cover letter in the SOI notes the following "Our capital spend will be guided by Mayor Brown's recently refreshed Capital Spending Rules."</p> <p>Watercare will be providing detailed capital reports to the Crown Monitor and Council on a quarterly basis. The format of these reports is still being finalised, but they will be shared with the Council when shared with the Crown Monitor</p>
<p><b>Group shared services.</b></p> <p><i>Final SOIs should unequivocally commit to Group Shared Services and agreed processes (in particular Auckland Transport and Watercare).</i></p>	<p>The SOI has been updated to say the following:</p> <ul style="list-style-type: none"> <li>Watercare unequivocally commits to the Group Shared Services agreed processes. We are also committed to be an active participant in Group Shared Services (GSS). Watercare's CE is a member of the GSS Board. Watercare will fully participate in GSS, where the benefits are clearly defined and supported by a sound business case that makes financial sense, does not increase Watercare's risk, and results in better value for both Aucklanders and Watercare customers. The initiative must also align with our strategic goals, particularly in relation to the Local Water Done Well programme and interim economic regulation. Any GSS agreement must also not jeopardise our credit rating, nor result in Council indirectly or directly funding Watercare.</li> </ul>
<p><b>Outcomes for Māori</b></p> <p><i>Final SOIs should include a statement on how the needs and aspirations of Māori have been reflected in the CCO's planned activities and deliverables based on Kia Ora Tāmaki Makaurau, Houkura Issues of Significance or CCO's own engagement with Māori.</i></p> <p><i>Additionally, CCOs should refresh their AMO Plans as applicable, to account for functional changes from CCO reform, the new Issues of Significance from Houkura and refreshed Kia Ora Tāmaki Makaurau framework. We understand Watercare's refresh of your plan is well underway.</i></p>	<p>The SOI has been updated to say the following:</p> <ul style="list-style-type: none"> <li>Watercare is committed to building strong partnerships with mana whenua and māaawaka (Auckland Māori who are not part of a mana whenua group). This includes aligning with Council's Mana ki te Mana (power to power) approach to Māori engagement, where relationships take precedence over issues or projects. This approach respects the unique mana motuhake (self determination) of each iwi and mātāwaka entity by prioritising their needs and aspirations. These needs and aspirations are reflected in Watercare's refreshed Māori Outcomes Plan including key initiatives and deliverables based on Tāmaki Ora, the new Māori outcomes measuring framework for Auckland Council, the Houkura Issues of Significance and our own engagement with Māori.</li> </ul>
<b>Specific shareholder comments for Watercare</b>	
<b>Responses to Council's strategic objectives and outcomes</b>	
<p><b>Māori identity and wellbeing</b></p> <p><i>In the 'Māori identity and wellbeing' section of the SOI, Watercare should reference which parts of the Kia Ora Tāmaki Makaurau framework Watercare's work is aligned to.</i></p>	<p>This section of the SOI has been updated to say the following:</p> <ul style="list-style-type: none"> <li>By actively working with the Council group to deliver our Achieving Māori Outcomes Plan, a framework that will be used to measure Watercare's contribution to Māori outcomes. Our work is guided by, and is aligned to, Tāmaki Ora, Auckland Councils refreshed Kia Ora Tāmaki Makaurau, in particular supporting Māori Housing and Papakainga, Marae development, our Taiao and Māori Business.</li> <li>By working with mana whenua and mātaawaka and the council group as partners in the protection, management and enhancement of water (Auckland Water Strategy Strategic Shift 1).</li> </ul>
<p><i>It should reflect the Auckland Water Strategy Strategic Shift 1 aim that mana whenua and the council group (including CCOs) are 'partners in the protection, management and enhancement of water'.</i></p>	<p>This section of the SOI now includes the following wording:</p> <ul style="list-style-type: none"> <li>By working with mana whenua and the council group as partners in the protection, management and enhancement of water (Auckland Water Strategy Strategic Shift 1)</li> </ul>

Shareholder feedback on Watercare's draft SOI	How this has been addressed in the updated final draft SOI
<p><b>Belonging and participation</b></p> <p><i>In the section 'Belonging and participation,' Watercare should reference the Auckland Water Strategy Strategic Shift 2 aim that 'Aucklanders are empowered to shape decisions about, and are prepared for, our changing water future'.</i></p>	<p>This section of the SOI now includes the following wording:</p> <ul style="list-style-type: none"> <li>By ensuring Aucklanders are empowered to shape decisions about, and are prepared for our changing water future (Auckland Water Strategy Strategic Shift 2)</li> </ul>
<p><i>Council requests that the indigenous restoration project in the Hunua Ranges is included in the 'Protect and enhance our natural environment' section. The contribution of other innovative projects underway could also be included in this section.</i></p>	<p><b>Annual work programme</b></p> <p>This section of the SOI now includes the following wording:</p> <ul style="list-style-type: none"> <li>Through involvement in the indigenous restoration project in the Hunua Ranges</li> </ul>
<p><i>The work programme should clearly reflect Watercare's agreed role in the water literacy work (Auckland Water Strategy Action 2.1), which is to continue generating insights on the water literacy of Aucklanders and delivering communications and education to increase this. The strategy seeks that Aucklanders understand the life-sustaining capacity of water (te mauri o te wai) and are actively involved in shaping Auckland's water future. Watercare should also work with Auckland Council to define, measure and set a target for water literacy.</i></p>	<p>Work programme is updated to include the following wording:</p> <ul style="list-style-type: none"> <li>Watercare is committed to continuing work to increase Aucklanders' understanding of te Mauri o te Wai and be actively involved in shaping Auckland's water future. In this regard, we will continue to participate in a collaborative working group with Council to assess and define a water literacy framework (Auckland Water Strategy Action 2.1), and in particular, continue to generate insights on the water literacy of Aucklanders and deliver communications and education to increase this.</li> <li>Work with Council to define, measure and set a target for water literacy.</li> </ul>
<p><i>The review of per capita consumption targets in the Auckland Water Strategy has been completed in the current financial year, so reference to this work can be removed from the SOI.</i></p>	<p>Two references have been deleted from the updated draft SOI</p>
<b>Key activities</b>	
<p><i>The letter of expectations set out some of the requirements to achieve Auckland Council group alignment and coordination of asset management plans, such as alignment on population growth assumptions. These should be reflected in the SOI as it is important that investment in new and existing infrastructure by the council group (including council-controlled organisations) is coordinated, follows the overall strategic direction set by the council, responds to issues facing the region, and is right-sized and cost-effective.</i></p>	<p>The SOI now included the following wording:</p> <p>2026, we will deliver a 30-year draft Asset Management Plan (AMP) to Council, covering existing and planned assets to inform the development of the 2027 Long Term Plan. We will include high level details of key programmes that we anticipate over the 30 year period. Watercare will liaise with Auckland Council's Infrastructure Strategy and Asset Management System teams during the development of this draft AMP to ensure alignment with strategic direction. In developing our draft AMP, we will aim to incorporate:</p> <ul style="list-style-type: none"> <li>group alignment on population assumptions.</li> <li>prioritisation using a multi-criteria framework, including assessment of business risks</li> <li>a sustainable approach to renewals and maintenance</li> <li>cost forecasts linked directly to existing levels of service</li> <li>high-level spatial presentation of asset condition data (key asset groupings and asset criticality), and growth capex need (identifying location of investment and/or catchment of benefit)</li> <li>strategic alignment as set out in the Strategic Investment Framework for Infrastructure 2024</li> <li>participation in the Investment Impact Assessment for each Annual Budget and the 2027 LTP</li> </ul>
<p><i>As part of existing collaborative working practices between the council and Watercare, the council should be kept advised if obligations to the Commerce Commission under economic regulation will impact on Watercare's ability to meet any of the group asset management requirements.</i></p>	<p>This will be addressed in the cover letter</p>
<p><i>As mentioned, the commitment of Watercare to achieving better value for Aucklanders through Group Shared Services is a high priority for the council as your shareholder.</i></p>	<p>This will be addressed in the cover letter</p>
<p><i>The draft SOI notes that you are at risk of not meeting your target to reduce operational carbon emissions by 50 per cent by 2030. In this context, your review of the decarbonisation roadmap planned for 2025/2026 is of high importance.</i></p>	<p>Included in the SOI and to be addressed in the cover letter.</p>
<b>Performance measures</b>	
<p><i>You have changed the target for the maximum median time for attendance at sewage overflows from 75 minutes to 90 minutes in the statement of intent. Auckland Council will continue to report against the target of 75 minutes as set in the Long-term Plan 2024-2034. Please consider whether you are able to report results on Priority 1 (60-minute response time) and Priority 2 (4-hour response time) within their overall median maximum target response time of 90 minutes.</i></p>	<p>The two different targets (SOI and LTP) have now been made clear in the SOI and we will report on both P1 and P2 median response times as well as the overall median response time.</p>

Shareholder feedback on Watercare’s draft SOI	How this has been addressed in the updated final draft SOI
<i>You have removed the health and safety measure on undertaking permit audits on each site from the statement of intent. The Watercare Board has a crucial role in health and safety culture. The health and safety results reported to the board will be included in council staff reports on Watercare quarterly performance to the CCO Direction and Oversight Committee.</i>	Noted.
<i>Council staff will work closely with your staff to ensure these shareholder comments are clear, and to relay any feedback from the CCO Direction and Oversight Committee meeting that relates to performance or operational issues, or issues of detail or wording.</i>	Noted.

Attachment 3

# Watercare Services Limited Statement of Intent 2025 to 2028

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**DRAFT**

All financials are from last year and are highlighted yellow – these will be updated in a future draft

Contents and page numbering to be checked in final draft

## Contents

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

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

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

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

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

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

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

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

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

Like previous SOIs, we continue to include a suite of measures to provide Council and the public with useful information on the quality of our services, performance, and efficiency. With the introduction of economic regulation and the Watercare Charter, we have taken the opportunity to consolidate and refresh the SOI measures to ensure we can streamline reporting to both Auckland Council and the Crown Monitor. Quite a few new measures have been added, and some removed. However, the Watercare Board continues to monitor a wider suite of business performance measures

not included in this SOI, including Māori outcomes, health and safety of our kaimahi, and our diversity and inclusion initiatives.

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

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

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

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

**DRAFT**

Geoff Hunt  
Chair

**DRAFT**

Jamie Sinclair  
Chief Executive

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## Part 1: Strategic overview

### 1.1 Our purpose

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

### 1.2 Roles, responsibilities and functions

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

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

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

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

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

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

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

### 1.3 The Watercare solution for Local Water Done Well

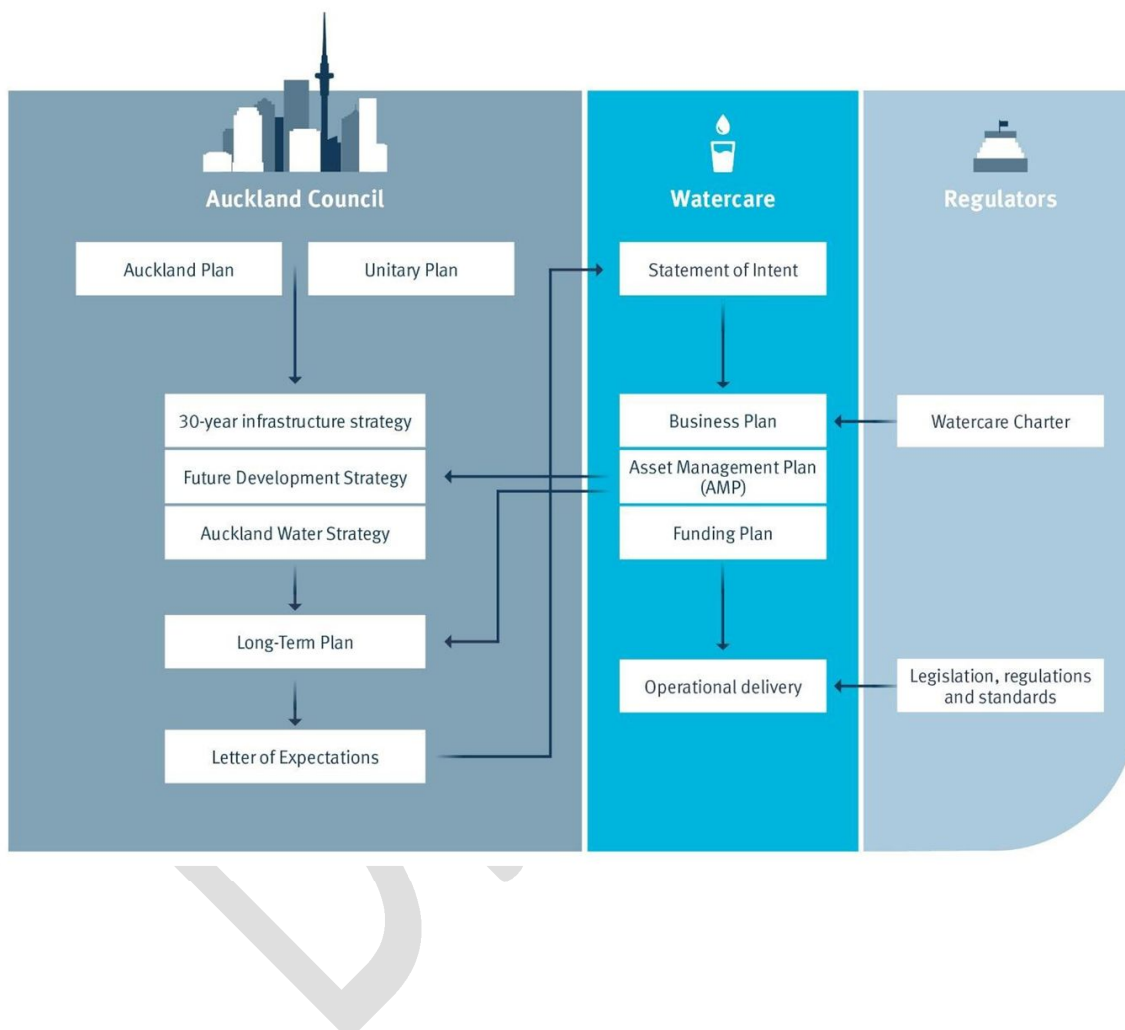
The Local Government (Water Services Preliminary Arrangements) Act 2024 (LG(WSPA)A) introduced a financially sustainable model for Watercare to be financially separate from Auckland Council and an interim economic regulation regime for Watercare that is administered by a Crown monitor (i.e. Commerce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

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

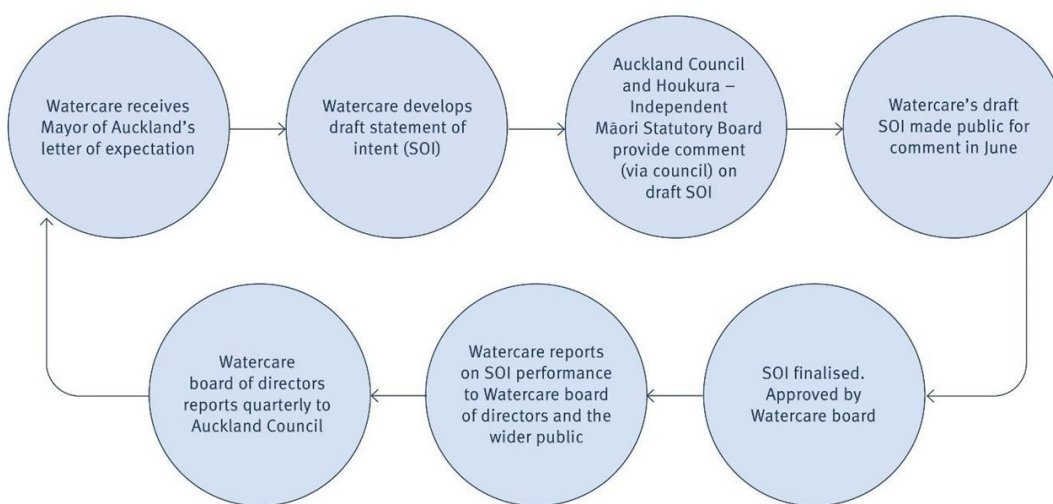
- Auckland Council has no right, title or interest in the assets, security, debts or liabilities of Watercare.
- We cannot provide an equity return, either directly or indirectly, to Auckland Council.
- Auckland Council is prohibited from lending money or providing credit to us.
- Auckland Council is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

#### 1.4 Purpose of statement of intent (SOI)

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



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### 1.5 Responses to Council's strategic objectives and outcomes

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

Our major contributions to the Auckland Plan 2050 outcomes are:

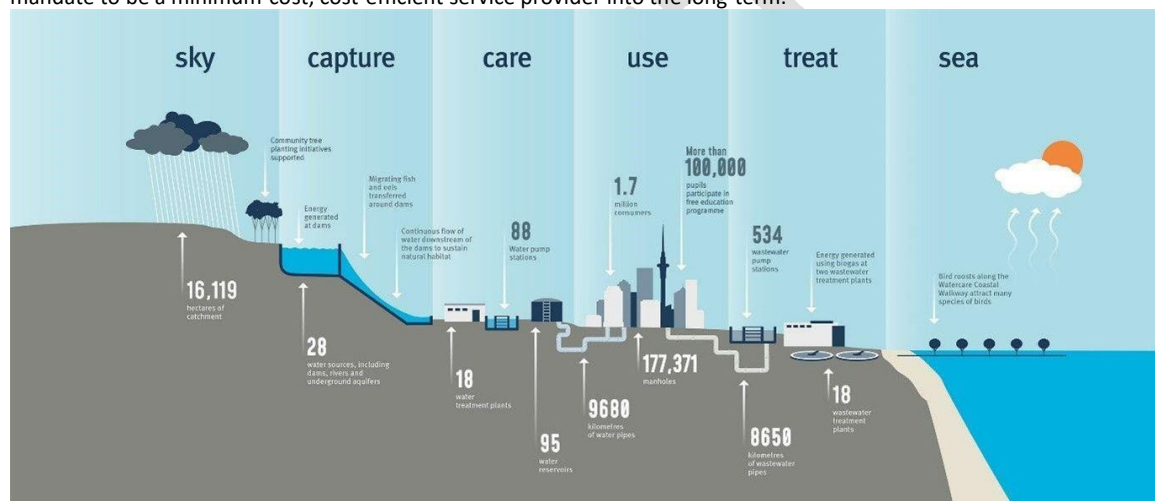
Auckland Plan Outcomes	How we will contribute
<b>Opportunity and prosperity</b>  Auckland is prosperous with many opportunities and delivers a better standard of living for everyone	<ul style="list-style-type: none"> <li>By reliably and efficiently delivering affordable safe drinking water to our customers</li> <li>By reliably and efficiently delivering affordable wastewater services to our customers</li> <li>By building customer trust and value through exceptional performance and engagement</li> <li>By developing and maintaining a safe, engaged, empowered, diverse and inclusive workforce</li> <li>By providing a reliable pipeline of infrastructure programmes</li> <li>By providing high performing infrastructure (reliable and resilient now and in the future)</li> <li>By working with industry partners and tertiary education providers to deliver graduate programmes as well as apprenticeship and internship opportunities</li> <li>By encouraging innovation to find new solutions to improve the way we work – to do this we allow our staff and partners to explore, experiment and if necessary, fail safe and learn fast</li> </ul>
<b>Environment and cultural heritage</b>  Preserve, protect and care for the natural environment as	<ul style="list-style-type: none"> <li>By working with Council on implementing the Auckland Water Strategy to achieve the Auckland Plan 2050's objectives of adapting to a changing water future</li> <li>By reliably and efficiently delivering affordable wastewater services to our customers and discharging it in a safe and responsible manner for people and the environment</li> <li>By planning and providing low carbon resilient infrastructure that is adaptive to future changes including climate change</li> </ul>

Auckland Plan Outcomes	How we will contribute
<p>our shared cultural heritage for its intrinsic value, and for the benefit of present and future generations</p>	<ul style="list-style-type: none"> <li>• By adopting Council's 50% target for greenhouse gas reduction by 2030</li> <li>• By actively promoting water-efficient technologies and behaviours to customers and homebuilders</li> <li>• By engaging and consulting with affected parties on our development plans</li> <li>• Through involvement in the indigenous restoration project in the Hunua Ranges</li> </ul>
<p><b>Homes and places</b></p>  <p>Aucklanders live in secure, healthy and affordable homes and have access to a range of inclusive public places</p>	<ul style="list-style-type: none"> <li>• By reliably and efficiently delivering affordable safe drinking water to our customers</li> <li>• By reliably and efficiently delivering affordable wastewater services to our customers</li> <li>• By collaborating with the wider Council group to support areas of growth identified by Council</li> <li>• By acting consistent with Council's Future Development Strategy (FDS) for major infrastructure development for future urban areas</li> <li>• By proactively engaging with Kāinga Ora to plan, fund and deliver water and wastewater infrastructure to support its major urban transformation programmes</li> <li>• By collaborating with Council on the implementation of the Auckland Water Strategy, including the introduction of long-term water consumption targets</li> </ul>
<p><b>Māori identity and wellbeing</b></p>  <p>A thriving Māori identity is Auckland's point of difference in the world – it advances prosperity for Māori and benefits all Aucklanders</p>	<ul style="list-style-type: none"> <li>• By actively working with the Council group to deliver our Achieving Māori Outcomes Plan, a framework that will be used to measure Watercare's contribution to Māori outcomes. Our work is guided by, and is aligned to, Tāmaki Ora, Auckland Council's refreshed Kia ora Tāmaki Makaurau, in particular supporting Māori Housing and Papakainga, Marae development, our Taiao, and Māori Business.</li> <li>• By working with mana whenua and mātaawaka and the Council Group as partners in the protection, management and enhancement of water (Auckland Water Strategy Strategic Shift 1).</li> <li>• By actively fostering and maintaining relationships with mana whenua and mātaawaka, including rangatira ki te rangatira monthly hui.</li> <li>• By working alongside Council's Ngā Mātārae the Māori Outcomes CCO Leads Group and the Māori Outcomes Steering Group to achieve stronger alignment with Tāmaki Ora regarding:             <ul style="list-style-type: none"> <li>a) rangatahi/ intern opportunities; and</li> <li>b) key performance indicators relating to Māori</li> </ul> </li> <li>• By creating opportunities for Māori-owned businesses to be part of our supplier network</li> <li>• By providing technical advice related to water supply and septic tanks to marae</li> </ul>
<p><b>Belonging and participation</b></p>  <p>All Aucklanders will be part of and contribute to society, access opportunities, and have the chance to develop to their full potential</p>	<ul style="list-style-type: none"> <li>• By reliably and efficiently delivering affordable safe drinking water to our customers</li> <li>• By reliably and efficiently delivering affordable wastewater services to our customers</li> <li>• By ensuring Aucklanders are empowered to shape decisions about, and are prepared for our changing water future (Auckland Water Strategy Strategic Shift 2)</li> <li>• By collaborating with the wider Council group to support areas of growth identified by Council</li> <li>• By developing and maintaining a safe, engaged, empowered, diverse and inclusive workforce</li> <li>• By engaging our communities on the pipeline of infrastructure programmes</li> <li>• By engaging Aucklanders on decisions around future infrastructure investments</li> <li>• By developing education programmes for our customers and tamariki</li> </ul>
<p><b>Transport and access</b></p>	<ul style="list-style-type: none"> <li>• By collaborating with Auckland Transport and the wider Council group to support areas of growth consistent with the FDS</li> </ul>

Auckland Plan Outcomes	How we will contribute
 <p>Aucklanders will be able to get where they want to go more easily, safely and sustainably</p>	<ul style="list-style-type: none"> <li>By ensuring Watercare works with Council, Auckland Transport, NZTA Waka Kotahi and other utilities to align infrastructure projects wherever possible, to minimise the effects on traffic and neighbourhoods</li> </ul>

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

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



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



The [Directors](#) and the [Executive](#) team are committed to ensuring the company applies best-practice governance policies and procedures. The company has an Audit and Risk Committee, an Asset Management Committee and a Capital Finance Committee. Our Board undergoes Board performance reviews, in line with the Council-adopted process.

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

made available on our website. Members of the public are welcome to attend any public Board meeting held by Watercare.

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

8.3

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

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

#### Managing risk

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

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

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

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

#### Measuring our performance

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

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

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



## Part 2: Statement of performance expectations

### 2.1 Introduction

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

### 2.2 How we will deliver – annual work programme

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

Our contributions to the Auckland Plan	Significant activities and programmes over the coming financial year	Direct expenditure \$m	Capex budget \$m
Deliver safe and reliable water services 24/7	<ul style="list-style-type: none"> <li>Water operating activities</li> <li>Meet Taumata Arowai water quality regulations</li> <li>Implementation of the Auckland Water Strategy, including the continued roll-out of smart meters, water efficiency programmes, and management of network leakage to ELL</li> <li>Continue planning and detailed design of the Western Water Supply Programme, including the Huia Water Treatment Replacement Plant to help meet peak demand and improve system resilience</li> </ul>	(numbers to be checked) Controllable costs \$XXX	Refer to page 21-23
Deliver safe and reliable wastewater services 24/7	<ul style="list-style-type: none"> <li>Wastewater operating activities</li> <li>Via proactive renewals, expand the Inflow and Infiltration reduction programme and network renewals programme, to improve and coordinate cost-effective asset refurbishment</li> <li>Deliver our Wastewater Network Strategy and continue work to reduce overflows</li> </ul>	Controllable costs \$XXX	Refer to Page 21-23
Minimum cost, efficient, financially robust provider both now and in the future & industry leading thinking and processes	<ul style="list-style-type: none"> <li>Implement Watercare's Business Plan and ensure compliance with interim economic regulation as set out in the Watercare Charter</li> <li>Continue collaborating with Council on Climate Related Financial Disclosure (TCFD) reporting requirements</li> <li>Continue to deliver our capital programme</li> <li>Target efficiency savings against current opex costs</li> <li>Refresh Watercare's Decarbonisation Roadmap</li> </ul>	Within operating and capital budgets	N/A
High performing infrastructure (reliable and resilient now and in the future)	<ul style="list-style-type: none"> <li>Continue work to optimise our AMP</li> <li>Continue to implement the Auckland Water Strategy including continuing our leak detection</li> <li>Actively engage with Council in the implementation of the FDS</li> <li>Work with Auckland Council to analyse and understand projected climate change impacts on water sources specifically (Action 5.4 in the Auckland Water Strategy).</li> </ul>	Capex \$XX Controllable cost \$XXX	N/A
Future-proofed growth and supply assurance	<p>We currently have under design or construction (projects over \$50m):</p> <p><b>Water (growth, level of service and renewal)</b></p> <ul style="list-style-type: none"> <li>Huia 1 and Nihotupu 1 replacement</li> <li>Water service connections &amp; meters</li> <li>Kainga Ora - Waikowhai pump station &amp; water Main</li> </ul> <p><b>Wastewater (growth, level of service and renewal)</b></p> <ul style="list-style-type: none"> <li>Queen Street diversion</li> <li>Southern Auckland WW servicing scheme</li> <li>Southwest wastewater Conveyance Stage 1A</li> <li>Snells WWTP Upgrade</li> <li>Otara catchment WW capacity upgrades</li> <li>WIWQIP Herne Bay WW branch 5 upgrade</li> <li>Central Interceptor</li> </ul>	Capex FY26 forecast \$XXX	N/A Total approved capex for these are \$XXX

8.3

Our contributions to the Auckland Plan	Significant activities and programmes over the coming financial year	Direct expenditure \$m	Capex budget \$m
	<ul style="list-style-type: none"> <li>Whenuapai &amp; Redhills wastewater scheme - package 2</li> <li>WIWQIP - the Point Erin tunnel</li> <li>Orakei main sewer</li> <li>Whenuapai &amp; Redhills wastewater scheme - package 1</li> <li>Whenuapai &amp; Redhills wastewater scheme - package 3</li> <li>Whenuapai &amp; Redhills scheme P1 rising main</li> </ul> <p><b>In addition to the above, we have \$778m of water and wastewater projects, under \$50m, in design or construction.</b></p>		
Protect and enhance our natural environment	<ul style="list-style-type: none"> <li>Continue to investigate approaches to measure the total lifetime emissions of our new assets (totex) and to factor these considerations into asset planning and design.</li> <li>Continue our work with customers to reduce water demand to ensure we achieve the targets in the Auckland Water Strategy</li> <li>Working together with Auckland Council to deliver the component parts of the Auckland Water Strategy, including work towards alternative water sources (such as wastewater reuse), demand management and leakage management activities, and also supporting Council with their initiative to enhance rainwater supply capacity.</li> <li>Continue to educate our communities on the wastewater system to minimise dry-weather overflows due to fats, oil, rags and roots in the network</li> </ul>	Within water and wastewater opex budgets	Within capex budgets above
Enhance our partnerships and strong relationships with Māori in Tāmaki Makaurau	<ul style="list-style-type: none"> <li>Continue to deliver on our Achieving Māori Outcomes Plan</li> <li>Build on our existing procurement programme, which actively seeks to maximise opportunities for Māori businesses to participate in the procurement process, so we can meet or exceed our target to source 5% from Māori owned businesses by the end of 2025</li> <li>Continue to strengthen existing hononga (relationships) and build new partnerships that represent Māori communities</li> </ul>	<p>Te Rua Whetū team included in opex</p> <p>FY26 Target 5% procurement from Māori owned businesses</p>	N/A
Customer trust and value through exceptional performance and engagement	<ul style="list-style-type: none"> <li>Continue understanding the performance of individual drivers of trust and ensure we course-correct when they are adversely impacted.</li> <li>Watercare is committed to continuing work to increase Aucklanders' understanding of te Mauri o te Wai and be actively involved in shaping Auckland's water future.</li> <li>We will continue to participate in a collaborative working group with Council to share the work we are doing to increase water literacy of Aucklanders (Auckland Water Strategy Action 2.1).</li> <li>We will also continue to share our work regarding our water literacy measure, including our insights on the water literacy of Aucklanders.</li> <li>Increasingly segment our customer base to engage in ways that are relevant to them and increase water literacy and trust</li> </ul>	Within water and wastewater opex budgets	N/A
Safe, engaged and empowered team	<ul style="list-style-type: none"> <li>Continue building capability through our staff development and training programmes</li> <li>Embed employee wellbeing and safety as core principles of the organisation</li> <li>Further develop our safety systems including critical risk management and focus on critical control verification.</li> </ul>	Within water and wastewater opex budgets	N/A

8.3



## 2.3 Our six key activities for 2025-2028

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### Financial separation

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

### Compliance with interim economic regulation

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

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

### Comply with minimum service quality standards

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

### Financial performance objectives

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

### Price-quality path

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

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

### New enduring arrangements for water services

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

**Watercare must deliver three plans to comply with the Charter**

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

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

**8.3**

Plan	Key dates	What is required?
	(i) incorporate the feedback into the draft plan; (ii) give a copy of the completed plan to the Crown monitor; (iii) redact from the plan any information Watercare considers to be commercially sensitive; (iv) publish the completed but redacted plan on an internet site that is maintained by or on behalf of Watercare and is accessible to the public free of charge.	(a) Watercare's proposed initiatives to achieve the efficiency improvement in operating costs that is assumed in the financial projections in its business plan; and (b) for each initiative,— (i) the value of the planned improvement; and (ii) indicative timing for taking the initiative; and (c) a summary of the analytical and other approaches (for example, comparative benchmarking) that Watercare has used in selecting the initiatives referred to in paragraph (a); and (d) how Watercare will report to the Crown Monitor on its progress in achieving the efficiency improvements referred to in paragraph (a).

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

8.3

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

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

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

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

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

Over the next ten years, Watercare plans to deliver \$13.8b of infrastructure via the AMP, which equates to a daily spend of around \$3.44m. Our AMP is prioritised to address service risks and meet strategic outcomes.

Our priority drivers are:

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

This helps us to decide what, where, how, when, and how much we invest to build and maintain networks. Our AMP is aligned with the Future Development Strategy (FDS). Watercare will work constructively with the three waters

investment area office at Council to assist it with delivering outcomes for Aucklanders in priority investment areas in the Long-Term Plan.

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

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

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

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

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

To part fund the growth portion of our AMP, we charge customers IGCs – infrastructure growth charges. This is a contribution towards the capital investment we have made in bulk infrastructure – i.e. new water sources, new transmission water pipes, new transmission wastewater pipes and new treatment plants and expansions. The intention of charging IGCs, is to apportion the cost of increasing the capacity of our bulk infrastructure to those who increase demand on the system, rather than recovering this cost from existing customers or future generations. Without IGCs we would need to recover a greater proportion of our growth-related capital investment costs through our operational charges. This would cost all customers a lot more for their water and wastewater services.

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

operational and governance levels and work with Houkura to respond to its Issues of Significance instrument. Watercare will also work with Houkura towards the discharge of its Te Tiriti o Waitangi audit obligations.

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

Watercare is committed to:

- working with Ngā Mātārae regarding the review of the Māori Outcomes Fund and to implement the refreshed Kia Ora Tāmaki Makaurau (Tāmaki Ora) framework and strategy. This includes contributing to the design of measures and preparing to align with the rest of the Auckland Council Group on the Achieving Māori Outcomes Plan development, monitoring and reporting for FY27 onwards
- building strong partnerships with mana whenua and mātaawaka (Auckland Māori who are not part of a mana whenua group). This includes aligning with Council's Mana ki te Mana (authority, respect, and influence) approach to Māori engagement, where relationships take precedence over issues or projects. This approach respects the unique mana motuhake (self-determination) of each iwi and mātaawaka entity by prioritising their needs and aspirations.
- working collaboratively with Ngā Mātārae and other Māori Outcomes specialists across the Council Group to take whole-of-Council-Group approach to delivering outcomes for Māori.
- continuing to participate in Auckland Council-led activities and hui such as the Kia Ora Tāmaki Makaurau Programme Delivery Board.

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

8.3

**2.4 Financial statements for the long-term plan TO BE UPDATED AT A LATER DATE**

Operating budgets (\$million)	2022/23 Actual	2023/24 Annual Plan	2024/25 LTP 25	2025/26 LTP 25	2026/27 LTP 25
Revenue <sup>1</sup>	949.9	1,113.3	1,142.9	1,184.4	1,237.8
Fees and charges	612.6	698.1	762.8	828.7	899.9
Grants and subsidies	30.8	52.5	59.2	19.9	43.3
Other revenue	306.5	362.7	320.9	335.7	294.6
Direct expenditure	388.9	395.5	441.4	450.8	387.3
Employee related costs	93.8	80.0	114.5	114.4	100.2
Grants, contributions, sponsorship	0.4	0.0	0.0	0.0	0.0
Other expenditure	294.7	315.5	326.9	336.4	287.1
Net direct expenditure (income)	(561.0)	(717.8)	(701.5)	(733.6)	(850.5)
Funding from Auckland Council	-				
Revenue from vested assets	(76.6)	(56.4)	(66.4)	(65.6)	(64.4)
Other non-operating income					
Net finance expense	120.7	139.3	181.43	243.80	289.15
Depreciation and amortisation	317.4	290.1	392.0	410.0	433.4
Net loss on disposal of PPE	25.0	8.0	8.0	8.0	8.0
Income tax	66.5	99.7	52.5	58.0	61.1
NET EXPENDITURE (INCOME)	(108.1)	(237.0)	(133.9)	(79.5)	(123.3)

**Net direct expenditure by area**

Expenditure (\$million)	2022/23 Actual	2023/24 Annual Plan	2024/25 LTP 25	2025/26 LTP 25	2026/27 LTP 25
Net direct expenditure (income)	(561.0)	(717.8)	(701.5)	(733.6)	(850.5)
Wastewater Service	(381.5)	(488.2)	(482.9)	(491.3)	(517.9)
Water Supply	(179.5)	(229.6)	(218.5)	(242.2)	(332.6)

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**Capital expenditure**

Expenditure (\$million)	2022/23 Actual	2023/24 Annual Plan	2024/25 LTP 25	2025/26 LTP 25	2026/27 LTP 25
- to meet additional demand	356.5	508.5	428.5	539.6	738.6
- to improve the level of service	167.2	191.2	273.5	175.2	144.9
- to replace existing assets	243.0	386.7	508.5	485.9	484.0
Total capital expenditure excluding capitalised interest	766.6	1,086.5	1,210.5	1,200.7	1,367.5
Capitalised interest <sup>2</sup>	45.1	43.5	60.5	89.6	77.1
Total capital expenditure including capitalised interest	811.7	1,130.0	1,271.0	1,290.3	1,444.6

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Sources of capital funding	811.7	1,130.0	1,271.0	1,290.3	1,444.6
Infrastructure growth charge	179.6	169.0	195.3	205.0	229.9
Debt	371.6	484.9	690.5	730.7	799.5
Asset sales	0.9	-	-	-	-
Operating surplus (Net direct income less IGC plus net interest)	305.8	453.0	385.2	374.4	408.5
Working capital	(46.1)	23.1	(0.0)	(19.8)	6.6

8.3

## Specific expenditure towards Māori outcomes

Initiatives (\$thousand)	2022/23 Actual	2023/24 Annual Plan	2024/25 LTP 25	2025/26 LTP 25	2026/27 LTP 25
Iwi engagement on Watercare projects	1.4	2.0	2.0	2.1	2.1

## Other financial information

Current value of assets	The current value of Watercare's assets as 30 June 2023 was \$13.9 billion as disclosed in the audited financial statements.				
Accounting policies	Watercare's accounting policies are consistent with Auckland Council's group policies				
Financial reporting	Watercare's financial reporting to Auckland Council will be in accordance with the requirements of the group.				
Shareholder equity ratio (GAAP)	64%	63%	60%	57%	54%

<sup>1</sup> Revenue excludes vested assets and includes WDC.

<sup>2</sup> Capitalised Interest was included for LTP, but the accounting policy has subsequently changed and shown as Interest Expense in the Prospective financial statements.

Detailed capital expenditure list (\$million)	2022/23 Actual	2023/24 Annual Plan	2024/25 LTP 25	2025/26 LTP 25	2026/27 LTP 25
<b>Capital Expenditure (excluding capitalised interest)</b>	<b>776.0</b>	<b>1,086.5</b>	<b>1,210.5</b>	<b>1,200.7</b>	<b>1,367.5</b>
<b>Water Sources</b>					
Water Network Assets	131.7	92.3	107.8	225.9	259.4
North Harbour 2 Watermain	- 0.0	9.4	7.7	44.9	186.8
Waikato Water Supply	- 1.8	45.1	15.5	12.2	19.5
Huia Water Supply	17.4	42.3	41.9	36.8	30.1
Ardmore Water Treatment Plant	1.0	6.5	13.5	18.5	10.6
Projects supporting Kianga Ora-Water	8.0	33.0	39.1	25.1	13.2
Water Collection & Treatment Assets	45.0	65.8	20.8	35.5	54.6
Waiuku Water Supply	4.1	2.1	6.1	19.9	14.9
<b>Total Water</b>	<b>205.2</b>	<b>296.5</b>	<b>252.3</b>	<b>418.7</b>	<b>589.0</b>
<b>Wastewater Networks</b>					
Central Interceptor	298.6	273.6	333.2	99.7	-
Wastewater Network Assets	77.6	118.7	105.3	158.6	140.4
Southwest Wastewater Scheme	18.3	24.3	40.0	80.2	91.5
Waitematā Water Quality Improvement	0.1	22.4	24.3	44.0	77.9
Wastewater Treatment Plant Assets	10.9	5.7	39.0	31.6	33.9
Māngere Wastewater Treatment Plant	22.4	27.7	48.1	64.4	102.9
Rosedale Wastewater Treatment Plant	14.0	23.9	54.5	67.4	67.2
Warkworth Wastewater Scheme	63.1	89.4	94.3	17.6	15.7
Pukekohe Wastewater Scheme	4.2	15.6	3.5	29.2	44.8
Whenuapai & Redhills Wastewater Scheme	3.2	16.6	8.7	33.6	66.5
Otara Wastewater Network	1.5	13.4	3.9	36.8	27.5
Orakei Main Sewer	-	-	16.7	14.4	14.5
Queen Street Wastewater Network	3.4	19.1	45.7	18.6	6.7
Projects supporting Kianga Ora-Wastewater	12.1	49.4	5.7	0.0	13.2
<b>Total Wastewater</b>	<b>529.6</b>	<b>699.8</b>	<b>823.1</b>	<b>696.1</b>	<b>702.7</b>
<b>Shared Service</b>					

8.3

Business Assets	22.0	9.7	49.2	29.6	30.5
Digital Assets	17.1	-	20.4	19.6	19.4
Flood Recovery Works	2.1	80.5	47.0	11.8	-
Water Collection & Treatment Assets			13.4	19.5	19.6
Wastewater Network Assets			5.1	5.3	6.2
Shared Service Programmes	41.2	90.2	135.1	85.9	75.7
Capital Expenditure (exc capitalised interest)	776.0	1,086.5	1,210.5	1,200.7	1,367.5

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## 2.5 Prospective Financial Statements

## Prospective statement of comprehensive revenue and expense

For the year ended 30 June 2023

	Restated 22/23 Actual \$000	2023/24 AP Plan \$000	2024/25 LTP 25 \$000	2025/26 LTP 25 \$000	2026/27 LTP 25 \$000
Revenue	968,258	1,104,700	1,142,326	1,182,991	1,302,209
<b>Total revenue</b>	<b>968,258</b>	<b>1,104,700</b>	<b>1,142,326</b>	<b>1,182,991</b>	<b>1,302,209</b>
<b>Operating expenses</b>					
Asset operating costs (excluding WDC expenses)	(98,336)	(85,920)	(120,998)	(124,006)	(125,051)
Maintenance costs	(77,516)	(75,899)	(84,656)	(86,761)	(87,492)
Employee benefit expenses <sup>1</sup>	(66,765)	(86,097)	(105,118)	(107,732)	(108,640)
Other expenses	(87,969)	(82,589)	(63,974)	(65,565)	(66,117)
<b>Total operating expenses</b>	<b>(330,586)</b>	<b>(330,505)</b>	<b>(374,747)</b>	<b>(384,064)</b>	<b>(387,301)</b>
Depreciation & Amortisation	(317,395)	(290,090)	(392,031)	(409,966)	(433,399)
Finance costs <sup>2</sup>	(120,732)	(139,345)	(181,426)	(243,804)	(289,154)
<b>Total expenses</b>	<b>(768,713)</b>	<b>(759,940)</b>	<b>(948,203)</b>	<b>(1,037,834)</b>	<b>(1,109,853)</b>
<b>Operating surplus from trading operations</b>	<b>199,545</b>	<b>344,761</b>	<b>194,123</b>	<b>145,157</b>	<b>192,356</b>
Net loss on disposal of property, plant and equipment	(24,991)	(8,000)	(8,000)	(8,000)	(8,000)
Net (loss) / gain on revaluation of derivative financial instruments					
<b>Operating surplus before tax</b>	<b>174,554</b>	<b>336,761</b>	<b>186,123</b>	<b>137,157</b>	<b>184,356</b>
<b>Income tax expense</b>	<b>(53,864)</b>	<b>(94,293)</b>	<b>(52,114)</b>	<b>(38,404)</b>	<b>(51,620)</b>
<b>Net surplus for the year from continuing operations</b>	<b>120,690</b>	<b>242,468</b>	<b>134,009</b>	<b>98,753</b>	<b>132,736</b>
<b>Discontinued operations</b>					
Profit after tax for the year from discontinued operations	(372)	-	-	-	-
<b>Net surplus for the year</b>	<b>120,318</b>	<b>242,468</b>	<b>134,009</b>	<b>98,753</b>	<b>132,736</b>
<b>Other comprehensive revenue and expense net of tax</b>					
Gain on revaluation of property, plant and equipment	910,503	-	-	-	-
<b>Total comprehensive revenue and expense for the year, net of tax</b>	<b>1,030,821</b>	<b>242,468</b>	<b>134,009</b>	<b>98,753</b>	<b>132,736</b>
<b>Attributable to</b>					
<b>Owner of the parent, net of tax</b>	<b>1,031,059</b>	<b>242,468</b>	<b>134,009</b>	<b>98,753</b>	<b>132,736</b>
<b>Non-controlling interest, net of tax</b>	<b>(238)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>1,030,821</b>	<b>242,468</b>	<b>134,009</b>	<b>98,753</b>	<b>132,736</b>

<sup>1</sup> Employee benefits in FY25 onwards includes a reclass of overhead recoveries from labour into other expense lines.<sup>2</sup> The prospective financial statements have removed capitalised interest to align with council policy and has been restated in prior years. This is Gross interest before tax.

**Prospective statement of financial position**

As at 30 June 2023

	Restated 2023 Actual \$000	2023/24 AP Plan \$000	2024/25 Forecast \$000	2025/26 Forecast \$000	2026/27 Forecast \$000
<b>Assets</b>					
<b>Current</b>					
Cash and cash equivalents	4,115	10,923	10,923	10,923	10,923
Trade and other receivables from exchange transactions	121,286	100,714	104,938	109,706	115,856
Inventories	19,841	19,613	19,613	19,613	19,613
Prepaid expenses	21,385	14,461	14,461	14,461	14,461
Other financial assets	38,094	40,541	40,541	40,541	40,541
<b>Total current assets</b>	<b>204,721</b>	<b>186,252</b>	<b>190,475</b>	<b>195,244</b>	<b>201,394</b>
<b>Non-current</b>					
Property, plant and equipment	15,371,131	16,014,617	17,066,312	17,933,944	19,415,494
Intangible assets and goodwill	64,772	92,197	92,197	92,197	92,197
Inventories	6,953	3,619	3,619	3,619	3,619
Prepaid expenses	32,708	23,775	41,775	56,775	56,775
Other financial assets	2,993	2,993	2,993	2,993	2,993
<b>Total non-current assets</b>	<b>15,478,557</b>	<b>16,137,200</b>	<b>17,206,895</b>	<b>18,089,527</b>	<b>19,571,077</b>
<b>Total assets</b>	<b>15,683,278</b>	<b>16,323,452</b>	<b>17,397,370</b>	<b>18,284,771</b>	<b>19,772,471</b>
<b>Liabilities</b>					
<b>Current</b>					
Trade and other payables for exchange transactions	35,843	27,346	48,802	48,737	61,477
Accrued expenses	200,301	154,863	154,863	154,863	154,863
Provisions	14,708	20,821	20,821	20,821	20,821
<b>Total current liabilities</b>	<b>250,852</b>	<b>203,030</b>	<b>224,486</b>	<b>224,421</b>	<b>237,161</b>
<b>Non-current</b>					
Borrowings	2,955,584	3,440,484	4,271,332	5,002,045	5,801,574
Deferred tax liability	2,447,887	2,407,907	2,495,510	2,553,510	3,096,205
Trade and other payables for exchange transactions	12,784	2,859	2,859	2,859	2,859
Accrued expenses	10,271	14,213	14,213	14,213	14,213
Provisions	12,137	18,731	18,732	18,732	18,732
<b>Total non-current liabilities</b>	<b>5,438,663</b>	<b>5,884,192</b>	<b>6,802,645</b>	<b>7,591,358</b>	<b>8,933,581</b>
<b>Total liabilities</b>	<b>5,689,515</b>	<b>6,087,222</b>	<b>7,027,132</b>	<b>7,815,779</b>	<b>9,170,743</b>
<b>Equity</b>					
<b>Equity attributable to owners of the parent</b>					
Retained earnings	4,575,183	4,817,650	4,951,659	5,050,412	5,183,148
Revaluation reserves	5,157,887	5,157,887	5,157,887	5,157,887	5,157,887
Issued capital	260,693	260,693	260,693	260,693	260,693
Capital Reserve					
<b>Total equity attributable to owners of the parent</b>	<b>9,993,763</b>	<b>10,236,230</b>	<b>10,370,239</b>	<b>10,468,992</b>	<b>10,601,728</b>
<b>Non-controlling interest</b>					
<b>Total equity</b>	<b>9,993,763</b>	<b>10,236,230</b>	<b>10,370,239</b>	<b>10,468,992</b>	<b>10,601,728</b>
<b>Total equity and liabilities</b>	<b>15,683,278</b>	<b>16,323,452</b>	<b>17,397,371</b>	<b>18,284,771</b>	<b>19,772,471</b>

8.3

**Prospective statement of changes in equity**

For the year ended 30 June 2023

	Restated 2023 Actual \$'000	2023/24 Annual Plan \$'000	2024/25 Forecast \$'000	2025/26 Forecast \$'000	2026/27 Forecast \$'000
<b>Balance at 1 July 2022</b>	9,135,109	9,993,765	10,236,231	10,370,239	10,468,992
Net Surplus for the year	120,690	242,468	134,009	98,753	132,736
Impact of change in Accounting policy <sup>3</sup>	172,167	-	-	-	-
Movements in non-controlling interest	(370)	-	-	-	-
<b>Total Comprehensive Income</b>	51,847	242,468	134,009	98,753	132,736
Gain on revaluation of property, plant & equipment	910,503	-	-	-	-
Transfer between reserves on disposal of property, plant & equipment	-	-	-	-	-
<b>Total other comprehensive income and expense</b>	910,503	-	-	-	-
<b>Balance at 30 June 2023</b>	9,993,765	10,236,231	10,370,239	10,468,992	10,601,729

<sup>3</sup> Impact of change in Accounting Policy to remove capitalised interest from prior years in order to align with council policy.

8.3



**Prospective statement of cash flows**

For the year ended 30 June 2023

	2023 Actual \$'000	2023/24 AP Plan \$'000	2024/25 Forecast \$'000	2025/26 Forecast \$'000	2026/27 Forecast \$'000
<b>Operating activities</b>					
<b>Cash was provided from:</b>					
Receipts from customers	869,990	1,071,398	1,072,904	1,094,517	1,244,389
Dividends received	121	-	-	-	-
Interest received	52	-	-	-	-
	870,163	1,071,398	1,072,904	1,094,517	1,244,389
<b>Cash was applied to:</b>					
Employees and suppliers	(327,191)	(330,500)	(371,447)	(380,764)	(387,301)
Finance costs paid	(327,191)	(330,500)	(371,447)	(380,764)	(387,301)
<b>Net cash inflows – operating activities</b>	<b>542,972</b>	<b>740,898</b>	<b>701,457</b>	<b>713,754</b>	<b>857,089</b>
<b>Investing activities</b>					
<b>Cash was provided from:</b>					
Sale of property, plant and equipment, and intangibles	918	-	-	-	-
Proceeds on disposal of discontinued operations	2,792	-	-	-	-
Repayment of advances or loans to external parties	15,659	-	-	-	-
	19,369	-	-	-	-
<b>Cash was applied to:</b>					
Purchase and construction of property, plant and equipment, and intangibles	(815,830)	(1,086,461)	(1,210,508)	(1,200,662)	(1,367,464)
Acquisition of subsidiaries, associates and jointly-controlled entities	-	-	-	-	-
Issued term loans	-	-	-	-	-
	(815,830)	(1,086,461)	(1,210,508)	(1,200,662)	(1,367,464)
<b>Net cash outflows – investing activities</b>	<b>(796,461)</b>	<b>(1,086,461)</b>	<b>(1,210,508)</b>	<b>(1,200,662)</b>	<b>(1,367,464)</b>
<b>Financing activities</b>					
<b>Cash was provided from:</b>					
Proceeds from Auckland Council loans – related party	906,084	1,033,765	1,188,829	1,282,171	1,382,842
	906,084	1,033,765	1,188,829	1,282,171	1,382,842
<b>Cash was applied to:</b>					
Repay loans from Auckland Council – related party	(656,084)	(688,202)	(679,778)	(795,262)	(872,467)
Gross interest	-	-	-	-	-
	(656,084)	(688,202)	(679,778)	(795,262)	(872,467)
<b>Net cash inflows / (outflows) – financing activities</b>	<b>250,000</b>	<b>345,563</b>	<b>509,051</b>	<b>486,909</b>	<b>510,375</b>
<b>Net change in cash flows</b>	<b>(3,489)</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>(0)</b>
Cash & cash equivalents/(overdraft) at the beginning of the year	7,604	10,923	10,923	10,923	10,923
<b>Cash &amp; cash equivalents/(overdraft) at the end of the year</b>	<b>4,115</b>	<b>10,923</b>	<b>10,923</b>	<b>10,923</b>	<b>10,923</b>

8.3

## Significant Accounting Policies

### Reporting entity

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

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

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

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

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

### Basis of preparation

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

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

### Statement of compliance

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

### Budget figures

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

### Critical accounting estimates and judgments

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

Revisions to estimates are recognised in the period in which the estimate is revised or in the current and/or future period(s) which the revisions affect. Refer to the notes in the 2023 Annual Report below for a discussion of estimates and judgments in applying the accounting policies.

- Revaluation of property, plant and equipment, note 6,
- Unbilled revenue estimate, note 13,
- Provisions, note 24.

#### **Finance costs**

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

#### **Basis of consolidation**

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

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

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

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

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

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

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

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

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

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

## SOI Performance Measures

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

#	Measure	Source	2024 actual	2025 SOI target	Next three-year targets		
					2026	2027	2028
1.	Compliance with Taumata Arowai Quality Assurance Rules T3 – <b>Chemical water quality</b> . The extent to which the local authority's drinking water supply complies with Drinking Water Quality Assurance Rules T3*	Taumata Arowai Quality Assurance Rule	100%	100%	100%	100%	100%
2.	Compliance with Taumata Arowai Quality Assurance Rules T3 – <b>Cyanotoxins water quality</b> . The extent to which the local authority's drinking water supply complies with Drinking Water Quality Assurance Rules T3*	Taumata Arowai Quality Assurance Rule	100%	100%	100%	100%	100%
3.	Compliance with Taumata Arowai Quality Assurance Rules D3 – <b>Residual disinfection (chlorine) water quality</b> . The extent to which the local authority's drinking water supply complies with Drinking Water Quality Assurance Rules D3*	Taumata Arowai Quality Assurance Rule	100%*	100%	100%	100%	100%
4.	Compliance with Taumata Arowai Quality Assurance Rules D3 – <b>Disinfection by-products water quality</b> . The extent to which the local authority's drinking water supply complies with Drinking Water Quality Assurance Rules D3*	Taumata Arowai Quality Assurance Rule	100%	100%	100%	100%	100%
5.	Compliance with Taumata Arowai Quality Assurance Rules D3 – <b>Plumbosolvent metals water quality</b> . The extent to which the local authority's drinking water supply complies with Drinking Water Quality Assurance Rules D3	Taumata Arowai Quality Assurance Rule	100%	100%	100%	100%	100%
6.	Compliance with Taumata Arowai Quality Assurance Rules T3 – <b>Bacterial water quality</b> . The extent to which the local authority's drinking water supply complies with Drinking Water Quality Assurance Rules T3*	DIA and Taumata Arowai Quality Assurance Rule	100%	100%	100%	100%	100%
7.	Compliance with Taumata Arowai Quality Assurance Rules T3 – <b>Protozoal water quality</b> . The extent to which the local authority's drinking water supply complies with Drinking Water Quality Assurance Rules T3*	DIA and Taumata Arowai Quality Assurance Rule	100%	100%	100%	100%	100%
8.	Compliance with Taumata Arowai Quality Assurance Rules D3 – <b>Microbiological water quality</b> . The extent to which the local authority's drinking water supply complies with Drinking Water Quality Assurance Rules D3*	DIA and Taumata Arowai Quality Assurance Rule	100%	100%	100%	100%	100%
9.	The total number of complaints received by the local authority about any of the following: a) drinking water clarity b) drinking water taste c) drinking water odour d) drinking water pressure or flow e) continuity of supply f) Watercare's response to any of these issues expressed per 1000 connections to the local authority's networked reticulation system.	DIA	7.8	≤10	≤10	≤10	≤10

8.3

#	Measure	Source	2024 actual	2025 SOI target	Next three-year targets		
					2026	2027	2028
10.	Median response time for <b>attendance</b> for <b>urgent call-outs (water)</b> : from the time that the local authority receives notification to the time that service personnel reach the site (minutes).	DIA	43 min	≤60 mins	≤60 mins	≤60 mins	≤60 mins
11.	Median response time for <b>resolution</b> of <b>urgent</b> calls-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption ( <b>Water</b> , rolling 12 mth average).	DIA	3.9 hours	≤ 5 hours	≤ 5 hours	≤ 5 hours	≤ 5 hours
12.	Median response time for <b>attendance</b> for <b>non-urgent</b> call-outs: from the time that the local authority receives notification to the time that service personnel reach the site ( <b>Water</b> , rolling 12 mth average).	DIA	0.8 days	≤ 5 days	≤ 5 days	≤ 5 days	≤ 5 days
13.	Median response time for <b>resolution</b> of <b>non-urgent</b> call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption ( <b>Water</b> , rolling 12 mth average).	DIA	1.0 days	≤ 6 days	≤ 6 days	≤ 6 days	≤ 6 days
14.	The percentage of real <b>water</b> loss from the local authority's networked reticulation system.	DIA	12.4%	≤13%	≤13%	≤13%	≤13%
15.	Compliance with the territorial authority's resource consents for discharge from our sewerage system measured by the number of: (a) abatement notices (b) infringement notices (c) enforcement orders (d) convictions received by Watercare in relation to those resource consents.	DIA	(a) 0 (b) 0 (c) 0 (d) 0	(a) ≤2 (b) ≤2 (c) ≤2 (d) 0	(a) ≤2 (b) ≤2 (c) ≤2 (d) 0	(a) ≤2 (b) ≤2 (c) ≤2 (d) 0	(a) ≤2 (b) ≤2 (c) ≤2 (d) 0
16.	The total number of complaints received by the territorial authority about any of the following: (a) sewerage odour (b) sewerage system faults (c) sewerage system blockages (d) Watercare's response to issues with its sewerage system expressed per 1000 connections to the Watercare's sewerage system.	DIA	19.5	≤50	≤50	≤50	≤50
17.	Attendance at <b>sewerage</b> overflows resulting from blockages or other faults: median response time for <b>attendance</b> – from the time that the territorial authority receives notification to the time that service personnel reach the site (minutes).	DIA	84 mins	≤75 mins^	≤90 mins# (LTP Target = 75 min)	≤90 mins# (LTP Target = 75 min)	≤90 mins# (LTP Target = 75 min)
18.	Attendance at sewerage overflows resulting from blockages or other faults: median response time for <b>resolution</b> - from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault.	DIA	3.4 hours	≤ 5 hours	≤ 5 hours	≤ 5 hours	≤ 5 hours
19.	The number of dry weather overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system.	DIA	0.5	≤ 5	≤ 5	≤ 5	≤ 5

8.3

#	Measure	Source	2024 actual	2025 SOI target	Next three-year targets		
					2026	2027	2028
20.	Average number of wet-weather overflows per engineered overflow point per discharge location (12-month rolling average).	Network Discharge Consent	0.4	≤2 overflows per year	≤2 overflows per year	≤2 overflows per year	≤2 overflows per year

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

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

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

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

8.3

### Watercare Charter Section 29 – minimum quality service standards

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

### Appendix B: Additional targets set out in the Watercare Charter

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

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

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

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

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

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

#	Measure	Source	2024 actual	2025 SOI target	Next three-year targets		
					2026	2027	2028
32.	Community trust score.	Watercare	60%	≥55%	≥55%	≥55%	≥55%
33.	Customer Net Satisfaction Score*.	Watercare	55	≥45	≥45	≥45	≥45
34.	The average consumption of drinking water per day per resident within the territorial authority district (*litres/plus/minus 2.5%) (12-month rolling average).	DIA	252 litres	253 litres	252 litres	250 litres	248 litres
35.	Percentage of customer complaints resolved within ten days of notification.	Watercare	99.3%	≥95%	≥95%	≥95%	≥95%

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

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

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

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

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

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

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

8.3



# Chief Executive's report

Presented by: Jamie Sinclair



## 1. May 2025 update

Near normal rainfall during May has resulted in a steady increase in metropolitan total system storage (TSS). TSS at the end of May was 72.5%, up 6.7% from the end of April and only 1% below historical average for this time of the year. Normal rainfall is expected for the balance of winter and Auckland's water supply situation remains stable.

May was a month of delivery for Watercare. We made progress on numerous projects, including:

- We began tunnelling a new harbour outfall at Clarks Beach as part of the southwest wastewater servicing scheme. We are also upgrading the wastewater treatment plant at Clarks Beach, introducing sophisticated technology that will allow the plant to produce exceptionally high-quality treated wastewater, which ultimately benefits the Manukau Harbour. Both the treatment plant upgrade and the outfall are on track to be completed by June 2026. Meanwhile, we have been engaging the community on several short-listed options for the wider programme of work that will support the projected population growth to 30,000 people by 2050. We will continue to share this work with the community as the optioneering process concludes.
- We completed the first stage of our critical watermain repairs under the Auckland Harbour Bridge. The work on North Shore Pipelines 1 and 2 is part of a \$20 million plan to renew sections of the city's water infrastructure over the next 18 months. Stage 2 is on track to start in mid-August and will be carried out from the suspended walkway underneath the bridge. The repairs being carried out on the 1.2km watermains will help to prevent failures, reduce emergency repairs, and keep water flowing to the North Shore.
- We also completed a \$2m project to ultimately increase the capacity of our water network in Pukekohe and Buckland. This included installing two new bulk supply points on Pukekohe East Road which will allow more water to be distributed through the network, supporting current and future growth in Pukekohe and Buckland.

Our Te Motu a Hiaroa (Puketutu Island) biosolids operations team celebrated 10 years of work in rehabilitating the former quarry site. They've placed about 1.28 million tonnes of biosolids in this time, with trucks carrying on average about 12,000 tonnes of biosolids from the Māngere Wastewater Treatment Plant to the island each month to fill the cells. We expect to fill up the 65-hectare site with treated biosolids by 2035 so identifying a disposal approach after that is a big priority for us.

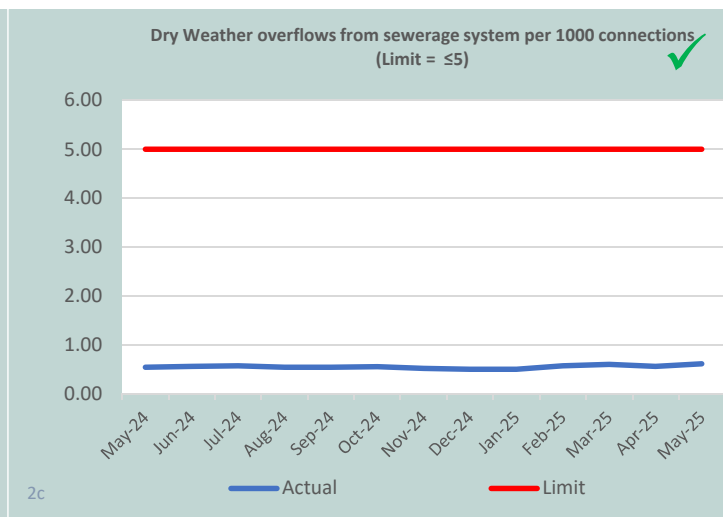
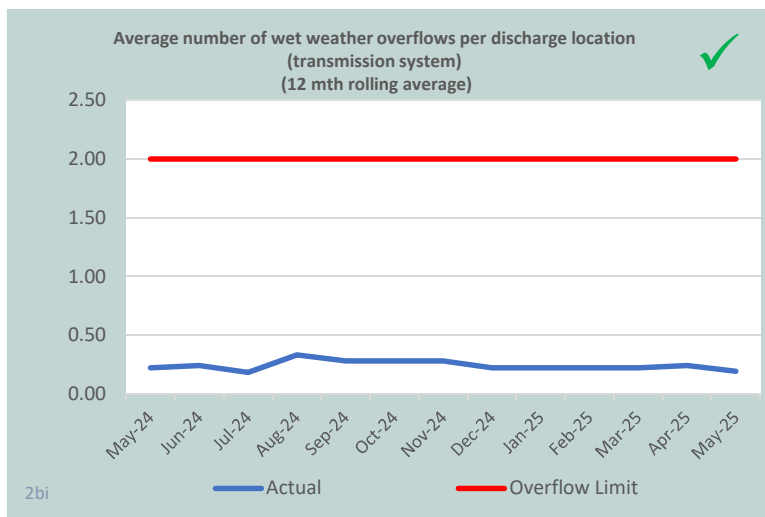
The impact on oyster farms due to the risk of norovirus contamination from wastewater overflows into the Mahurangi River received extensive media attention. We have met up with them, acknowledged their concerns and outlined what we are doing to improve the situation. This issue will require ongoing engagement and care from a stakeholder perspective.

At the beginning of June, we welcomed Jamie Sinclair as new chief executive of Watercare, with a pōwhiri at the Māngere Wastewater Treatment Plant, incorporating a traditional 'Ava ceremony to the event to showcase the Pasifika culture alongside Māori protocols.

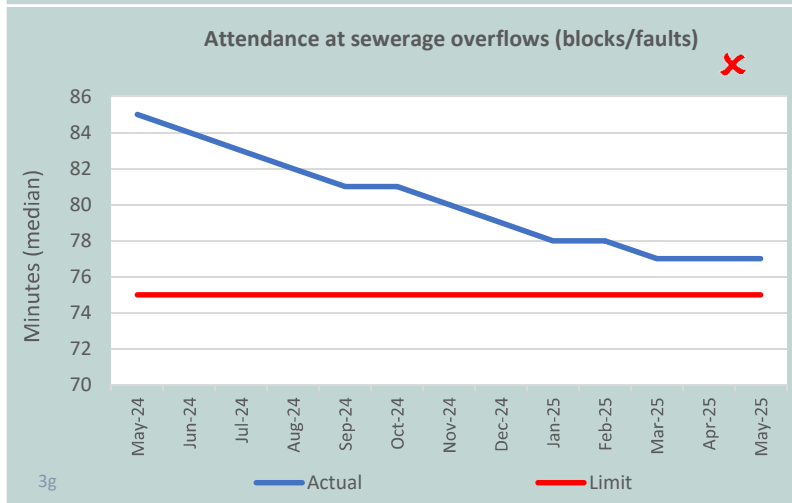
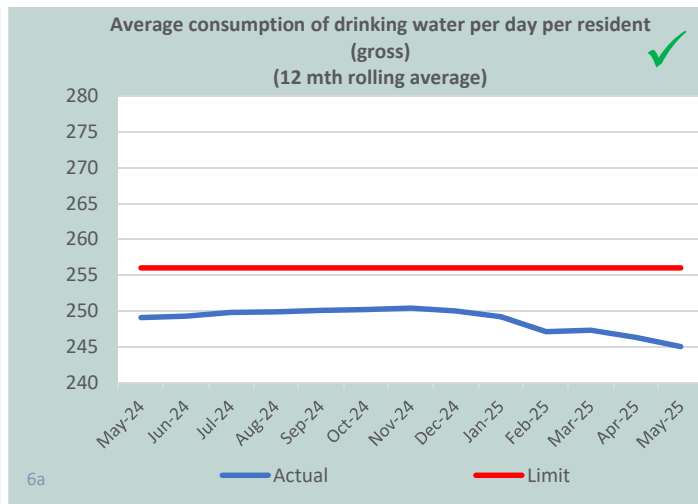
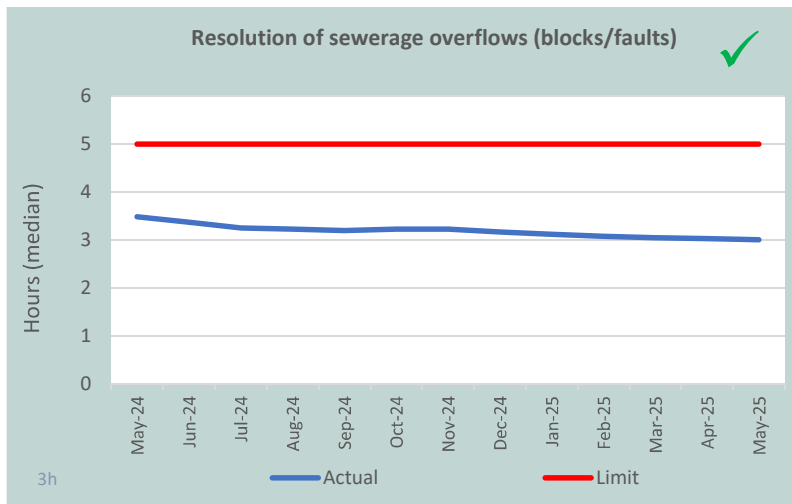
## 2. Key performance measures

The Watercare Charter (Charter), made under the Local Government (Water Services Preliminary Arrangements) Act 2024, took effect on 1 April 2025, with the key financial settings applying from 1 July 2025. This section covers Watercare's unaudited performance against the current Statement of Intent (SOI) and the Charter measures for May 2025.

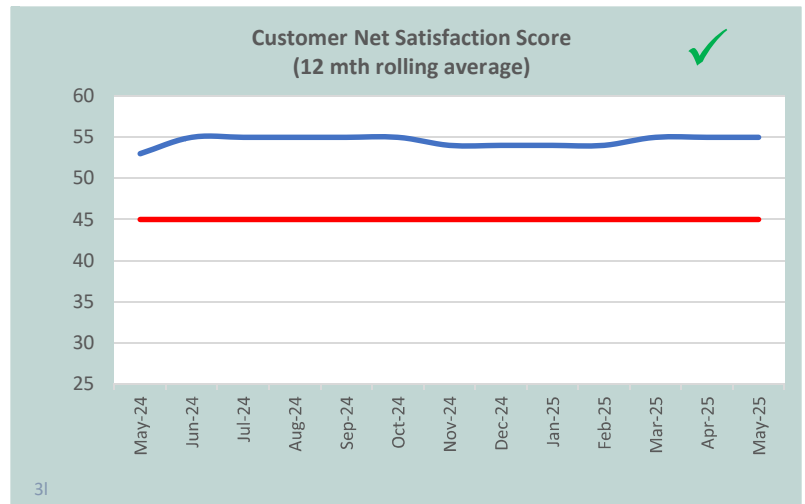
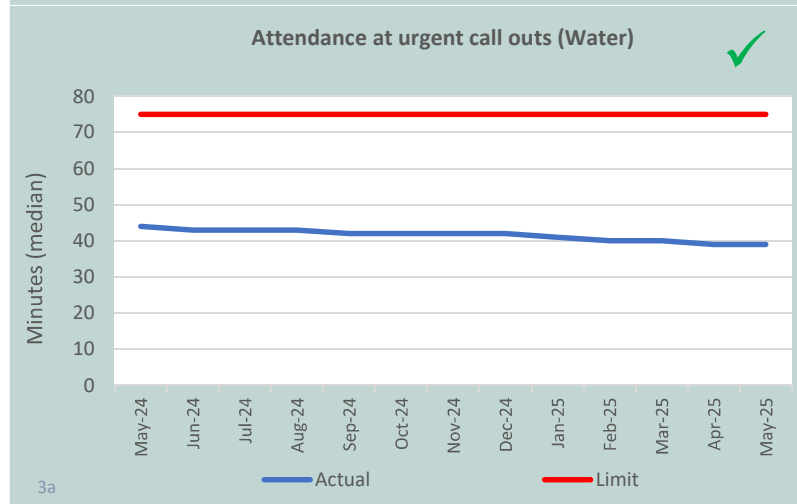
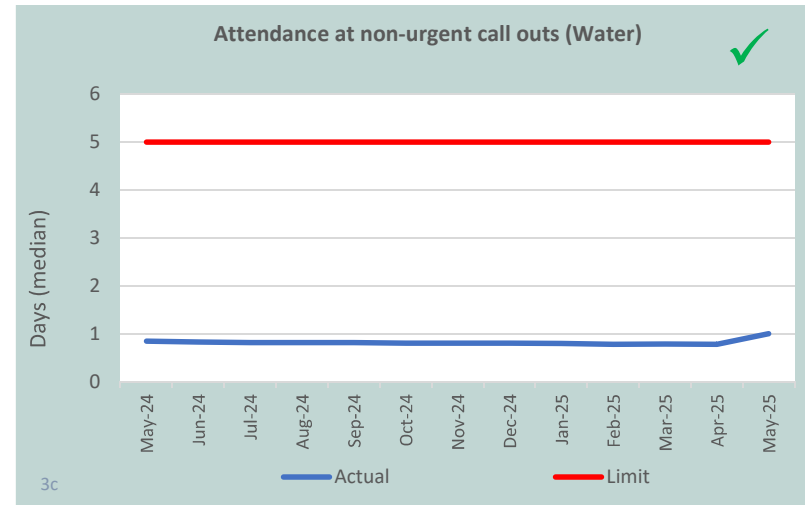
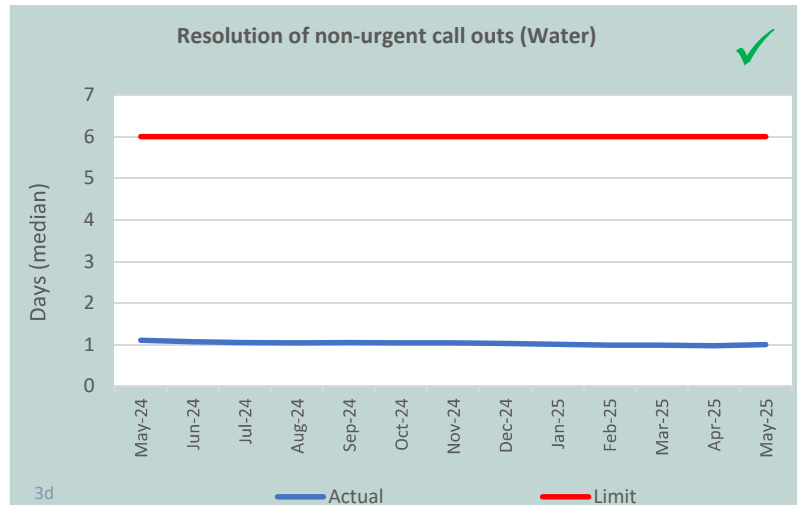
### SOI measures — Natural Environment



## SOI measures — Community and Stakeholder Relationships



## SOI measures — Community and Stakeholder Relationships





**Watercare's Statement of Intent (SOI) measures (unaudited)**

No.	SOI measures	FY25 target	Actual			Commentary
			May 2025	April 2025	March 2025	
1.	Compliance with Taumata Arowai Quality Assurance Rules T3 – <b>Bacterial water quality</b> . The extent to which the local authority's drinking water supply complies with Drinking Water Quality Assurance Rules T3.	100%	100%	100%	100%	
2.	Compliance with Taumata Arowai Quality Assurance Rules T3 – <b>Protozoal water quality</b> . The extent to which the local authority's drinking water supply complies with Drinking Water Quality Assurance Rules T3.	100%	100%	100%	100%	
3.	Compliance with Taumata Arowai Quality Assurance Rules D3 – <b>Microbiological water quality</b> . The extent to which the local authority's drinking water supply complies with Drinking Water Quality Assurance Rules D3.	100%	100%	100%	100%	
4.	Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of:					<i>Note the assumption is that abatement notices received relates to new notices issued in the financial year.</i>
	a) abatement notices	≤2	0	0	0	
	b) infringement notices	≤2	0	0	0	
	c) enforcement orders	≤2	0	0	0	
	d) convictions	0	0	0	0	
	received by the territorial authority in relation to those resource consents.					
5.	The average consumption of drinking water per day per resident within the territorial authority district (*litres plus/minus 2.5%) (12-month rolling average).	253 litres	245.40	246.30	247.30	
6.	Median response time for attendance for urgent water callouts: from the time that the local authority receives	≤ 75 mins	39	39	40	

No.	SOI measures	FY25 target	Actual			Commentary
			May 2025	April 2025	March 2025	
	notification to the time that service personnel reach the site (minutes) (12-month rolling average)					
7.	Median response time for resolution of urgent callouts: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption (hours)(water, 12-month rolling average).	≤ 5 hours	3.13	3.12	3.19	
8.	Median response time for attendance for non-urgent water call-outs: from the time that the local authority receives notification to the time that service personnel reach the site (days) (12-month rolling average).	≤ 5 days	0.78	0.78	0.79	
9.	Median response time for resolution of non-urgent water call-outs: 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).	≤ 6 days	0.98	0.97	0.99	
10.	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) the local authority's response to any of these issues expressed per 1000 connections to the local authority's networked reticulation system (12-month rolling average).	≤ 10	7.79	7.81	7.77	
11.	Attendance at sewerage overflows resulting from blockages or other faults: median response time for attendance – from the time that the territorial authority	≤ 75 mins	78	77	77	Overflows are triaged as either a P1 or P2 response. P1 is for overflows going into a waterway or affecting multiple properties.

No.	SOI measures	FY25 target	Actual			Commentary
			May 2025	April 2025	March 2025	
	receives notification to the time that service personnel reach the site (minutes) (12-month rolling average).					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 hrs). At 78 minutes this means we are meeting all P1s and probably most P2s. The more important measure is resolution of blockages and faults (see row below), and this target is being met.
12.	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.	≤ 5 hours	3.08	3.03	3.05	
13.	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 territorial authority's sewerage system (12-month rolling average).	≤ 50	16.17	16.28	17.43	
14.	The percentage of real water loss from the territorial authority's networked reticulation system (12-month rolling average).	≤13%	11.15%	11.89%	12.29%	Watercare calculates its leakage based upon the IWA (International Water Association) water loss calculation. The calculation involves estimates for both volumes produced and utilised.



No.	SOI measures	FY25 target	Actual			Commentary
			May 2025	April 2025	March 2025	
						*Water loss result is with 95% confidence limits of +/- 10%.
15.	The number of dry-weather overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system (12-month rolling average).	≤ 5	0.61	0.56	0.60	
16.	Adherence to all of DIA's non-financial service performance measures (items 1 to 15 above).	100%	93.33%	93.33%	93.33%	Out of 15 DIA measures, 14 measures were met, and one measure (item 11) was not met.
17.	Average number of wet weather overflows per engineered overflow point per discharge location (12-month rolling average).	≤ 2 overflows per year	0.19	0.24	0.22	
18.	Leakage performance – litres/connection/day (l/c/d)	98.2 l/c/d	102.32	109.64	113.74	<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.</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>

No.	SOI measures	FY25 target	Actual			Commentary
			May 2025	April 2025	March 2025	
						We are above the long run economic level of leakage target, which means we should keep investing in the leakage programme. To bring the result back towards the target, we are continuing our leak reduction efforts, within our existing opex budget.
19.	Compliance with Taumata Arowai Quality Assurance Rules T3 – <b>Chemical water quality</b> . The extent to which the local authority's drinking water supply complies with Drinking Water Quality Assurance Rules T3.	100%	100%	100%	100%	
20.	Compliance with Taumata Arowai Quality Assurance Rules T3 – <b>Cyanotoxins water quality</b> . The extent to which the local authority's drinking water supply complies with Drinking Water Quality Assurance Rules T3.	100%	100%	100%	100%	
21.	Compliance with Taumata Arowai Quality Assurance Rules D3 – <b>Residual disinfection (chlorine) water quality</b> . The extent to which the local authority's drinking water supply complies with Drinking Water Quality Assurance Rules D3.	100%	97.5%	97.5%	97.5%	Residual disinfection compliance has been achieved in 39 out of 40 distribution zones. The Wellsford/Te Hana zone was non-compliant due to three samples having FAC $\leq 0.1$ mg/L chlorine, which also means that less than 85% of the samples were $\geq 0.2$ mg/L. Reactive flushing was completed for the exceedances.
22.	Compliance with Taumata Arowai Quality Assurance Rules D3 – <b>Disinfection by-products water quality</b> . The extent to which the local authority's drinking water supply complies with Drinking Water Quality Assurance Rules D3.	100%	100%	100%	100%	
23.	Compliance with Taumata Arowai Quality Assurance Rules D3 – <b>Plumbosolvent metals water quality</b> . The extent to which the local authority's drinking water supply complies with Drinking Water Quality Assurance Rules D3.	100%	100%	100%	100%	

No.	SOI measures	FY25 target	Actual			Commentary
			May 2025	April 2025	March 2025	
24.	Deliver capital programme in line with the asset management plan baseline approved by the Board.	80% of projects are delivered within the approved budget and 80% of projects are in service within the approved time.	10 (out of 16) projects, 63%, have been completed July-May on time and within budget. 6 projects were not completed on time. 1 project is forecasting to not be delivered on time and 1 project is forecasted to complete within the threshold for time and budget. Both projects will be reported on next month and	8 (out of 14) projects, 57%, have been completed July-April on time and within budget. 6 projects were not completed on time. 2 projects are forecasted to complete within the threshold for time and budget and will be reported on next month and hence excluded from above. 100% of the projects delivered on time has been	8 (out of 13) projects, 62%, have been completed Q1-Q3 on time and within budget. 5 projects were not completed on time. 1 project is forecasted to complete within the threshold for time and budget and will be reported on next month and hence excluded from above. 100% of the projects delivered on time has	For the six projects not delivered on time: <ul style="list-style-type: none"> <li>• Supply Treatment Huia and Supply Treatment Waitākere Tank Reconciliation is not forecasting to be delivered within budget.</li> <li>• Kāinga Ora – Waikowhai Pump Station and Water Main Completion is not forecasting to be delivered within budget.</li> <li>• Glen Innes WW PS (DPS071) Pump Replacement was completed mid Dec, but was originally baselined for completion in mid-Oct. It was not completed on time, but was completed within budget.</li> <li>• Takapu Street WW is forecasting to be delivered within budget.</li> <li>• Waikato WTP Waste Management Upgrade is forecasting to be delivered within budget.</li> <li>• East Coast Bays Link Sewer Upgrade is forecasting to be delivered within budget.</li> </ul>

No.	SOI measures	FY25 target	Actual			Commentary
			May 2025	April 2025	March 2025	
			hence excluded from above. 100% of the projects delivered on time have been within budget.	within budget.	been within budget.	
25.	Planned network pipe renewal  Measure – Actual Kilometres delivered /planned kilometres.	26km (+/- 5%) of network planned for year ending 30 June 2025	12km	9km	7.5km	Yearly target. Operations delivery back on track following Traffic Management Plan delays. 7km is scheduled to be installed in June 2025.
26.	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	4.5	4.5	Reported 6-monthly (yearly target).
27.	Percentage of household expenditure on water supply services relative to average household income.	< 1.5%	0.86%	0.92%	0.93%	
28.	Debt to revenue ratio.	≤4.00	3.87	3.97	3.95	Whilst below the cap of 400% debt / revenue, it is very close as our revenue to budget reduces.
29.	Controllable Cost target (including 4% efficiency target per year, for 10 years, from FY23-FY32).	\$441m	\$42m	\$40m	\$37m	YTD Direct expenditure as at 31 May 2025 is \$395m against a target of \$407m, a favourable variance of \$12m. Variance

No.	SOI measures	FY25 target	Actual			Commentary
			May 2025	April 2025	March 2025	
						largely due to timing. Still expecting to meet the target for the year.
30.	Customer Net Satisfaction Score (Previously Net promoter score).	≥45	55	55	55	
31.	Community trust score.	≥55	53	53	54	Trust decline in FY25 Q1 & Q2 has impacted the 12-month average; however, in recent months, trust has begun to stabilise, albeit with some fluctuations.
32.	Percentage of customer complaints resolved within ten days of notification.	≥95%	99.02%	99.24%	99.32%	
33.	Ratio of procurement sourced through Māori owned businesses.	5%	3.07%	3.08%	3.01%	Direct 1.38% and Indirect 1.69%. Total Māori business spend for FY25 is \$32.55m. (\$14.60m Direct, \$17.95m Indirect). \$3.58m of the direct spend has been through our Ngā Kakau Paraha (Māori supplier business network). We have 133 active Māori suppliers out of a total of 2301 active suppliers (5.78% of active suppliers). Note total Māori business for FY 24 was \$30.63m or 2.47%.
34.	Adherence to the Service Level Agreement with Council (10 working days) for Watercare to provide specialist input into resource consents (3 months rolling average).	90%	95.70%	94.70%	90.81%	
35.	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).	One per site (36)	63	47	51	
36.	We will implement Mitigation measures in line with our emissions reduction targets scope 1 and 2) (Quarterly measure).	<139,170 tonnes CO <sub>2</sub> e	-	-	78,090 tonnes CO <sub>2</sub> e	Overall, tracking well against target. We are seeing positive performance in electricity.

No.	SOI measures	FY25 target	Actual			Commentary
			May 2025	April 2025	March 2025	
	<i>Note: these targets now include emissions from Puketutu island and also align with our current Asset Management Plan. Previously set target for FY25, excluding Puketutu is &lt;89,200 tonnes CO<sub>2</sub>e.</i>				(Q3 performance)	

**Watercare Charter measures (unaudited)**

No.	Charter measures	FY25 target	May 2025	April 2025	Commentary
37.	Capital expenditure included in Business Plan	\$1,211m	\$1012m	\$1,045m	
38.	Volume of real water loss from Watercare's supply network (litres per water supply connection per day) (12 month rolling average)	≤140	102.32	109.64	
39.	Monthly median resolution time for resolving urgent water supply call-outs: from the time that Watercare receives notification of the call-out, until time Watercare receives notification that the person employed/engaged to respond to the call out that they have resolved the call out (12 month rolling average)	≤5 hours	3.13	3.12	
40.	Monthly median resolution time for resolving water non-urgent water supply: from the time that Watercare receives notification of the call-out, until the time Watercare receives notification that the person employed/engaged to respond to the call out that they have resolved the call out (12 month rolling average)	≤6 days	0.98	0.97	
41.	Number of unplanned water supply interruptions within Watercare's networked reticulation system expressed per 1000 water supply connections (12 month rolling average)	<10	6.70	6.97	
42.	Median resolution time for resolving wastewater overflows: from the time Watercare receives notification of the overflow until when Watercare receives notification from the person employed /engaged to respond to the overflow that they have resolved the overflow (12 month rolling average)	≤ 5 hours	3.08	3.03	

No.	Charter measures	FY25 target	May 2025	April 2025	Commentary
43.	The number of wastewater overflows, expressed per 1000 wastewater connections (12 month rolling average)	≤5	0.69	0.61	
44.	Credit rating	Active from FY26	Maintained	Maintained	Our target for FY26, FY27 and FY28 is: <i>Watercare must maintain at least an investment grade credit rating. If Watercare's credit rating is assessed by more than one specified credit-rating agency, all assessments must be at least investment grade.</i>
45.	Maximum allowable revenue from prices for providing water supply and wastewater supply services.	Active from FY26	-	-	Our target for FY26 is \$845.10m. We will start reporting on this measure from 1 July 2025.
46.	Minimum allowable average increase in average infrastructure growth charges	Active from FY26	-	-	Our target for FY26 is 15.5%. We will start reporting on this measure from 1 July 2025.

### 3. Our customers and communities

Our listening framework for customers, community and city reveals some valuable insights. We are seeing strong engagement across customers and community with some work to be done to recover our trust score across Auckland as a whole.

- *Customer net satisfaction* which measures the transaction service with customers remains strong at +55 (12-month rolling average), driven by ease of service and prompt fault repairs. Year-to-date in May, inbound contacts dropped 14% as more customers shifted to chat, web forms, and self-service—lower-cost channels that are being well received and improving efficiency.
- *Community trust* in our major infrastructure and renewals programs has increased to +65 year-to-date in May, up from +56 last year. This significant improvement is largely attributed to clear, consistent, and timely communication. Residents reported feeling respected, prepared, and more accepting of disruptions when kept informed through emails, flyers, door-knocking, or text messages — fostering transparency, reducing frustration, and building a sense of inclusion.

- *Our trust score amongst all Aucklanders* remains below our SOI target at +53 vs the +55 target (12month rolling average). This decline is largely driven by repeated wastewater overflows and public concern over infrastructure gaps across parts of Auckland—issues intensified by May's rainfall. The most impacted trust driver, "Watercare is safeguarding Auckland's water future," has dropped 8 points since Q4 last year. In response, a strategic trust recovery plan is being developed to rebuild confidence through improved communication and transparency.

Watercare featured in 136 media items this period, with a rolling Net Sentiment Score of +28%. Positive coverage outweighed the negative (32%) highlighted by conservation efforts and infrastructure repairs, while negative coverage (28%) focused on oyster growers' concerns over repeated wet weather overflows and norovirus detections, which pose serious risks to their operations. In response, our Chair and CE have met with affected growers to hear their concerns and are working to accelerate interim and permanent infrastructure upgrades to reduce future overflows. We're also exploring how best to support the impacted growers.

We have been developing an approach to engaging a wider set of stakeholders as we enter into this new regulated environment and also with an ambitious 10-year work plan ahead. Central Government engagement will be key to this. Watercare is working closely with Local Government Minister Simon Watts and Department of Internal Affairs who are interested about our ability to support growth and deliver our capital programme. Management and DIA will have ongoing meetings to develop a closer relationship and understanding of our capital delivery plan.

Our regional servicing strategy engagement was attended well across areas of Auckland. Submissions for the Watercare Youth Challenge highlighted strong youth engagement around themes like environmental protection and urgent investment. Community drop-in sessions in Te Atatū and New Lynn drew 117 attendees, including local board members, who raised concerns about infrastructure and prioritised water reuse, climate resilience, and affordability. We are now collating all the feedback on input into the servicing strategy and will be sharing this with local boards over July.

#### **4. Iwi and mana whenua engagement**

Te Rua Whetū continue to advocate for the incorporation of Māori perspectives on sustainability, environmental and kaitiakitanga responsibilities into Watercare's operations.

Progress has been made this month on biosolids, with several options under consideration. Mana whenua engagement is a key focus, alongside development of the Metropolitan Service strategy.

There has been early engagement with Ngāti Paoa regarding their Papakāinga development at Omaru – Point England.

We are focusing on building knowledge around Matariki. An event is to be held at Newmarket with the potential to run some satellite events (Learning the names of whetū and their significance, and how to weave the stars as a takeaway) and inclusion into the way we work.



## 5. Our people

Our employee-led networks get behind important causes with purpose, passion and generosity and this month we held a Pink Ribbon raffle and traditional baked goods sale. Like past years, our team of bakers donated a range of homemade treats for our people to purchase for donations towards an excellent cause, breast cancer awareness. Recognising the success of prior years, this year our Ata network offered boxed selections where employees could buy up more than just their morning tea and take a selection of kai home to their whānau. This year we raised \$2,197 for the Breast Cancer Foundation, and this was even more impactful as the foundation were matching organisation donations dollar for dollar.

Within our determination to maintain a healthy and safe workplace, upholding psychological safety is something our whole team are committed to. Sadly, the national statistics for this year tell us that 1 in 5 employees across the motu experienced some form of bullying behaviour in the last 12 months. Once again, this year we brought Pink Shirt Day to life with our team across all sites donning their best pink attire to say Kōrero Mai, Kōrero Atu, Mauri Tū, Mauri Ora.

As part of a range of initiatives to support Watercare to eliminate bullying from our workplaces, we have developed an e-learning module which allows our people to better understand how to recognise bullying behaviour and take practical, supported steps to speak up or address any potential issues.

This month also saw Vaiao o le Gagana Samoa / Samoan language week celebrated in style with events throughout the week coordinated by newly formed Vai Moana, our Pasifika employee network. Our team had recently pulled an employee led Pasifika employee network together to embrace Pacific island cultures, build relationships and foster mentorship and collectively, they formed Vai Moana.

Samoa language references featured for everyone throughout the week and over lunch the team hosted a customary celebration at our Newmarket site and available online for people to share the rich culture, traditions and language at the heart of the Pacific.


Another significant highlight was the collaboration between Vai Moana and Te Rua Whetū to incorporate a traditional 'Ava ceremony into the pōwhiri for our new chief executive Jamie Sinclair and led by two of the Vai Moana team and representative Iwi. Vai Moana representatives showcased their culture alongside Māori protocols which was a powerful illustration of our business joining forces to welcome Jamie Sinclair as we continue to extend ourselves to create a safe and comfortable space for our people to express and explore their cultural identities and demonstrate how we can be even more open, diverse and inclusive.

Our People dashboards for the month are included. Overall, our headcount has increase compared to previous months. Some this can be attributed to the business ramping up to deliver an ambitious work programme as outlined in the 10-year business plan. Other metrics remain stable with a continued decrease in turnover to 8.2%.

Also included in that dashboard is a further breakdown of sick leave as requested by the Board.

May Actual FTE & Contractors

1,327.7 FTE\* 

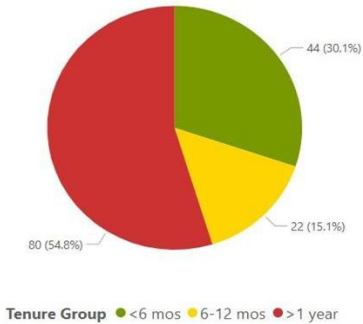
147 Contractors 

FTE & Contractors

- FTE has steadily increased since October 2024, reaching 1,327.7 in May. Some this can be attributed to the business ramping up to deliver an ambitious work programme as outlined in the 10 -year business plan.
- After a slight increase last month, t he total **number of contractors** is back to a downward trend decreasing by 7; from 154 in April to 147 in May .



Contractors by Tenure



\* Actual FTE by month is calculated using actual hours worked (not contracted hours). FTE, Headcount, and Positions exclude interns



## Workforce Status

### Positions, Vacancies & Headcount

1,504 Total Positions ↑

1,344 Headcount ↑

#### Positions & Vacancies

- There were 1,504 total positions at the end of May, an increase of 25 from the 1,479 in April and exceeding previous months; 1,493 in February and 1,490 in March.
  - +6 employees, -12 Contractors (all backfill), +31 vacancies
- The significant increase in vacancies (31) is largely attributed to 20 student internships opening for the next summer internship programme. However, excluding those roles still leaves another 58 open vacancies. Of those, only 12 (20.7%) are new positions spread across Business Groups; the standout being 3 new roles resulting from the recent restructure in Health, Safety & Wellbeing.

#### Headcount

- Continuing an upward trend, headcount has increased from 1,338 in April to 1,344 in May. An increase of 6.

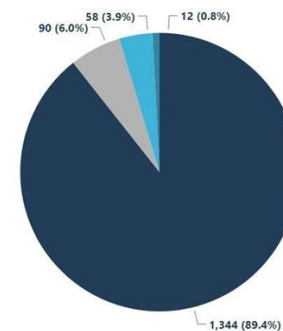
HEADCOUNT TRACKING - previous 12 months



\*Contractors, Directors, and Interns are excluded (22 Interns were Fixed Term from Nov-24, left Feb-25). Long term leave and parental leave employees are included.

\*\*There may be minor changes in Headcount and FTE results for previous months due to the 'snapshot' nature of the data (i.e. changes not processed at the time of the data extracts).

● Active Employees ● Current Vacancies ● Contractors ● Contractor in Management...



Watercare 

## Workforce Demographics

### Ethnicity, Gender, Tenure & Age

5.7% Māori



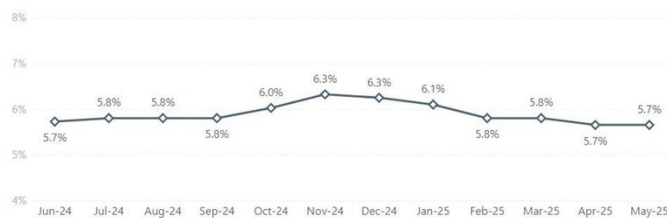
38.0% Female



#### Ethnicity

- No change in Māori representation this month. After increasing around the new year, the current result of 5.7% is a return to the rate from June 2024.

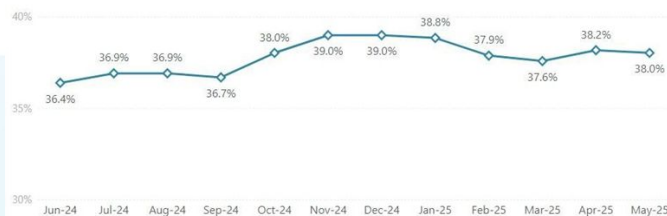
ETHNICITY REPRESENTATION- Māori



#### Gender

- A slight decrease this month, to 38.0% from 38.2%. However, this is still higher than February (37.9%) and March (37.6%).


GENDER REPRESENTATION- Female




Board Executive	14.3%	85.7%
Perm. Part Time	1.9%	0.4%
Perm. Full-Time	34.5%	60.1%
Fixed Term	1.2%	1.1%
Casual	0.4%	0.4%
<b>1,344</b>	<b>38.0%</b>	<b>62.0%</b>

## Joiners, Leavers & Turnover

18 Joiners / 12 Leavers

8.2% Vol. Turnover 

99.1% Retention Rate 

39.43 Workdays to Hire 

### Joiners and Leavers

- The number of joiners has decreased to 18 (from 22 in April).
- Leavers increased to 12, up from 9 in April (but still lower than the 14 in March and 19 in February).

### Attrition

- Voluntary turnover among permanent staff has continued its gradual decline, currently at 8.2%.

### Hiring

- Another decrease in hires this month (from 25 in April to 23 in May), and average workdays to hire returning to more expected levels at 39.43 (down from the 80.24 spike in April).

VOLUNTARY TURNOVER - 12-month Rolling Turnover



## Leave Liability

\$10.2m Annual  
Leave Liability



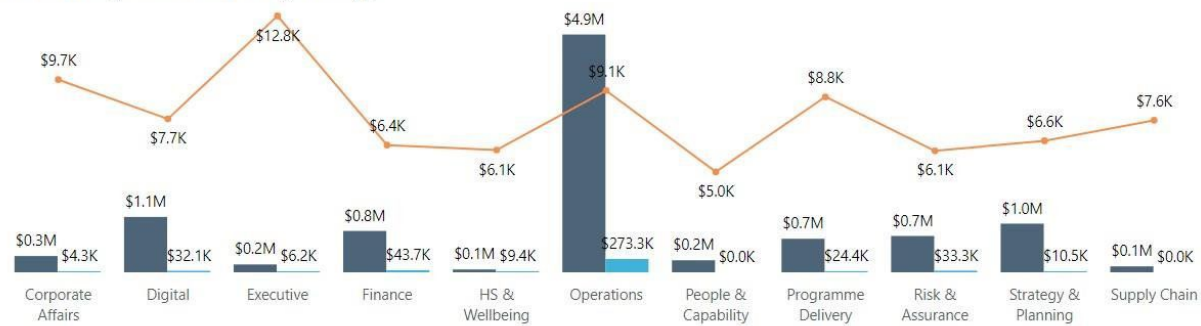
\$437k Long Service  
Leave Liability



- **Annual leave liability** increased from \$9.9 million at the end of April to \$10.2 million at the end of May.
  - Average liability increased to \$7.6k per employee, up from \$7.5k in April.
- **Long service leave liability** also decreased from \$466k in April to \$437k in May.

Total Liability Annual and Long Service Leave

● Annual Leave ● Long Service Leave ● Average Liability pp

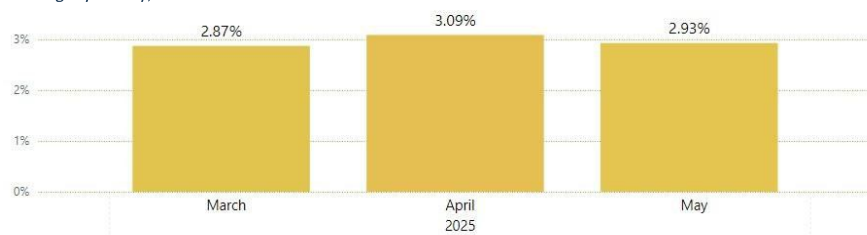


## Sick Leave by month & Rolling Total

2.93% Sick Leave  
(as % of total hours worked) ↓

3.12% Average  
(Rolling 12 Months) ↓

- **Sick leave by month:** after rising steadily, from 2.87% in March to 3.09% in April, sick leave decreased slightly in May; to 2.93% of total work hours.

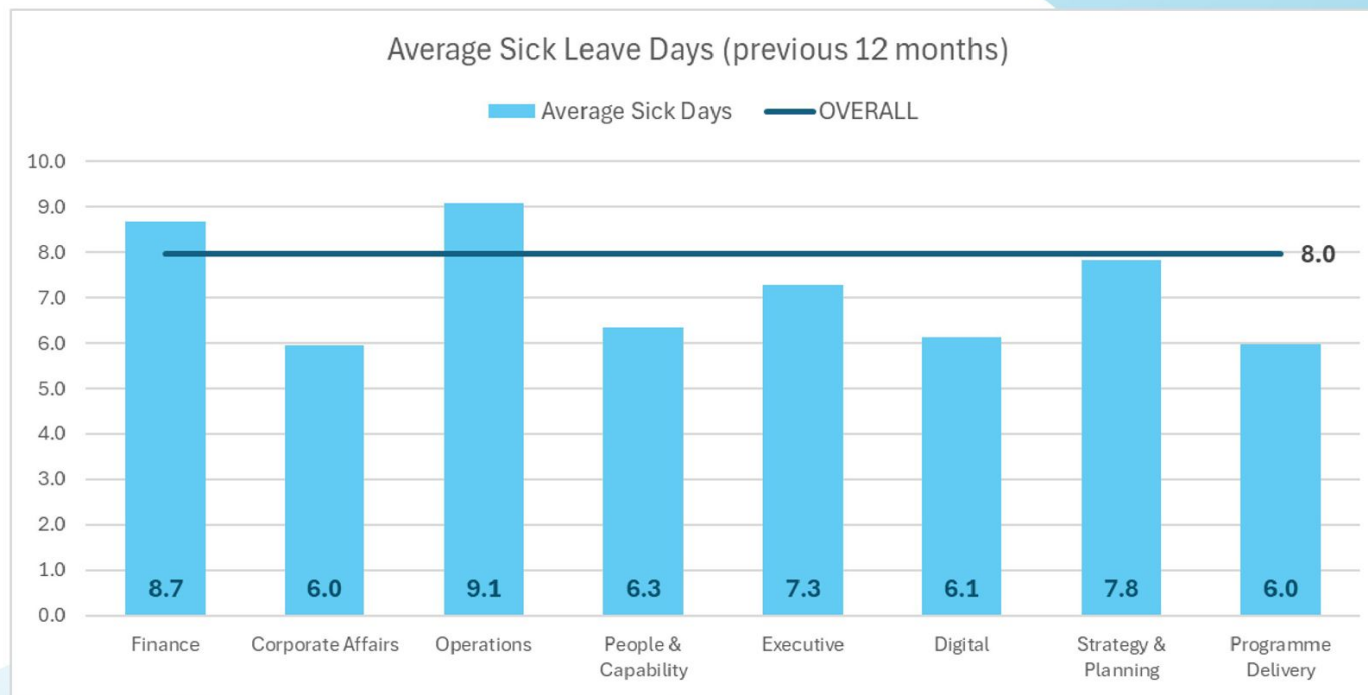


- **Rolling total** defies expectations of a steady rise in winter and, at 3.12%, is well below this time last year (3.38%).

Sick Leave as % of Total Hours Worked (rolling 12-month)



## Average Sick Leave





## 6. Our operations

### 6.1 Water supply update

Near normal rainfall during May has resulted in a steady increase in metropolitan total system storage (TSS). TSS at the end of May was 72.5%, up 6.7% from the end of April and is only 1% below historical average for this time of the year. Normal rainfall is expected for the balance of winter.










Auckland Council is planning the application of 1080 within Hūnua catchment. We have reviewed the management plan, and it follows the process used in 2022. This split the application into two blocks, allowing us to keep two dams in service to supply Ardmore WTP. The application is expected to occur from mid-July through to the end of September 2025 and is weather dependant. We have implemented operational controls to ensure drinking water quality is not impacted by this work.

### 6.2 Water quality

Taumata Arowai's Annual Performance reports for Drinking Water Quality Assurance Rules compliance will be published by the end of June.

As at the date of this report, the following information is available on Taumata Arowai's reporting Portal Hinekōrako for Watercare:

#### Overall Summary

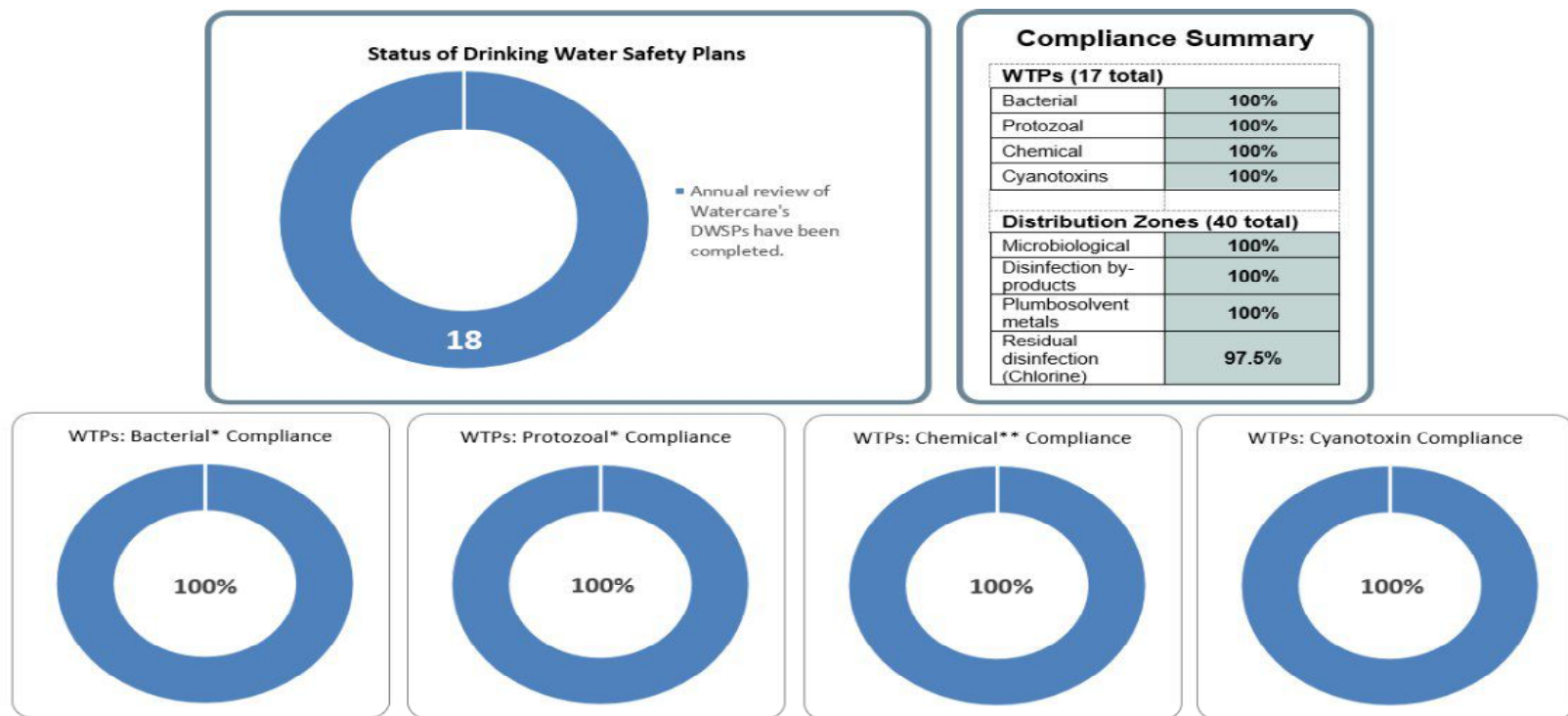
Supply Name: <input type="text"/>									
Supply ID	Supply Name	Acceptable Solution	Has DWSP	Protozoa Barrier	Bacterial Barrier	Residual Disinfection	Rules reports received	Last Processed	Download Reporting
<a href="#">AUC003</a>	Auckland	No	Lodged	✓	✓	✓	Rule reports submitted	10 Jun	
<a href="#">BOM003</a>	Bombay	No	Lodged	✓	✓	✓	Rule reports submitted	10 Jun	
<a href="#">HEL005</a>	Helensville/Parakai	No	Lodged	✓	✓	✓	Rule reports submitted	10 Jun	
<a href="#">HUI006</a>	Hula Village	No	Lodged	✓	✓	✓	Rule reports submitted	10 Jun	
<a href="#">MUR011</a>	Muriwai	No	Lodged	✓	✓	✓	Rule reports submitted	10 Jun	
<a href="#">SNE002</a>	Snells/Algies	No	Lodged	✓	✓	✓	Rule reports submitted	10 Jun	
<a href="#">WAI214</a>	Waiuku	No	Lodged	✓	✓	✓	Rule reports submitted	10 Jun	
<a href="#">WAR006</a>	Warkworth	No	Lodged	✓	✓	✓	Rule reports submitted	10 Jun	
<a href="#">WC00338</a>	Oasis Trailer - Watercare Services Ltd	No	Lodged	NA	NA	NA	NA	10 Jun	
<a href="#">WEL004</a>	Wellford/Te Hana	No	Lodged	✓	✓	✓	Rule reports submitted	10 Jun	

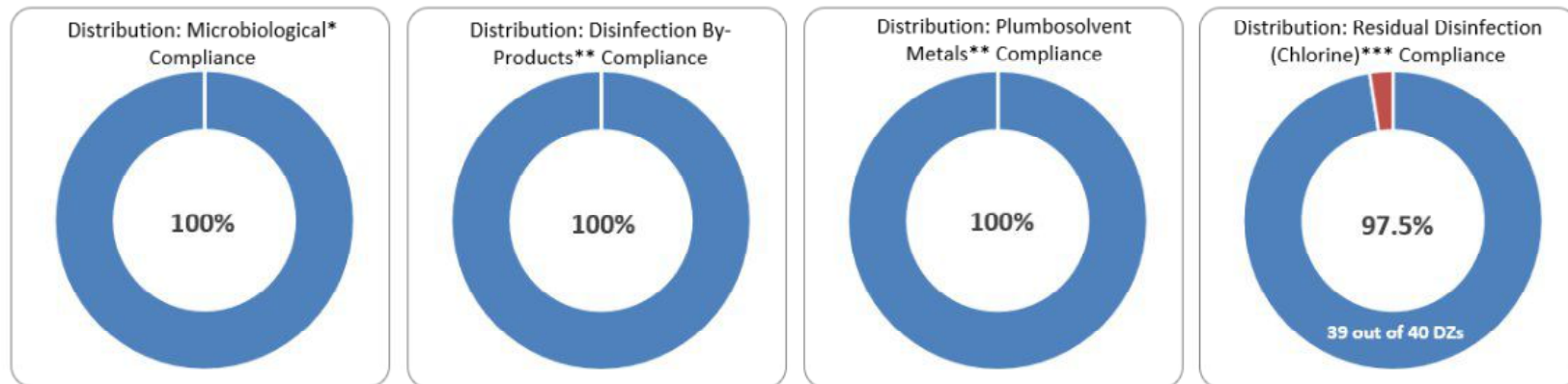
Microbiological and chemical compliance has been achieved for the month of May for all water treatment plants (WTPs) and distribution zones (DZs).

Residual disinfection compliance has been achieved in 39 out of 40 distribution zones. The Wellsford/Te Hana zone was non-compliant due to three samples having FAC  $\leq 0.1$  mg/L chlorine, which also means that less than 85% of the samples were  $\geq 0.2$  mg/L. Reactive flushing was completed for the exceedances.

### Scorecard

The water quality report for May 2025 is set out below.



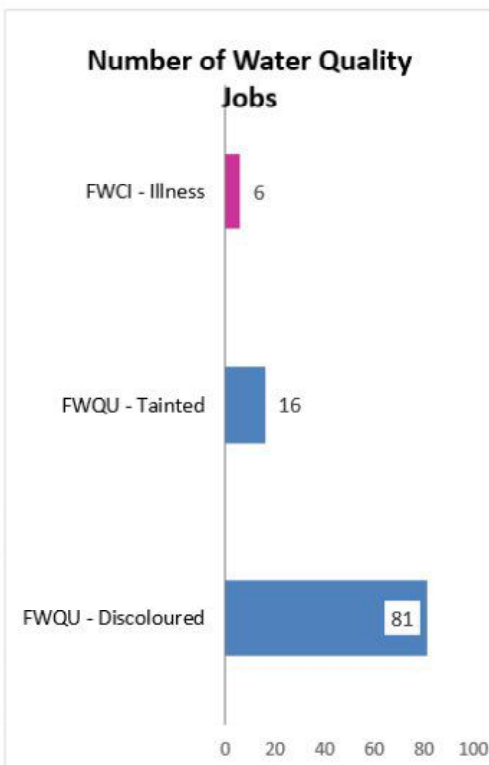
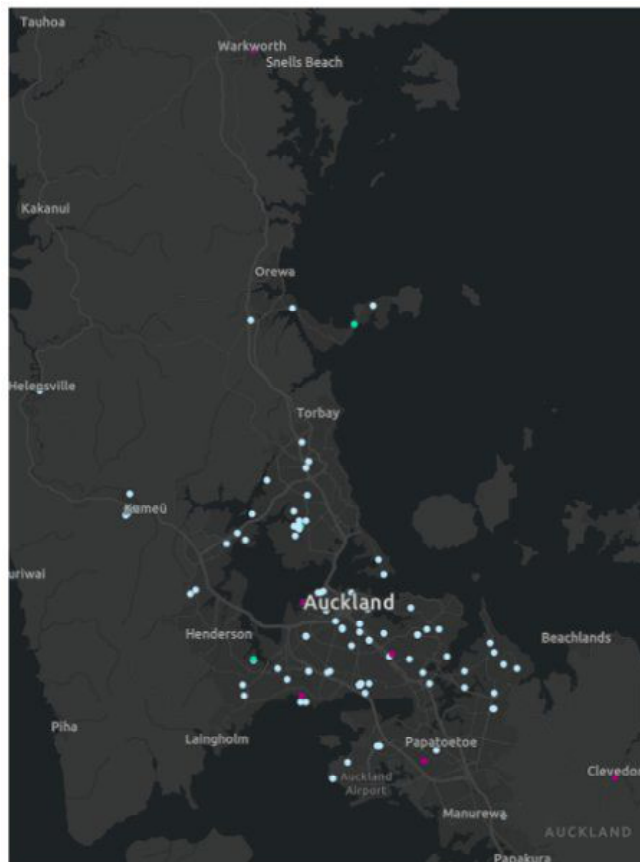


\*At the WTPs bacterial compliance is assessed on continuous monitoring results. In the distribution network microbiological compliance is based on *E. coli* monitoring to indicate the probable presence of bacterial contamination of water supply.

\*\* Chemical compliance: At the WTPs determinands present in the source water at concentrations >50% MAV and those associated with chemicals dosed during the treatment process are monitored. In the distribution network disinfection by-products (DBPs) are monitored in each zone, and chlorates monitored in four zones where chlorine booster stations are utilised as best practice monitoring.

\*\*\* Residual disinfection (Chlorine) – 85% of free available chlorine (FAC) samples in a month must be >0.20 mg/L in each distribution network zone, with no results <0.1 mg/L.

## Customer complaints

**Actions Taken**

**Illness Complaints\*:** Provision of WQ compliance data to customer, water testing and proactive hydrant flushing if appropriate.  
Main cause: Unrelated health issue

**Tainted Water:** Network flush with field FAC and turbidity testing.  
Main causes: Taste and odour, usually caused by chlorine residual.

**Discoloured Water:** Network flush at nearest fire hydrant or water meter as appropriate.  
Main causes: Black/white particles, brown/yellow water. Caused by mineral and sediment build-up coming off pipes or sometimes household plumbing.

*\*Illness complaint – an illness complaint arises when a member of the public has an illness that they think is related to water quality. All such complaints are investigated and in all cases our*

## Repeat water quality complaints – December 2024 to May 2025



9

## Actions taken for repeat complaints\*

Central

Forbes St, Onehunga: Multiple discoloured water complaints with customers threatening not to pay their bills. Flushing was carried out after most complaints and engineering investigations have found the water quality to be acceptable. Customer liaison has been involved. In the past year, all but one complaint from this street has come from the same complainant. WQ Scientist previously supplied results showing water quality meets DWSNZ.

Blockhouse Bay Rd, Blockhouse Bay: Customer has made various odour complaints. Resolved by flushing.

North

Pleasant Rd, Glen Eden: Cloudy water and taste complaints that were resolved by flushing.

South

Ihumatao Rd, Mangere: Cloudy water complaints that were resolved by flushing.

Kestev Dr, Flat Bush: Discoloured (brown) water complaints that were resolved by flushing.

\*Repeat complaints – Complaints from one customer for the same WQ issue within the last six months.

### 6.3 Leak management programme

The proactive leakage detection programme has surveyed 8,450 km to date this financial year and found over 1,680 leaks with an estimated saving of 13.0 MLD.

The district metering and pressure management work is ongoing, with construction work occurring in Onehunga and planning underway for Devonport and Māngere.

## 7. Risk and compliance

### 7.1 Hobbs Bay Wastewater Pump Station

On 9 May 2025, the Hobbs Bay Wastewater Pump Station in Gulf Harbour was flooded during heavy rainfall as it is located within a flood plan. This resulted in the pump motors being submerged and inoperative for 32 hours. An incident team was formed to manage the impact and coordinate communication with affected parties. Replacement pump motors were sourced and installed. Environmental monitoring and clean-up was then undertaken when the pump station was restarted. Additional work is underway to improve the resilience of this site.

### 7.2 Ōrākei Main Sewer

A condition assessment of the Ōrākei Main Sewer within the Zoo identified two defects that had deteriorated since the last inspection in FY24. An immediate response was required. Zoo management have been informed and a project commenced to excavate above the defect to reduce the risk of failure whilst a repair method is determined. The location of the fault is away from public access and animal enclosures. Weekly CCTV of the fault has commenced to monitor for change of state.

### 7.3 Update on Freshwater Gold Clams

In early 2024, Freshwater gold clams (*Corbicula fluminea*) were detected in the Waikato Water Treatment Plant and in the Waikato River generally.

This invasive species spreads quickly, is almost impossible to eradicate once established and, from a Watercare perspective, can clog water-based infrastructure.

While this can be mitigated at the Waikato Water Treatment Plant, if it spread to Auckland's other drinking water catchments, such as the Hunua or Waitākere Ranges, it would cause severe problems for future treatment of Auckland's drinking water.

Watercare has implemented increased monitoring, maintenance, and disinfection procedures to ensure our practices do not cause the spread of the organism.

However, we are concerned about current containment measures in place along the Waikato River.

Watercare strongly advocates for a robust and widely communicated containment strategy. Taking proactive steps now to limit the spread of gold clams could prevent the need for significant future increases in operational costs and capital investment to adapt the Auckland water supply network.

We have been invited by the Te Arawa River Iwi Trust to a meeting in mid June with the Minister for Biosecurity, Andrew Hoggard, to discuss this issue. We are also engaging with council's Natural Environment Delivery team and representatives from WRC and MPI to consider the future approach to managing and mitigating this risk.

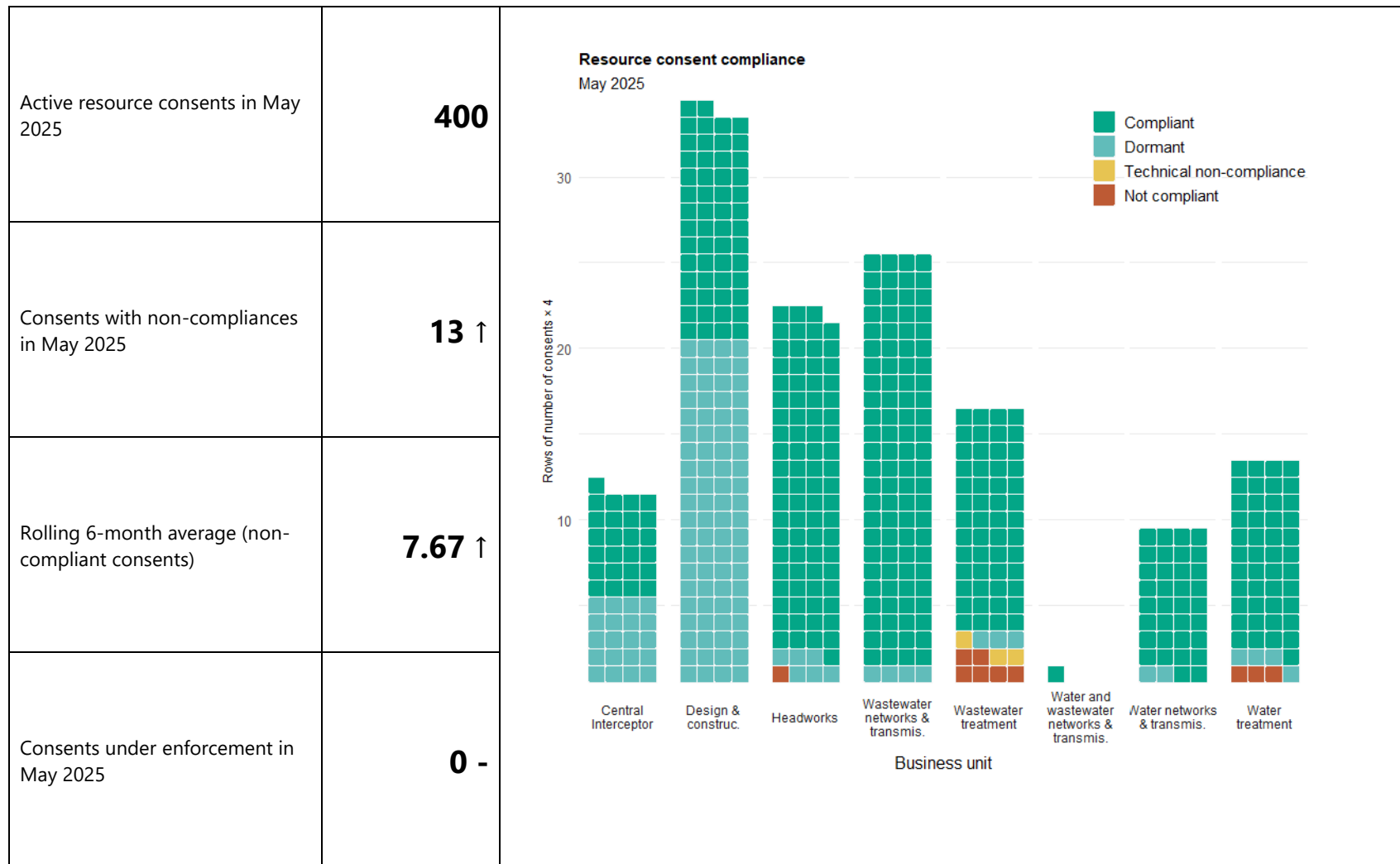
#### 7.4 Non-compliance with resource consents

Overall consent non-compliance for operations increased to 13 in May, up from eight in April. Of these, three were classified as technical non-compliances, while 10 facilities had non-technical issues. A summary of the technical non-compliances is provided below, with detailed information on the 10 non-technical cases available in the consent table within this section:

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

The rating Watercare applies in the detailed breakdown of non-compliance is consistent with Auckland Council's criteria. The rating is below:

Rating	Detail
Category 1	Watercare has complied with the consent condition.
Category 2	Watercare has not complied with the consent condition. Watercare has assessed the non-compliance as technical or having no more than a minor adverse effect.
Category 3	Watercare has not complied with the consent condition. Watercare has assessed that non-compliance has the potential to result in minor adverse effects on the environment. Alternatively, since the last audit, there is evidence of repeat Category 2 non-compliance.
Category 4	Watercare has not complied with the consent condition. Watercare has assessed the non-compliance as having the potential to cause significant adverse effects on the environment. Alternatively, since the last audit, there is evidence of repeat Category 3 non-compliance.





Facility/Asset	Consent	Condition(s)	Issue(s)	Actions and Commentary (i.e. adverse effects)	Resolution	Category
Upper Huia Dam	36635 - 36638, 35755	Condition 4(i)	Insufficient compensation flows 24 - 26 May due to a fault in the compensation flowmeter.	Flowmeter repaired on 26 May and normal flows resumed. No adverse effects	Resolved	Category 2
Waikato WTP	AUTH137497.01.01	Condition 5	Total suspended solids exceedance of 56 mg/L on 21 May exceeding the consented limited of 50 mg/L	Exceedance caused by a fault with the wash water recycle tank	Resolved	Category 2
Wellsford WTP	WAT60396928	Condition 6 c	Annual abstraction volume has exceeded the 330,000 m <sup>3</sup> limit (26 days earlier than consent allows)	Higher abstraction appears to be directly related to higher network demand. The abstracted water compared to water sent to reservoir is consistently around 77% indicating that operation of the plant remains the same. We will determine if there has been an increase in leaks, population growth in past year, or if the flushing programme at Te Hana may have contributed to the exceedance.	Design for new plant expected by 2028, can discuss options for increasing abstraction limits with AC.	Category 2
Huia WTP	26979 / DIS80297101	Condition 3	Total aluminium over limit for 2 of the 4 weekly samples.	Ongoing aluminium issues at Huia - noticed sludge runoff was entering stormwater drain round side of sand sock. Have informed Council and will be providing updated remediation plan from previous report.	Weekly checks for potential sludge runoff and spills implemented.	Category 2
Owhanake WWTP	DIS60263346	Condition 35	Ammonia exceedance of 5 mg/L in wetland effluent sampled on 27 May (limit of 2 mg/L)	No issues identified at the plant. As this sample is taken downstream of a constructed wetland, the cause is likely natural, related to the high rainfall.	Resolved	Category 2
Wellsford WWTP	DIS60068492	Condition 24	Faecal coliform exceedances were recorded on 13 May 2025 (3,500 CFU/100 mL), 20 May 2025 (8,100 CFU/100 mL), and 27 May 2025 (10,000 CFU/100 mL) all exceeding the 95th percentile consent limit of 1,000 CFU/100 mL	Multiple rainfall events required a portion of the flow to be diverted through the wetland, resulting in multiple faecal coliform exceedances	Ongoing	Category 2

Facility/Asset	Consent	Condition(s)	Issue(s)	Actions and Commentary (i.e. adverse effects)	Resolution	Category
Beachlands WWTP	DIS60263339	Condition 0	Effluent discharge volumes exceeded 2,800 m <sup>3</sup> /day on three occasions on 28, 29 and 30 May due to rainfall, reaching a maximum of 3,736 m <sup>3</sup> on 29 May	New consent is due late 2025 and associated upgrades included in AMP. Consent has been lodged	Ongoing	Category 2
Rosedale WWTP	30249 / 23792 / DIS80298643	Condition 29	Incidental release of unflared biogas on 18 May 2025 (approximately from 3am to 9am), due to issues with the flare system	We're investigating the volume of unburnt biogas released and will update once confirmed. The flammability risk was managed at the time, and with methane being non-toxic, no short-term environmental or health effects are expected.	The issues with the flare system have subsequently been resolved	Category 2
Army Bay WWTP	DIS60331113 and repeat cond in DIS60331146	Condition 6	Following Hobbs Bay PS being flooded and Stanmore Bay PS being shut down, flows were reduced to DTARB. When network was restored, flows were very high and UVT dropped and so UV dose rate was under 25 mJ/cm <sup>2</sup> for only 93.7% of the month, not 99%.	For this incident, it was agreed that discharging under-UV-dosed but otherwise fully treated wastewater to sea was preferable to allowing larger volumes of untreated wastewater from the network to overflow into popular recreational areas	No current action required. Project is already planned to add 2 more UV banks to the current channel plus another channel of 6, this will allow unexpected high flows to be dosed as per consent requirements. No further action required in the meantime.	Category 2
Waiwera WWTP	907537a / CST60263133	Condition 5	95 %ile of past 20 samples still exceed 3500 cfu/100 ml.	No further high results have been collected, this is because the high result in Feb is still included in the calc.	Trying to determine if previous outlier results were lab/sampling errors.	Category 2

### **7.5 Enterprise risk management**

As part of the regular process to refresh Watercare policies, the Incident Management Policy and Risk Management Policy were approved by the Audit and Risk Committee in May 2025 and will be presented to the Board for approval in June 2025.

The Incident Management Plan and Risk Management Framework will then be updated through consultation with management and reviewed / approved by the Chief Executive.

A review of the risk landscape, including horizon scanning, is being completed as part of the July 2025 Enterprise Risk Report.

Business continuity and contingency planning, including consideration of single points of failure is continuing with wastewater transmission single points of failure being included in the next Enterprise Risk Report.

Implementation of ComplyWith (centralised legislative compliance tool) has begun, with a series of workshops underway with relevant stakeholders to assess Watercare's legislative reporting requirements.

### **7.6 Privacy Act 2020**

There have been no matters disclosed to the Privacy Commissioner since the last Board update.

### **7.7 Whistleblowing update**

There were no disclosures to the whistle-blower service since the last Board update.

### **7.8 LGOIMA requests**

In May 2025, we received 15 requests for information under the Local Government Official Information and Meetings Act 1987 (the Act). Three of these requests were transferred from Auckland Council. This brought our total for the financial year to date to 152 requests.

Watercare responded to 14 requests in accordance with the Act (within 20 working days). At the time of writing this report, we have one outstanding request for information, received in May 2025. We aim to process it in accordance with the Act.

### **7.9 Non-RMA related legal actions**

- There is currently one claim for \$1.2m for alleged damage to a residential property from a burst watermain. The matter is being handled by our insurers. A technical meeting was held with the plaintiff's experts and Watercare's experts in late February 2024. We have reviewed the plaintiff's

engineering report into possible causes of damage to the residential property. The next step is to file an updated defence and either enter into mediation, or a Judicial Settlement Conference. If a settlement is not reached, a trial has been set down for April 2026.

- In February 2023, Watercare was served with a copy of proceedings lodged in the Māori Land Court by Te Runanga o Ngāti Whatua, Ngāti Manuhiri Settlement Trust concerning the legal status of the Hōteao Awa bed and customary ownership. Watercare owns property in Wellsford that adjoins the awa and draws water from it. Watercare filed a notice of intention to appear in late March 2023. In December 2024, Watercare filed evidence in the proceedings, setting out the history of the Wellsford WTP and the intake structure in the awa, and information about our consents and take from the awa via the intake structure. Awaiting further update from the Court.
- Watercare is involved in a legal dispute concerning a housing development in Red Hills.

## 8. Programme delivery

### 8.1 Central Interceptor

- In May 2025, the Health and Safety Performance Index (HSPI) maintained the same level as the previous month at 84%. An improvement in reward programme participation was offset by a reduction in leadership safety visits.
- Initiatives in the month included a leadership commitments workshop, and the standing up of a mental health and wellbeing focus group.
- The Lost Time Injury Frequency Rate (LTIFR) continued to show a downward (positive) trend on the 12-month rolling rate.
- Keith Hay Park: the Real Time Control (RTC) gates and associated systems were successfully tested and put into service. Site reinstatement works were substantially completed.
- The May Road air treatment facility continued to operate well and was ready for hand-over to Operations at the end of May.
- Māngere Pump Station (MPS) has continued to operate successfully, since going into operation in late January 2025. During May, the MPS operated over a wide flow range due to several wet weather events.



## 8.2 Queen Street Wastewater Upgrade

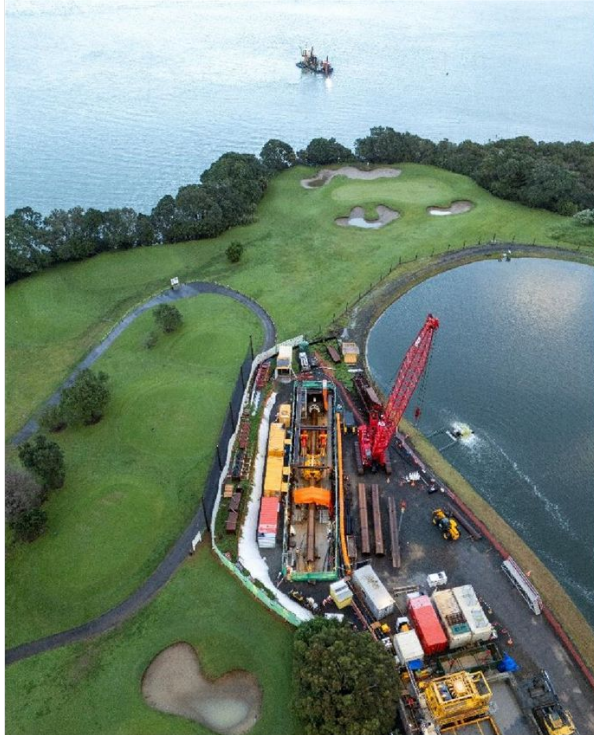
- Excavation of the first two shafts on the intersections of Mayoral Drive and Wellesley St are progressing on schedule. Tunnelling is scheduled to commence in July.
- Following the Board's decision in April to defer lining of the Orakei Main Sewer, these activities are being descope from the project. Design changes and updated works-over permits have been issued, and the updated resource consent should be available imminently. Piling is expected to start at Victoria Street in June.
- Auckland Transport issued the required approvals for investigation works along Mayoral Drive on 19 May. These works commenced immediately and will allow design and consent applications to progress for the Mayoral Drive section of the tunnel.
- On 15 May Watercare instructed the project to prepare a business case for construction of the tunnel connection under Marmion St (between White St and Queen St). This business case is being expedited to align construction activities with the current program.
- On 26 May, Auckland Transport instructed Watercare to defer completing the Mayoral Drive section of the tunnel by 2 years, to avoid disruption to bus services once CRL opens in 2026. The project is assessing the effects of this instruction, including a potentially significant change to the operation of the new tunnel under Queen St.

## 8.3 Herne Bay Wastewater Upgrade

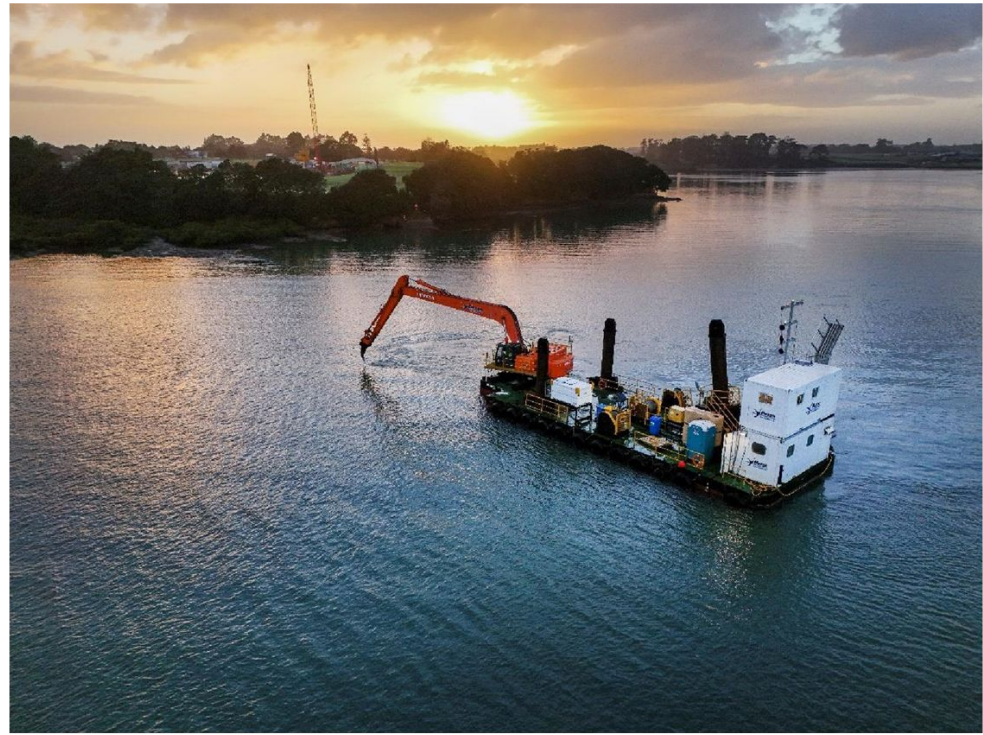
- The design solution for connecting the St Mary's Bay Pump Station to the new Herne Bay Collector has now been finalised.
- The Contractor is now engaged and progressing with their design and construction proposal, including physical utility investigation works along the tunnel route.
- The time frame for completing the D&C procurement process has extended to September 2025 to provide additional time for the Contractor's design process.
- The Contractor has forecast to provide their first critical path programme for the project in July.

## 8.4 Southern wastewater scheme

- There were no H&S incidents reported for May 2025.
- The TBM has progressed 160m out of a total drive length of 260m.
- The MABR team continued commissioning equipment that will ensure the existing plant is compliant over winter 2025. Work is also underway installing pipework, access platforms, and concrete slabs for the new plant upgrade.
- The decommissioning of the dam at 372 Glenbrook Beach Road will commence once the plans required in the consent have been certified.
- Watercare is hosting a town hall in June 2025 with the community to present the results of the main scheme optioneering.



Launch Pit for TBM Drive



Excavation from Barge for the TMB Reception Pit

9

## 8.5 Northeast wastewater scheme

### Snells Beach WWTP

- No Lost Time Injuries were recorded in May. The project recorded a serious close call/near miss for breach of the agreed isolation procedure.
- Fletchers issued an updated net programme in May. The forecast for Completion (end of hot commissioning) remains September 2025.
- The updated programme has a focus on meeting WSL Hot Commissioning targets and completion by end September rather than Practical Completion.
- Fletchers issued an updated Cost Estimate at Completion in May. The current forecast remains below approved Capex.



- Challenges of programme bottlenecks, complexity of installation, late changes and limited resources remain critical risks.
- No significant milestones were achieved in May. Hot Commissioning starts with Acceptance to Service (ATS) 1 (of 4) planned for June. Following ATS 1, treated WW from the existing plant will be diverted through the new plant and pumped out via the new outfall to Martins Bay, unlocking outcomes of reduced discharges into the Mahurangi.



Dewatering building with new access and odour pipework



New Culvert and Ford on Hamatana Access Road

#### **Warkworth – Snells transmission pipeline**

- There were no H&S incidents reported for May 2025.
- All tunnelling has been completed including all installations, connections and testing.
- Business risks have all been closed out for this project and practical completion was issued on 3 March 2025. The asset is ready for use.
- Reinstatement and grassing of the various work sites along the alignment is now complete.
- Modifications to the Lucy Moore Park Wastewater Pump station is underway to accommodate the planned Warkworth Wastewater Growth Servicing transmission pipeline connection.



### **Warkworth – Growth servicing wastewater pipeline**

- 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 section in Lucy Moore Memorial Park is TBC).
- Stakeholder Engagement: We held a meeting with businesses along Elizabeth Street to address any outstanding questions and ensure understanding of construction methodologies. Focus on understanding business needs and timings. Programme leadership participated in a specific session with Oyster Farmers to include delivery of outcomes within programme.
- Resource Consent: Construction statements and specialist assessments to support the lodgement of consents have been completed. To mitigate risks, the application has been split into two packages. Package 2, which covers the Elizabeth Street open trench section and the pipe bridge, will be lodged at a later stage due to ongoing technical design work. Consent submissions for Package 1 remain on track for Q2 2025.
- Design & Engineering: The team is progressing the detailed design of Elizabeth Street open-cut in concert with Watercare Operations approval and Auckland Transport requirements for structural modifications for the pipe bridge across the Mahurangi River.
- Construction site and shafts: The site layout and shaft locations along the pipeline alignment have been confirmed.
- Services potholing work: The investigation of underground utility services is scheduled for July and August.

### **8.6 Rosedale rising main Northern Interceptor**

The final section of Northern Interceptor pipeline runs from Hobsonville WW PS and into Rosedale WWTP. This includes a confluence chamber, temporary diversion of the Rosedale rising main and replacing air valve odour filters at 6 locations along the already constructed Northern Interceptor pipeline.

Two work-fronts opened in May:

- The new septage facility
- Rosedale rising main Northern Interceptor tie-in point with the existing NI pipeline.



Rosedale Rising Main: tie-in and first pipe section

## 8.7 Kāinga Ora – Wesley Stage 2 Watermain & BSP

### Mt Albert Works (Richardson Road and La Veta Ave)

- O'Donnell Avenue BSP is now complete, the team are currently finishing off the valve chamber on Richardson Rd before heading to the Hendon Avenue crossing.
- The construction of the temporary platform and support pile, pipe bridge has been placed into position on Richardson Road.



Richardson Road – Pipebridge



O'Donnell Road – Valve Chamber

### Mt Roskill Works (Denny Ave, May Road & Memorial Ave)

- The May Road pipeline outside several shops at the corner of May Road and Stoddard Road has been completed, works have now progressed towards Cullen Ave.

### Mt Albert Scope

- Construction on Mt Albert slope is progressing well; steep section is now complete and backfilled. Lower section is also nearing completion.

### 8.8 Branch 3B Judges Bay

The purpose of the project is to replace the Branch 3B Judges Bay wastewater main which collapsed during the January 2023 rain event. The scope includes the installation of a new prefabricated pump station in the road reserve and a new rising main, consisting of both open trenching and horizontal directional drilling sections.

- The new pump station has been commissioned and has been in service since 26 May 2025.
- The project construction was practically completed on 29 May 2025.
- The project will be handed over to operations in June.

### 8.9 Ōrakei Main Sewer

- There were no health and safety incidents reported for May 2025.
- The Ōrakei Main Sewer rehabilitation is a 5-stage rehabilitation, using a GRP ovoid-shaped liner. Total length to be rehabilitated is 1.6km, from MH18 in the Auckland Domain through to MH13 in Hobson Bay. The project will extend the operational life of the Ōrakei Main Sewer by 100 years.
- Despite higher-than-average rainfall and restricted working hours in the sewer, the team successfully completed five grout pours, achieving the planned three grout lifts.

## 9. Policy update

### Submissions on future bills

- Resource Management Act (RMA) reform: The RMA is proposed to be replaced, with two new bills expected in late 2025. Key significance for Watercare – the introduction of NPS for Infrastructure (NPS-I).
- Infrastructure Commission. The draft National Infrastructure Plan (NIP) is due late June 2025.

The table below sets out the current programmes of work that are underway, and their expected impacts to Watercare.

Policy / Legislation	Current status	Watercare actions	Priority
RMA – Reform. Three “National Direction Packages” were announced 29 May – Submissions close 27 July. Fourth package on Housing, to be announced shortly.	Open for submissions – Will be significant implications upon Watercare.	Currently considering Watercare’s submission points.	High

Policy / Legislation	Current status	Watercare actions	Priority
The Regulatory Standards Bill is open for submissions.	Submissions close 23 June.	Watercare considering whether to make its own submission. Auckland Council is not making a submission. Implications on Watercare from this Bill likely be significant	Med
Resource Management (Consenting & Other Systems Changes) Amendment Bill	Select Committee Report has been delivered.	Watercare is working to understand implications of Select Committee Report. Implications likely to be large – will impact PC78 and other Council initiated plan changes.	Med
Marine and Coastal Area (Takutai Moana) (Customary Marine Title) Amendment Bill (MACAA).	The Supreme Court recently released its first of two judgments. Awaiting Parliament's response.	Watching brief	Med

## 10. Matters for noting

### 10.1 Letter from Hon Chris Bishop

[Attachment 1](#) sets out a letter from Hon Chris Bishop, Minister responsible for RMA reform.

### 10.2 Letter to Hon Simon Watts

[Attachment 2](#) sets out a letter from Watercare to Hon Simon Watts, Minister of Local Government.

### 10.3 Correspondence with Mahurangi East Residents and Ratepayers Association Inc

[Attachment 3.1](#) sets out a letter from Mahurangi East Residents and Ratepayers Association Inc, addressed to the Board Chair. [Attachment 3.2](#) sets out Watercare's response.

### 10.4 Significant meetings attended by the outgoing CE and the new CE

- Auckland Council
- Auckland Super City breakfast event
- Pre Budget luncheon with Prime Minister
- Minister Chris Penk

- Auckland Council Group Shared Services meeting – Corporate Property/Procurement
- Minister Simon Watts
- Ghella Abergeldie JV
- Auckland Transport
- Water NZ Interview
- Sydney Water
- Ozwater Leaders Forum
- Ngāti Manuhiri Relationship
- Oyster Farmers.

## 11. Delegated authority to Chief Executive

In accordance with the authority delegated to the Chief Executive by the Board for the month of May 2025:

- there was one document required to be signed by the Chief Executive in relation to deeds, instruments and other documents.
- there were no documents signed by the two members of the Watercare Board.
- there were six capex approvals signed below a threshold of \$50m.
- there were four contracts approved over \$100,000. They were as follows:

Contract description	Successful supplier
Group Service Agreement – Zscaler ZPA and ZIA license renewal	Auckland Council
Independent Contractor Agreement	Finance Partners Limited
Flow Meters Replacement	March Cato Limited
Archboyd Avenue Wastewater Pumping Station and Associated	Fulton Hogan Limited



Jamie Sinclair  
Chief Executive Officer



## Attachment 1

**Hon Chris Bishop**

Minister of Housing  
 Minister for Infrastructure  
 Minister Responsible for RMA Reform  
 Minister of Transport  
 Leader of the House  
 Associate Minister of Finance  
 Associate Minister for Sport and Recreation



20 MAY 2025

CB-COR1445/CORM-3753

Dave Chambers  
 Chief Executive  
 Watercare Services Limited  
 By Email: [Debbie.Hickson@water.co.nz](mailto:Debbie.Hickson@water.co.nz)

9.1

Dear Dave,

Thank you for your letter of 14 April 2025 about challenges Watercare has experienced working with the Resource Management Act 1991. I appreciate you taking the time to raise key issues and suggest potential solutions. I have referred your letter to the Ministry for the Environment for consideration as part of the ongoing policy development for resource management reform.

You may be interested in the Blueprint for Resource Management Reform report, provided in March 2025 by the Expert Advisory Group to inform the design of the new system. The report addresses many of the issues you raised and is available on the Ministry for the Environment's website at: <https://environment.govt.nz/publications/blueprint-for-resource-management-reform/>.

The EAG's recommendations covered the full system, including improvements to consenting processes, spatial planning to streamline designations, and managing reverse sensitivity. In March 2025, Cabinet agreed that the blueprint delivers a workable basis for a new planning system and has endorsed further policy development ahead of introducing new legislation.

I note your suggestions around standardising the delivery and consenting of critical infrastructure. This is a strong theme emerging in Phase 3 of the reform work currently underway. Another key focus is finding the right balance between cost recovery and infrastructure investment, to ensure development capacity is delivered efficiently, in the right places, and paid for appropriately.

There will be an opportunity for you to share your thoughts on the new legislation through a submission during the consultation period later this year. You can find announcements from the Government about resource management reform on the Beehive website at: <https://www.beehive.govt.nz/portfolio/nationalactnew-zealand-first-coalition-government-2023-2026/rma-reform>.

Thank you for your correspondence on this important matter.

Yours sincerely,

Hon Chris Bishop  
**Minister Responsible for RMA Reform**

## Attachment 2



**Watercare Services Limited**  
 73 Remuera Road, Remuera,  
 Auckland 1050, New Zealand  
 Private Bag 92521, Victoria Street West,  
 Auckland 1142, New Zealand  
 Telephone +64 9 442 2222  
[www.watercare.co.nz](http://www.watercare.co.nz)

22 May 2025

Hon Simon Watts  
 Minister of Local Government  
 Parliament Buildings  
 Private Bag 18888  
 Wellington 6160

Dear Minister,

On behalf of Watercare, I would like to thank you for meeting with us recently. It was a valuable opportunity to discuss various aspects of our operations and address some of the points you raised.

This letter provides further detail on the topics we discussed, particularly regarding the volume of work being allocated to engineering consultancies and contractors, the status of larger projects, and our ability to maintain the pace of our infrastructure programme. We are also collating requested information to assist you with understanding our projects, expenditure and activity and will share this with the DIA in coming days.

#### **Volume of work going to engineering consultancies and contractors**

Our capital delivery programme currently involves annual expenditure of approximately \$1 billion on capital works. This is allocated as follows: 49 per cent to support growth, 39 per cent for network and processing plant renewals, and 12 per cent to improve service levels. These figures were recently updated and published in our business plan for the 10-year planning horizon.

Our capital programme continues to grow. The average annual capital expenditure from FY14 to FY18 was around \$300 million and has since risen steadily to over \$1 billion in FY24 of which close to \$900 million will be payable to engineering consultancies and contractor partners.

In March 2025, we paid engineering design consultancies \$9.8 million and contractors \$58.4 million. These figures are representative of typical monthly expenditure in the current financial year and represent a significant and consistent flow of work. For transparency, all contracts greater than \$1 million are reported on our website.

#### **Larger programmes and projects >\$50m**

We are currently delivering multiple programmes of work that are valued at over \$50 million. In the table below are our key programmes, and projects with spends over \$50m that we report on monthly to our Board. We also have another 90 projects in the planning stage, which will ultimately equate to a capital spend of \$3.78 billion. There are also more than 400 projects under \$50 million in different stages of project delivery.



Project Name	FY25 Forecast \$m	Capex Approved to Date \$m	Programme /Project Total Forecast \$m
<b>WATER</b>			
<b>Programme</b>			
North Harbour 2 watermain <sup>1</sup>	3.8	73.2*	1,141.6
<b>Projects</b>			
Huia 1 and Nihotupu 1 Replacement (part of Huia Water Supply Programme)	15.3	120.5	114.2
Waikato 175MLD Expansion Stage Ultimate (part of Waikato Water Supply Programme)	0.3	60.9	60.9
Kāinga Ora - Waikowhai Pump Station & Water Main (part of Projects for Kāinga Ora Programme)	12.2	55.6	58.9
<b>WASTEWATER</b>			
<b>Programmes</b>			
Central Interceptor	314.5	1,667.9	1,678.1
Northeast wastewater scheme <sup>1</sup>	106.3	376.2*	419.1
Southwest wastewater scheme <sup>1</sup>	42.6	190.4*	727.6
Waitematā water quality improvement <sup>1</sup>	16.2	75.3*	844.3
Queen Street wastewater network	28.4	115.2	115.2
Whenuapai & Redhills wastewater scheme	10.9	161.9	169.2
<b>Projects</b>			
Ōrākei main sewer (part of wastewater network assets programme) <sup>2</sup>	23.0	86.7	43.4
South Auckland WW servicing scheme (part of Hingaia/southern Auckland ww servicing scheme)	4.9	167.8	167.0
East Coast Bays link sewer upgrade (part of wastewater network programme)	5.6	59.2	56.1
Archboyd Ave pump station and associated pipelines (part of Projects for Kāinga Ora Programme)	0.3	64.4	64.4
Otara catchment WW capacity upgrades (part of Otara Wastewater Network Programme) <sup>3</sup>	2.2	54.8	74.7
Southwest inceptor renewal (part of wastewater network programme) <sup>1</sup>	2.4	2.5*	19.2

Explanation for >10 percent difference between approved and forecast completion.

1. Watercare operates a stage gate process for releasing funding for programmes and major projects. Capex shown above with an \* indicates that not all funds have been approved to be released - they have yet to move to the next delivery phase e.g. design or construction.
2. The Ōrākei main sewer relining has been reassessed due to technical challenges identified after the start of work. While some relining works will be completed, the main project will return to planning.
3. The Otara catchment project is currently in design. Prior to Watercare implementing a stage gate process for releasing funds, the full anticipated project cost had already been approved. The project was subsequently put on hold to incorporate new design requirements. This redesign is now complete and will be priced. A paper will be submitted to the Watercare Board in August 2025, requesting approval for the amount required to enter into a construction contract.

**Maintaining the pace of infrastructure delivery**

As indicated, we have an ambitious capital programme underway which is integrated into our 10-year Business Plan, aligning with the Watercare Charter.

Our ability to increase capital expenditure beyond forecasts is limited by the need to maintain our credit rating. The Watercare Charter sets a cap on allowable revenue, which means we must manage our revenue, costs, and capital spending very carefully. To sustain a reasonable cost of borrowing, it is very important we stay within tight financial ratios.

For the remainder of this financial year (to June 2025), lower revenue from Infrastructure Growth Charges (IGCs) has stretched our financial ratios. In FY26, Central Interceptor expenditure will reduce substantially and will be replaced by capital expenditure on other projects currently in delivery or about to begin.

We are also working on the Charter project to develop an improvement plan for our capital delivery and asset management programme. This will help identify opportunities to improve efficiency and enhance the delivery of projects to market while maintaining appropriate financial ratios.

**New treatment plants delivered in the past five years**

We continue to upgrade and expand our treatment facilities in line with population growth and changing regulatory standards. In the past five years we have:

- Completed the Papakura Water Treatment Plant
- Reinstated the Pukekohe Water treatment Plant
- Built the 'Waikato 50' Water Treatment Plant
- Completed a significant upgrade to our Helensville Wastewater Treatment Plant.

Right now, we are:

- Building a new wastewater treatment plant at Snells Beach that will treat wastewater from the Warkworth and Snells communities
- Upgrading and expanding our Wellsford Wastewater Treatment Plant
- Upgrading and expanding our Clarks Beach Wastewater Treatment Plant.

**Transparency at Watercare**

Transparency of public reporting remains a priority for us. Our business plan, detailing our work, financial commitments, and pricing forecasts, is published on our website and has been shared through media and with stakeholders and partners. Every two months, we email our forward works plan for all capital delivery projects to consultancies and contractors, providing an 18-month outlook. This lists projects, their market status, expected release dates, and cost estimates for design and construction phases. Later this year, in line with Charter requirements, we will also begin regulatory reporting on the status of our work programmes, further enhancing transparency and accountability.

**Growth**

Each year we facilitate approximately 8,000 new connections, including commercial properties and apartment dwellings. This is a decline from a peak of around 11,000 new connections in 2021 when there was a sharp upswing driven by high demand and low interest rates.

We have re-prioritised and accelerated work to support developers who have secured private plan changes that bring forward development from the intended timeframes outlined in Auckland Council's Future Development Strategy (FDS). To date, we have been able to accommodate most of these connections, but

parts of our network are now reaching capacity. Our capital works programme is designed to progress as timetabled by the FDS, so there is an increasing risk that some development may be delayed where it is considerably out of sequence with the FDS.

We recently published capacity maps to ensure the development community is aware of these capacity limitations before purchasing land or commencing development. This is a complex issue, and we would welcome the opportunity to talk further about our response.

#### **Utility tunnel**

We have been in touch with international tunnellers Ghella about their proposal for a shared utility tunnel crossing of the Waitematā Harbour. While we were unaware of this initiative, they have now shared more information. Improving water resilience for the North Shore is a priority for us and is included in our 10-year plan with a second harbour crossing in our 20-year plan. We will work constructively with all parties including Ghella, to investigate a more resilient watermain crossing of the harbour. In the interim we have provided NZTA with technical information as part of their geotechnical investigations for a vehicle harbour crossing.

#### **Next steps**

Once again, thank you for taking the time to engage with us. We appreciate the opportunity to understand your priorities and look forward to our next meeting scheduled for 10 June, to discuss these matters in more detail.

Ngā mihi nui,



Geoff Hunt  
Board Chair

**Watercare Services Limited**

Copy to:

- Jamie Sinclair, Dave Chambers - Watercare
- Marlon Bridge, Lori Hand - Department of Internal Affairs

## Attachment 3



Geoff Hunt,  
Chair, Watercare Services  
Via email

3 June 2025

Dear Mr Hunt,

The Mahurangi East Residents and Ratepayers Association (MERRA) represents the residents of Scotts Landing, a coastal community in Mahurangi Harbour. Our community is dedicated to environmental protection and improving the water quality in the Harbour. To this end, we undertake pest control, native planting, and anti-sedimentation initiatives, working closely with Auckland Council, the Mahurangi Land Restoration Project and other organisations.

Despite our efforts, we face an unacceptable contradiction. On one hand, residents are required to have their septic systems professionally inspected every 6 months, a provision which is subject to rather heavy-handed enforcement by the Council's Compliance Team.

On the other hand, we are witnessing increasing instances of untreated sewage being disposed into the Mahurangi River and Harbour, despite this being a prohibited activity in the Auckland Unitary Plan, including:

- Significant numbers of live-aboard boaties whose vessels never leave the harbour disposing of their raw sewage directly into the harbour. Policing of this seems non-existent.
- Council/Watercare discharging increasingly large quantities of untreated sewage into the Mahurangi at Warkworth from its own system. While we understand that major new infrastructure will address this issue in time, a quick fix is needed to prevent discharges in the meantime.

MERRA strongly believes that the Council must hold itself, Watercare and live-aboard boaties to the same standards it enforces insistently for our land-based residents. Harbour users' health and oyster farmers' livelihoods are at intolerable risk in the meantime.

MERRA formally requests that:

- A. The Council enforces fair mechanisms for monitoring and compliance of both live-aboard and land-based sewage systems.

- B. Council/Watercare hold themselves to the same standards as private sewage systems and take action to halt sewage outfalls into the Mahurangi immediately.
- C. The Council undertakes regular tests of water quality in the Mahurangi Harbour and notifies the community of any risks to swimming, fishing or other recreational use of the Harbour.

We look forward to your formal response and evidence that these points are being urgently addressed.

Yours faithfully,



**Barry Mein,**

**Chair, Mahurangi East Residents and Ratepayers Association Inc.**

Cc:

- Mayor Wayne Brown
- Greg Sayers, Rodney Councillor
- Michelle Carmichael, Tim Holgate, Ivan Wagstaff (Rodney Local Board – Warkworth members)
- Chris Penk, MP Kaipara ki Mahurangi
- Penny Simmonds, Minister for the Environment
- Mahurangi Oysters
- Mahurangi Matters



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9 June 2025

Barry Mein  
Chair, Mahurangi East Residents and Ratepayers Association Inc.

*By email*

Dear Barry

Thank you for your letter sent on behalf of the Mahurangi East Residents and Ratepayers Association Inc (MERRA). As Chair of Watercare's Board of Directors, I can address your concerns regarding the current wastewater overflows from the Elizabeth Street engineered overflow point (EOP) in Warkworth. However, matters including compliance, boats disposing wastewater into the harbour, water quality testing and public health notifications would be more appropriately handled by Auckland Council have been referred to them to respond to directly.

#### **What's causing the overflows?**

Warkworth's wastewater network currently has a 'bottleneck' in Elizabeth St – a low point in the network – and the pipes in this area are nearing capacity. When it rains, stormwater can enter the wastewater network and exceed the capacity of the system, causing it to overflow.

To date, we've spent \$5.9 million on network renewals, alongside detailed investigations to identify and address non-compliant stormwater connections. While these efforts have reduced stormwater inflow, the primary issue remains one of network capacity.

#### **Our investment in Warkworth and the Mahurangi area**

Protecting public health and the environment is our number one priority. We are already six years into a \$450 million programme of work that will transform how wastewater is transported and treated in the Warkworth and Snells area.

The programme includes building a new pump station, a new treatment plant at Snells Beach, a transfer pipeline to connect them, and an ocean outfall. The ocean outfall, transfer pipeline and pump station are already completed. The new treatment plant is on track to be finished and in service later this year, ending the discharge of treated wastewater to the Mahurangi River. The existing Warkworth Wastewater Treatment Plant will then be decommissioned.

It is the final piece of this puzzle – the north-west growth servicing pipeline – that will make the biggest difference in terms of reducing overflows to the Mahurangi River that occur in wet weather. This is currently in the design phase and will be completed in 2028. However, we also have several short-term improvements planned and underway now.

#### **Imminent improvements**

Soon we will start work to replace three sections of pipe on Elizabeth Street with a larger pipe. This work is expected to significantly reduce overflows. We received consent last month, and our programme director was on site last week with our contractor to develop a plan for fast-tracked installation. While planning and

procurement are currently underway, we expect physical works to begin in the coming weeks, with the pipeline operational by mid-August.

In addition, we are installing retention tanks at the water treatment plant to capture backwash generated during the treatment process. This will reduce the volume of water entering the wastewater system during rain events, helping to ease pressure on the network. These tanks are scheduled for installation in the next few weeks.

We are also exploring other measures that could help further reduce overflows at Elizabeth Street until the long-term solution is implemented. As requested, our focus remains on minimising discharges as much as possible during this interim period.

#### **Our Network Discharge Consent and what it means**

Overflows from engineered overflow points are permitted under the Network Discharge Consent. The Elizabeth Street engineered overflow point falls under the 'alternative discharge frequency' category, which allows for a modelled average of 205 discharges at this location per year. While current rainfall events are causing more frequent overflows, our goal remains to reduce this to an average of fewer than two per year once the full set of improvements is complete. We continue to operate in compliance with Auckland Council's regulatory requirements.

#### **Our work to protect public health**

To support the oyster farmers and protect public health, Watercare has covered the costs of water quality and shellfish testing for the past two years, when overflow levels exceed the threshold agreed with the Ministry for Primary Industries (MPI). We installed signage along the waterfront in Warkworth in October 2024 and, due to a request made last week for additional signage at Scotts Landing and Dawson's Creek, signage will be installed at these and additional locations in the next two weeks. Ongoing general water quality monitoring and public health notifications fall within Auckland Council's remit as the local authority.

Thank you again for your engagement on this issue. We are committed to working with the local community to ensure better outcomes for the environment, industry, and residents.

Yours faithfully,



Geoff Hunt  
Chair, Watercare Services Ltd

Board meeting | 24 June 2025  
Public session



## **Review of Economic Regulation Committee Terms of Reference**

For approval

### **Whaimana tuhinga / Document ownership**

#### **Kaitono / Submitted by**

Jamie Sinclair  
Chief Executive Officer

### **1. Ngā taunakitanga / Recommendation**

We recommend that the Board accepts the Economic Regulation Committee (ERC) members' feedback to approve the updated Terms of Reference (the ToR) ([attachment 1](#)).

### **2. Whakarāpopototanga matua / Executive summary**

The ToR was last approved by the Board in May 2025.

Management recommends the ToR be updated to include two ERC members as a quorum.

A marked-up version of the ToR is attached with the changes highlighted in green.

### **3. Te take mō te pūrongo / Purpose of the report**

Clause 6 of the ToR requires that any changes to it must be approved by the Board.

### **4. Ngā mahi ka whai ake / Next steps**

Subject to final approval by the Board, the updated ToR will be implemented, and the changes communicated to staff.



## 5. Te whakapiringa / Attachment

Attachment number	Description
1.	The marked-up version of Economic Regulation Committee Terms of Reference



## Attachment 1

June 2025

# Economic Regulation Committee

## Terms of Reference

### 1. Purpose and Composition

The Economic Regulation Committee (ERC) is a committee established by the Board of Directors of Watercare Services Limited ('Watercare').

The primary purpose of the ERC is to lead and oversee Watercare's response to economic regulation and to assist the Watercare Board ('Board') to exercise due care, diligence, and effective oversight in relation economic regulation and key deliverables under the Watercare Charter including:

- Opex & Capex expenditure plan;
- Infrastructure delivery and asset management improvement plan;
- Infrastructure Growth Charges (IGC) Policy review and redesign;
- Operating cost efficiency improvement plan; and
- Reporting on price-quality path and performance targets and measures, and minimum service standards.

The ERC will be independent of management and comprise:

- at least three Watercare Directors (one of whom should have experience in economic regulation, and one should be the Chair of the Board).
- non-Board External Expert Advisors as required.

In addition, the appropriate members of Watercare's management team will attend ERC meetings.

The Board will appoint, remove or replace the ERC members and Chair of the ERC ('ERC Chair'). The Chair of the Board of Directors will be a member of the ERC, but not the ERC Chair.

The ERC will appoint, remove or replace any non-Board External Expert Advisors.

The ERC will be structured to ensure that, as a collective group, it has the qualifications, skills, experience and knowledge to fulfil its purpose and responsibilities.

The ERC is effective from 27 May 2025. It will be dissolved if resolved by Watercare's Board of Directors.

### 2. Meetings

Meetings of the ERC will be held at the discretion of the ERC Chair at any time or if requested by any ERC member, the Board or the Chief Executive.

A quorum shall be **two** ERC members.

ERC meetings may be held in person, online, or a combination of the two, with attendance online constituting presence in person at the meeting.

The ERC will appoint an appropriate person to act as Committee Secretary ('Secretary') who will be a company employee or advisor as nominated by the ERC from time to time. The Secretary, in conjunction with the ERC Chair will be responsible for coordination of all ERC business including meeting scheduling, agendas, policy reviews, distribution of papers, minutes, and communication with the Board and management.

Minutes of each meeting will be taken, circulated promptly in draft form to the ERC Chair, confirmed at the following meeting and signed thereafter by the ERC Chair as a correct record of proceedings of the meeting.

The ERC may have in attendance other external experts and people it deems necessary to provide appropriate information, explanation or assistance. From time to time the ERC Chair may request that the ERC meet without these persons present.

### 3. Authority

The ERC is authorised by the Board to oversee all matters relating to Watercare's response to economic regulation and delivery of the various Charter requirements. The ERC may make recommendations to the Board, but does not have any decision-making authority, unless this has been delegated to the ERC by the Board.

The ERC will not become involved in day-to-day operations, functions or decision-making by management or employees.

It is the responsibility of senior management to draw the ERC Chair's and ERC's immediate attention to any material matter that relates to the ERC and the needs of Watercare.

10.1

#### 4. Access and Independent Advice

To fulfil its functions, duties and responsibilities the ERC is authorised by the Board to have all necessary access to, and seek any information it requires from, any employee, consultant or advisor to Watercare. All employees are directed by the Board to cooperate with any request made by the ERC.

The ERC is authorised by the Board to have access to external experts without management present, to request additional information or explanations.

Individual members of the ERC are entitled at any time to access Watercare's senior executives to request additional information or explanations.

The ERC is authorised by the Board to obtain, at the expense of Watercare, independent legal or professional advice it considers necessary to discharge its responsibilities.

#### 5. Responsibilities

The ERC will assist the Board in fulfilling its obligations under the Charter. The responsibilities of the ERC include:

- Serving as an independent, objective party to review information presented by management relating to the Watercare's economic regulation.
- Working with management and external advisors to produce the necessary plans and reports required under the Charter noted above.
- Acting as a forum for the free and open exchange of views and information between the Board, management and external advisors in relation to the economic regulation needs of Watercare.

In carrying out these responsibilities, the ERC does not relieve the Board of its responsibilities and legal obligations.

The duties and responsibilities of ERC members are additional to those they have as a member of Watercare's Board. In carrying out its responsibilities, the ERC will:

- Establish and review the work plan of the ERC.
- Ensure minutes and papers (including documents tabled at meetings) for all ERC meetings are provided to the Board. The ERC Chair will report to the next Board meeting on the outcomes, findings and recommendations of the ERC meeting.
- Investigate any matter brought to its attention within the scope of its responsibilities.
- Examine and report to the Board on any matters referred to the ERC by the Board.

#### 6. Review of the Terms of Reference

The ERC will undertake, with management assistance, an annual review (or as often as conditions dictate) of its performance, purpose, responsibilities and Terms of Reference. It will advise the Board of the outcome of that review along with any recommended changes.

Any changes to the ERC Terms of Reference must be approved by the Board.

These Terms of Reference were approved by the Board on 24 June 2025. The next review is scheduled for June 2026.

Board - Public Session - Board planner

		Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
Meetings	Board	11-Jun (Cofidential) 24-Jun	29-Jul	26-Aug	30-Sep	28-Oct	19-Nov (Board Strategy Session) 25-Nov	8-Dec
	Audit and Risk Committee			14-Aug 28-Aug			24-Nov	
	Asset Management Committee	6-Jun		8-Aug		10-Oct		1-Dec
	Economic Regulation Committee	17-Jun	2-Jul 16-Jul 30-Jul	14-Aug 27-Aug	10-Sep 24-Sep	8-Oct 29-Oct	5-Nov 18-Nov	3-Dec 17-Dec
Running the Business	Financial	Watercare's insurance renewal programme 2025-26  FY26 profit & loss, balance sheet and cashflow budget	Auckland Council and Watercare to review 30 June Treasury Interest rates  SOI financials	Approve Auckland Council Reporting Pack (via an out-of cycle resolution)	Approve 2024/25 accounts Delegate final sign off of Annual Report 2025		Auckland Council Draft Annual Plan - approve Watercare input	
	Statement of intent	Present shareholder SOI feedback at public meeting. Public deputations to be received	Final submission of 2025-2028 SOI to Council on or before 31 July 2025	Final 2025-2028 SOI adopted by Auckland Council  Q4 Performance Report - due to Council by 29 August 2025		Q1 (FY26) Performance Report due to Council by date TBC	2024/2025 SOI Results to be presented to Board at Public Meeting. Public deputations to be received	2026/27 Letter of Expectations to be received
	Crown Monitor Regulation reporting	Final Operating and capital expenditure report and template - due to Com Com by 30 June  Final reports on price-quality path FY26 - due to Com Com by 30 June	Draft IGC Policy Review and Redesign  Draft Infrastructure delivery and asset management improvement plan  An education session from Commerce Commission	Q4 FY25 reports on performance targets due to Com Com by 31 August.  Final Infrastructure Delivery and Asset Management Improvement Plan for feedback - due to Com Com by 31 August.  Final IGC Policy Review and Redesign for feedback due to Com Com by 31 August.	Q4/FY25 opex and capex quarterly report and publish - due to Com Com by 30 September.  Annual Report FY25 to be approved and published.		Q1 FY26 reports on performance targets due to Com Com by 30 November  Consider feedback from Com Com on Infrastructure Delivery and Asset Management Improvement Plan.  Consider Feedback from Com Com on IGC Policy Review and Redesign, update and publish	Q1/FY26 opex and capex quarterly report and publish - due to Com Com by 31 December.  Operating Cost efficiency improvement plan for feedback - due to Com Com by 31 December
	Community and Stakeholder Relationships	Iwi	Stakeholder  Meeting between Watercare Board the Waikato River Authority Group	Iwi, including Te Tiriti, Te Mana o Te Wai, and our purpose  Māori outcomes plan  Stakeholder and Government enagement plan	Stakeholder	Iwi	Stakeholder	Iwi

Board - Public Session - Board planner

		Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
Meetings	Board	11-Jun (Confidential) 24-Jun	29-Jul	26-Aug	30-Sep	28-Oct	19-Nov (Board Strategy Session) 25-Nov	8-Dec
	Audit and Risk Committee			14-Aug 28-Aug			24-Nov	
	Asset Management Committee	6-Jun		8-Aug		10-Oct		1-Dec
	Economic Regulation Committee	17-Jun	2-Jul 16-Jul 30-Jul	14-Aug 27-Aug	10-Sep 24-Sep	8-Oct 29-Oct	5-Nov 18-Nov	3-Dec 17-Dec
	Governance	Submissions on future bills update  Review of the terms of reference of Economic Regulation Committee  Risk Management Policy  Incident Management Policy  Treasury Management Policy update  Kawenata Strategic Work Programme  Interface between economic regulation and other regulatory requirement	Review of the Audit and Risk Committee Charter  Decarbonation roadmap and climate change goal  Review of the Corporate Governance Charter  Review of the terms of reference of Asset Management Committee  Gifts and Inducement Policy  Review of Enterprise Risks	Enterprise Risk Report  Q4 Statutory compliance  Submissions on future bills update		Board performance review	Enterprise Risk Report  Good Employer Policy update  Q1 Statutory compliance  Submissions on future bills update	Board delegations to the CE Policy
	Karakia	Karen Sherry	Julian Smith	Rukumoana Schaafhausen	John Crawford	Geoff Hunt	Andrew Clark	Frederik Cornu

		Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
Meetings	Board	11-Jun (Confidential) 24-Jun	29-Jul	26-Aug	30-Sep	28-Oct	19-Nov (Board Strategy Session) 25-Nov	8-Dec
	Audit and Risk Committee			14-Aug 28-Aug			24-Nov	
	Asset Management Committee	6-Jun		8-Aug		10-Oct		1-Dec
	Economic Regulation Committee	17-Jun	2-Jul 16-Jul 30-Jul	14-Aug 27-Aug	10-Sep 24-Sep	8-Oct 29-Oct	5-Nov 18-Nov	3-Dec 17-Dec
Confidential		Debt capital markets due diligence processes  NZ Commercial Paper Programme  Southwest Wastewater Servicing Scheme  Mangakura catchment land purchase  Future Ardmore water treatment plant strategic land purchase  Western Water Supply Programme Update  Waikato Water Supply Programme Update	A year end progress update for CE's KPIs  Approve CE's KPIs  Northeast Wastewater Programme Lessons Learnt  Queen Street Wastewater Upgrade  Loss of critical water supply assets			CE's KPIs		

		Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
Meetings	Board	11-Jun (Cofidential) 24-Jun	29-Jul	26-Aug	30-Sep	28-Oct	19-Nov (Board Strategy Session) 25-Nov	8-Dec
	Audit and Risk Committee			14-Aug 28-Aug			24-Nov	
	Asset Management Committee	6-Jun		8-Aug		10-Oct		1-Dec
	Economic Regulation Committee	17-Jun	2-Jul 16-Jul 30-Jul	14-Aug 27-Aug	10-Sep 24-Sep	8-Oct 29-Oct	5-Nov 18-Nov	3-Dec 17-Dec
Audit & Risk Committee				Auckland Council reporting pack Approval of F25 financial statements External audit update Internal audit report Enterprise Risks Deep Dive on maintaining capability and critical mass of essential operational staff Annual Summary of the Performance of Watercare Dams for 2024	Annual update to the Auckland Council Audit and Risk Committee		Board delegations to the CE Policy Planning report for half-year accounts Internal audit report and plan Enterprise Risks Deep Dive on opportunities and risk arising from use of Artificial Intelligence	Enterprise Risks update to the Auckland Council Audit and Risk Committee

		Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
Meetings	Board	11-Jun (Cofidential) 24-Jun	29-Jul	26-Aug	30-Sep	28-Oct	19-Nov (Board Strategy Session) 25-Nov	8-Dec
	Audit and Risk Committee			14-Aug 28-Aug			24-Nov	
	Asset Management Committee	6-Jun		8-Aug		10-Oct		1-Dec
	Economic Regulation Committee	17-Jun	2-Jul 16-Jul 30-Jul	14-Aug 27-Aug	10-Sep 24-Sep	8-Oct 29-Oct	5-Nov 18-Nov	3-Dec 17-Dec
Asset Management Committee		Project dashboards  AMP financials  Waikato water supply programme update  Western water supply programme update  Future Admore water treatment plant strategic land purchase  Metropolitan Servicing Strategy  Capital Infrastructure Delivery for the WDC  Northeast Wastewater Programme Lessons Learnt  Queen Street Wastewater Upgrade		Project dashboards  AMP financials, delivery report and traffic light reporting  Quarterly update on capitalisation of Assets		Project dashboards  AMP financials, delivery report and traffic light reporting  Quarterly update on capitalisation of Assets		Project dashboards  AMP financials, delivery report and traffic light reporting  Quarterly update on capitalisation of Assets



		Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
Meetings	Board	11-Jun (Confidential) 24-Jun	29-Jul	26-Aug	30-Sep	28-Oct	19-Nov (Board Strategy Session) 25-Nov	8-Dec
	Audit and Risk Committee			14-Aug 28-Aug			24-Nov	
	Asset Management Committee	6-Jun		8-Aug		10-Oct		1-Dec
	Economic Regulation Committee	17-Jun	2-Jul 16-Jul 30-Jul	14-Aug 27-Aug	10-Sep 24-Sep	8-Oct 29-Oct	5-Nov 18-Nov	3-Dec 17-Dec
Economic Regulation Committee		Draft Operating and capital expenditure report and template  Draft reports on price-quality path FY26  Programme status report  Economic regulation stakeholder engagement  Background to IGC policy						

Board meeting | 24 June 2025

Public session



## **Directors' appointment terms, committee memberships and meeting attendances**

For information

### **Te pou whenua tuhinga / Document ownership**

#### **Prepared and recommended by**

Emma McBride  
Head of Legal and Governance

#### **Submitted by**

Jamie Sinclair  
Chief Executive Officer

### **1. Te tūtohunga / Recommendation**

We recommend that the Board notes this report outlining directors' appointment terms, committee membership and meeting attendances.

### **2. Take matua / Key points**

The key points are:

- the tenure of the current directors of Watercare Services Limited;
- details of the committees each director is a member of;
- details of directors' attendance at Board meetings; and
- details of directors' attendance at committee meetings.

### 3. Kōrero pitopito / The details

We currently have eight directors appointed by Auckland Council.

#### 3.1 The tenure of directors

Director	Original appointment date	End of term
Geoff Hunt (Board Chair)	12 October 2024 <sup>1</sup>	1 <sup>st</sup> term ends on 31 October 2027
Graham Darlow	3 February 2021	2 <sup>nd</sup> term ends on 31 October 2027
Julian Smith	1 January 2022	2 <sup>nd</sup> term ends on 31 October 2027
Andrew Clark	1 June 2024	1 <sup>st</sup> term ends on 31 October 2027
Frederik Cornu	1 June 2024	1 <sup>st</sup> term ends on 31 October 2027
Karen Sherry	1 February 2025	1 <sup>st</sup> term ends on 31 January 2028
John Crawford	1 February 2025	1 <sup>st</sup> term ends on 31 January 2028
Rukumoana Schaafhausen	1 June 2025	1 <sup>st</sup> term ends on 31 May 2028
Margaret Devlin	1 November 2016	4 <sup>th</sup> term ended on 18 September 2024
Nicola Crauford	1 April 2014	5 <sup>th</sup> term ended on 18 September 2024

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<sup>1</sup> Geoff was originally appointed to be the Board Chair by Auckland Council with effect from 1 July 2024 (appointment announced on 4 July 2024). Following a judicial review, the appointment was found to be unlawful and Geoff ceased to be the Chair and a director of Watercare Board with effect from 11 September 2024. Auckland Council ran the appointment process again, and on 11 October 2024, it appointed Geoff Hunt to be the Board Chair with effect from 12 October 2024.

### 3.2 Details of the committees

We currently have three committees to assist the Board in its corporate governance. Committee Chairs and members are appointed by the Chair. Attendance at Committee meetings by non-members is optional.

Previously, we had Capital Finance Committee. At the 27 May 2025 Board meeting, it was disestablished.

The table below sets out the membership of the current committees.

Director	Audit and Risk Committee <sup>2</sup>	Asset Management Committee <sup>3</sup>	Economic Regulation Committee <sup>4</sup>
Geoff Hunt (Board Chair)		✓	✓
Graham Darlow		Committee Chair	
Andrew Clark	Committee Chair		
Julian Smith	✓		Committee Chair
Frederik Cornu		✓	
Karen Sherry	✓		
John Crawford			✓
Rukumoana Schaafhausen			✓
Margaret Devlin (Board Chair) <sup>5</sup>	✓	✓	
Nicola Crauford <sup>6</sup>	Committee Chair	✓	

<sup>2</sup> Frederik Cornu was on the Audit and Risk Committee from 3 September 2024 to 5 February 2025. Karen Sherry joined the Committee on 5 February 2025.

<sup>3</sup> Julian Smith was on the Asset Management Committee from 1 October 2024 to 15 October 2024. Geoff Hunt was on the Committee from 3 September 2024 to 11 September 2024 and was appointed again from 15 October 2024.

<sup>4</sup> The Economic Regulation Committee was established at the 27 May 2025 Board meeting.

<sup>5</sup> Term ended on 18 September 2024.

<sup>6</sup> Term ended on 18 September 2024.

## 3.3 Directors' attendance at Board meetings in 2025 is detailed in the table below:

Attended ✓ Did not attend ✖ Not on the Board ■	Attendance at Board meetings														
	5 February 2025	26 February 2025	25 March 2025	29 April 2025	12 May 2025 Board strategy session	27 May 2025	11 June 2025	24 June 2025	29 July 2025	26 August 2025	30 September 2025	28 October 2025	19 November 2025 Board strategy session	25 November 2025	8 December 2025
	✓	✓	✓	✓	✓	✓	✓								
	✓	✓	✖	✓	✓	✓	✓								
	✓	✓	✓	✓	✓	✓	✖								
	✓	✓	✓	✓	✓	✓	✖								
	✓	✓	✓	✓	✓	✓	✓								
	✓	✓	✓	✓	✓	✓	✓								
	✓	✓	✓	✓	✓	✓	✖								
	Rukumoana Schaafhausen	✓					✓								

## 3.4 Directors' attendance at committee meetings in 2025 is detailed in the table below:

Attended ✓ Did not attend ✕ Not on the committee ■	Audit and Risk Committee meetings					Asset Management Committee meetings					Economic Regulation Committee meetings														
	4 February 2025	21 May 2025	14 August 2025	28 August 2025	24 November 2025	7 April 2025	6 June 2025	8 August 2025	10 October 2025	1 December 2025	17 June 2025	2 July 2025	16 July 2025	30 July 2025	14 August 2025	28 August 2025	10 September 2025	24 September 2025	8 October 2025	29 October 2025	5 November 2025	18 November 2025	3 December 2025	17 December 2025	
Geoff Hunt (Board Chair)						✓	✓				✓														
Graham Darlow						✓	✓																		
Julian Smith	✓	✓									✕														
Andrew Clark	✓	✓																							
Frederik Cornu	✓					✓	✓																		
Karen Sherry	✓	✓																							
John Crawford											✓														
Rukumoana Schaafhausen											✕														

Attended ✓ Did not attend ✕ Not on the committee ■	Capital Finance Committee meetings <sup>7</sup>			
	18 February 2025	5 March 2025	20 March 2025	21 May 2025
Geoff Hunt (Board Chair)	✓	✓	✓	✓
Graham Darlow		✓	✓	
Julian Smith	✓	✓	✓	✓
Andrew Clark	✓	✓	✓	✓
Frederik Cornu				
Karen Sherry				
John Crawford	✓	✓	✓	✓
Rukumoana Schaafhausen				



<sup>7</sup> The Capital Finance Committee was disestablished by the Board at the 27 May 2025 Board meeting.

Board meeting | 24 June 2025  
Public session



## Disclosure of directors' and executives' interests

For information

### Te pou whenua tuhinga / Document ownership

**Prepared and recommended by**  
Emma McBride  
Head of Legal and Governance

**Submitted by**  
Jamie Sinclair  
Chief Executive Officer

### 1. Te tūhunga / Recommendation

We recommend that the Board notes the directors' and executives' interests.

### 2. Take matua / Key points

Section 189 of the Companies Act 1993 requires the company to keep an interests register. Section 140 requires all directors to cause to be entered in the interests register, and disclose to the Board of the company, their interests.

One of key principles of good governance is transparency and having an open and honest approach to working with the wider community. Watercare not only maintains an interests register for its directors, but also voluntarily maintains an interests register for our executives.

### 3. Kōrero pitopito / The details

#### 3.1 Watercare Services Limited's directors' interests register

The company obtains Directors and Officers (D&O) insurance for of all Watercare directors in accordance with section 162 of the Companies Act 1993.

Director	Interest
Geoff Hunt	<ul style="list-style-type: none"> <li>• Principal, Geoff Hunt Consulting Ltd</li> <li>• Director, Preston 2 Trust Ltd</li> <li>• Member, Institution of Engineering and Technology</li> <li>• Member, Institute of Directors</li> <li>• Trustee, Hunt Family Trust</li> </ul>



Director	Interest
	<ul style="list-style-type: none"> <li>• Board member, New Zealand Infrastructure Commission</li> <li>• Advisor to the Board, Geostabilization New Zealand Ltd (GSI).</li> </ul>
<b>Graham Darlow</b>	<ul style="list-style-type: none"> <li>• Director, Holmes GP ANZ Ltd</li> <li>• Director, Hick Group Ltd</li> <li>• Business Executive, Acciona Infrastructure NZ Limited</li> <li>• Director and Shareholder, Brockway Consulting Limited</li> <li>• Direction and Chair, Frequency NZ Limited</li> <li>• Director, Hick Bros. Civil Construction Limited</li> <li>• Director, Hick Bros. Heavy Haulage Limited</li> <li>• Director, Hick Bros. Holdings Limited</li> <li>• Director, Holmes Group Limited</li> <li>• Director, Pac Tranz Limited</li> <li>• Chair, The LEAD Project Alliance Board</li> <li>• Project Governance Group, Sludge Minimisation Project and Major Transport Group, Wellington City Council</li> <li>• Advisor, Wellington Metro Water Services Delivery Plan</li> </ul>
<b>Julian Smith</b>	<ul style="list-style-type: none"> <li>• Advisory Board Member Vadacom Limited</li> <li>• Board Trustee, Look Good Feel Better Trust</li> <li>• Director and Shareholder of JTB Enterprises Limited</li> <li>• Committee member of Institute of Directors, Auckland Committee</li> <li>• Chair, Institute of Directors Te Tai Tokerau, Northland Sub-Committee</li> <li>• Body Corporate Committee member, The Connaught Residential Apartments, Auckland</li> <li>• MyCareerBrand</li> <li>• Group Secretary – Northland Corporate Group</li> <li>• Member, Waikato Tainui Kawenata Joint Governance Oversight Group</li> </ul>
<b>Andrew Clark</b>	<ul style="list-style-type: none"> <li>• Chief Financial Officer, Port of Auckland Limited</li> <li>• Director, Auckland City Water Limited (Watercare's subsidiary company)</li> <li>• Member, Waikato Tainui Kawenata Joint Governance Oversight Group</li> </ul>

Director	Interest
<b>Frederik Cornu</b>	<ul style="list-style-type: none"> <li>• New Zealand Sustainable Solutions Lead, Schneider Electric</li> <li>• Vice-President and Board Member, French New Zealand Chamber of Commerce (FNZCCI)</li> <li>• Executive Committee Member, New Zealand China Trade Association</li> <li>• Shareholder and New Zealand Planet Leader, Team for the Planet</li> </ul>
<b>Karen Sherry</b>	<ul style="list-style-type: none"> <li>• Director, Donnell Sherry Ltd</li> <li>• Director, The Power Company Ltd</li> <li>• Director, PowerNet Ltd</li> <li>• Director, Electra Ltd</li> <li>• Director, Sasha &amp; Otto Limited</li> <li>• Director, Electra Generation Limited</li> <li>• Director, Electra Services Limited</li> <li>• Director, Pylon Limited</li> <li>• Director, Lakeland Network Limited</li> <li>• Director, Otagonet Limited</li> <li>• Director, Last Tango Limited</li> <li>• Trustee, Fritz Seppel Trust</li> <li>• Trustee, Freya, Fritz &amp; Zorba Trust</li> <li>• Trustee of a number of Private Client Trusts which cannot be disclosed due to solicitor/client confidentiality reasons</li> </ul>
<b>John Crawford</b>	<ul style="list-style-type: none"> <li>• Director, Tarata Investments Ltd (Family Investment vehicle)</li> <li>• Director, Tier1 Advisors Ltd (not trading)</li> <li>• Director, Wealth Matters Ltd (not trading)</li> <li>• Director, Punganui Estate Ltd</li> </ul>
<b>Rukumoana Schaafhausen</b>	<ul style="list-style-type: none"> <li>• Shareholder and director, Schaafhausen Inc Limited</li> <li>• Director, Alvarium (NZ) Wealth Management Holdings Limited</li> <li>• Director, Alvarium Wealth (NZ) Limited</li> <li>• Director, Alvarium Investments (NZ) Limited</li> <li>• Director, Te Whata A Tamihana Limited</li> <li>• Director, Contact Energy Limited</li> <li>• Shareholder and Director, Kaitiaki Guardian Services Limited</li> </ul>

Director	Interest
	<ul style="list-style-type: none"> <li>• Director, Kiwi Group Capital Limited</li> <li>• Director, Pathfinder Asset Management Limited</li> <li>• Director, Tainui Group Holdings Limited</li> <li>• Director, Te Rau o te Korimako Limited</li> <li>• Managing Director, Te Waharoa Investments (GP) Limited</li> <li>• Trustee, The King's Trust Aotearoa New Zealand</li> <li>• Trustee, The Tindall Foundation</li> <li>• Trustee, Waikato Endowed Colleges Trust</li> </ul>

**3.2 Watercare's executives' interests register**

Executives	Interest
Jamie Sinclair	• Director and Shareholder, Sinclair Consulting Group Ltd
Dave Chambers	• Director, GB & DD's Outfit Limited
David White	• Employee, Jacobs Group (Australia) Pty Ltd • Shareholder, Jacobs Solutions Inc.
Priyan Perera	• Board member, Water New Zealand • Director and Shareholder, Popellow Limited
Mark Bourne	• Trustee, Te Motu a Hiaroa (Puketutu Island) Governance Trust
Sarah Phillips	• Trustee, Te Motu a Hiaroa (Puketutu Island) Governance Trust
Richard Waiwai	• Director and owner, Te Hautapu Consultants Limited • Trustee of Te Rana Te Araroa Waiwai Whanau Trust • Relatives work for Waikato Tainui • Director, Moeā Limited
Angela Neeson	• Director, Tranquillo Properties Limited
Meg Wiltshire	Nil
Nigel Toms	• Co-Chair, Toi Ora Live Arts Trusts • Director, TRN Risk & Resilience Consulting • Member, Audit and Risk Committee, Institute of Risk Management

