



# Quarter Three – FY26 performance report

For the quarter ended 31 March 2026

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**This report has been prepared in accordance with Clauses 28 and 29 of the Watercare Charter. It is provided to the Crown monitor as well as Auckland Council so that we comply with our quarterly reporting obligations.**

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Cover image: *Wastewater oxidation ponds at the Waiwera Wastewater Treatment Plant.*

# Executive Summary

**In the last quarter, Watercare remained focused on delivering safe, reliable water and wastewater services for Aucklanders while accelerating investment to support growth, protect the environment, and reduce public health risk.**

We finished the 2025/26 summer period with our water supply in a stable position and our dams about 96% full.

In Q3, Watercare progressed and delivered significant infrastructure programmes aimed at improving service reliability, enabling housing growth, and strengthening environmental performance. This included key milestones on regionally significant projects and substantial wastewater upgrades across growth areas and environmentally sensitive catchments, including Pukekohe, Warkworth, Waiwera, Hatfields Beach, Beachlands and Maraetai. These investments are designed to reduce wastewater overflows, improve network resilience, and support planned development, while maintaining service continuity for existing customers. The programme reflects a proactive, long-term approach to addressing historic under-capacity and ageing assets.

Over the last quarter, Watercare has continued to strengthen how it manages wastewater overflows through the use of real-time sensor and monitoring technology. In the last quarter alone, we installed 1,336 sensors and have close to 3,500 sensors now monitoring the network. We focus on priority parts of the network to provide early warning of rising wastewater levels and abnormal flows, allowing operational teams to respond more quickly and target issues before they escalate. This approach supports faster attendance, better coordination of field crews, and improved protection of public health and the environment, particularly during wet-weather events. The use of sensor technology is part of



Crews work to install a 4.5km wastewater main that will transfer wastewater from Waiwera to Hatfields Beach pump station

Watercare's broader programme to proactively manage network risk, improve transparency, and reduce the frequency and duration of overflows over time.

Internally, Watercare launched our ***Delivering Smarter. Together*** five-year business strategy. This strategy lays the foundation for how we are going to continue delivering for Auckland, today and tomorrow, in an efficient, effective and sustainable way. This strategy and the associated change projects will shift Watercare's performance in key areas with a focus on asset management, capital delivery, and stakeholder and communications. Foundational improvements are outlined in areas such as: digital and technology enablement; regulatory and financial management; people and leadership capability. It is an ambitious strategic shift for Watercare, and necessary to ensure we deliver as a regulated entity, managing the challenges of a growing city and aging infrastructure while continuing to deliver reliable water and wastewater services for Auckland.

## Issues and risks

- In February 2026, a precautionary boil water notice was issued for Herald Island and managed in line with Taumata Arowai's drinking water quality regulations. Watercare acted conservatively to protect public health following an isolated sample result. Customers were notified promptly and transparently, regular updates were provided, and the notice was lifted within a 24-hour period once follow-up testing confirmed the water supply was safe. A second boil water notice was issued for Hillsborough and surrounding suburbs in April and will be reported on in our Q4 performance report. Watercare has met with Taumata Arowai to discuss the future approach to isolated sample results.
- Extensive legislative reform, new regulatory requirements, and changes to regional planning direction are creating uncertainty for long term infrastructure planning. Unanticipated growth also has the potential to alter system capacity up-take, resulting in inefficient delivery of infrastructure. Watercare is responding to this uncertainty by working to deliver 'no regrets' infrastructure in the near term, with longer term planning to be woven into coordinated spatial planning and the Water Services Strategy.
- Watercare acknowledged the harm caused by the Warkworth Street Pump Station dry-weather wastewater overflow in October 2025, and publicly apologised for the impact on oyster farmers and the wider harbour environment. In Q3, we made a final financial support payment to the oyster farmers, bringing total financial support to \$2.75m. In the meantime, we have engaged with affected parties and industry bodies, and committed to operational improvements and system changes to prevent a recurrence.

- Watercare is actively monitoring global and domestic fuel and supply chain pressures, having established an incident team to track risks, align with the Council group, engage with other agencies, and maintain organisational readiness. The current focus is on proactive planning including close engagement with key suppliers and ongoing monitoring of supply conditions. Forward planning is also underway to assess potential longer-term impacts on costs, maintenance activities, and capital programme delivery. A number of suppliers have been in contact issuing early warning notices indicating they are considering fuel surcharges, but no material claims have been lodged to date. We have seen a number of supply chains re-adjusting to mitigate the closure of the Strait of Hormuz. We are keeping a close eye on the supply risk around polyethylene pipes (PE pipes). The raw materials for PE pipe come from the Middle East and PE pipes are almost exclusively used for new and replacement water and wastewater pipes. Prices have already risen and we expect them to remain elevated for some time.

## Our priorities

The following pages outline our delivery under our six priority areas.

# Priority 1: Deliver safe and reliable water and wastewater services

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

Watercare maintained a strong and resilient water supply position through Q3, with Auckland's dams well above the historical average and providing a significant buffer for security of supply. At the same time, Watercare effectively managed extreme weather impacts in the Waikato, ensuring uninterrupted safe drinking water despite flooding and high river turbidity, while continuing to strengthen organisational resilience through improved readiness, better asset data integration, and a sustained focus on climate resilience, long-term infrastructure investment and asset management aligned to national priorities.

Microbiological and chemical compliance was achieved across all water treatment plants (WTPs) for Q3 2025/2026.

All distribution zones also achieved microbiological compliance for the quarter. Although a sample taken at Herald Island (Whenuapai Zone) returned a positive E. coli detection on 5 February 2026, we maintained compliance with our reporting measure for the Drinking Water Quality Assurance Rules (DWQAR) while the transgression related to the Drinking Water Standards New Zealand (DWSNZ). We responded to this E. coli detection as per our protocols, involving a thorough investigation. Working with Taumata Arowai, a precautionary boil water notice was issued on 5 February 2026 for the 271 properties on Herald Island. Our investigation concluded with a high degree of confidence that the water quality sample results were not representative of the supply and public health was not at risk at any time. The precautionary notice was lifted on 6 February 2026 after receiving a negative follow-up E. coli test result and confirming that the island's drinking water was safe.

Residual disinfection compliance was achieved in 37 of the 40 zones for Q3, with one low chlorine sample ( $\leq 0.1$  mg/L) recorded in the Mt Hobson distribution zone in January, one low chlorine sample recorded in the High Head distribution zone in February, and three low chlorine samples recorded in the Oratia distribution zone also in February. Operational improvements were immediately undertaken to improve water quality.



Waikato water treatment plant after severe flooding event in February 2026

Targets not met are:

- Residual disinfection (chlorine) water quality - Compliance for January, February and March resulted in a 12-month rolling compliance of 98.1% as at March 2026. Public health was not at risk. All incidents of low chlorine were responded to by flushing, as per Watercare protocols.

Number	Source	Performance measure	Target	Results (green = met; red= not met)
<b>Measures reported in accordance with Charter Section 29 are as follows:</b>				
1	Charter clause 7(1)(a)	Monthly median resolution time for <b>resolving 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 (rolling 12-month median) <sup>3</sup>	≤5 hours	2.9 hours
2	Charter clause 7(1)(b)	Monthly median resolution time for <b>resolving non-urgent water</b> supply call-outs: 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 (rolling 12-month median) <sup>3</sup>	≤6 days	1.0 day
3	Charter clause 8	Number of <b>unplanned water supply interruptions</b> within Watercare’s networked reticulation system expressed per 1000 water supply connections (rolling 12-month average)	≤10	7.2
4	Charter clause 9	The number of <b>wastewater</b> overflows, expressed per 1000 wastewater connections (rolling 12-month average)	≤5	0.7
5	Charter clause 10	Median resolution time for <b>resolving wastewater overflows</b> : 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 (rolling 12-month median)	≤5 hours	2.7 hours
6	Charter clause 11	<b>Volume of real water loss</b> from Watercare’s supply network (litres per water supply connection per day)(rolling 12-month average).	≤140 l/c/d	115.8 l/c/d

Number	Source	Performance measure	Target	Results (green = met; red= not met)
<b>Measures reported in accordance with Charter Section 28 are as follows:</b>				
7	TA <sup>2</sup>	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. (rolling 12 month)	100%	100%
8	TA	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. (rolling 12 month)	100%	100%
9	TA	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. (rolling 12 month)	100%	98.1%
10	TA	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. (rolling 12 month)	100%	100%
11	TA	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. (rolling 12 month)	100%	100%
12	TA & DIA <sup>2</sup>	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. (rolling 12 month)	100%	100%
13	TA & DIA	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. (rolling 12 month)	100%	100%
14	TA & DIA	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. (rolling 12 month)	100%	100%

Number	Source	Performance measure	Target	Results (green = met; red= not met)
15	DIA	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 (rolling 12 month)	≤ 10	8.2
16	DIA	Median response time for <b>attendance for urgent call-outs</b> : from the time that the local authority receives notification to the time that service personnel reach the site (minutes) ( <b>Water</b> , rolling 12-month median)	≤ 60 mins	40 mins
17	DIA	Median response time for <b>resolution of urgent calls-outs</b> : from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption (hours) ( <b>Water</b> , rolling 12-month median) <sup>3</sup>	≤ 5 hours	2.9 hours
18	DIA	Median response time for <b>attendance for non-urgent call-outs</b> : from the time that the local authority receives notification to the time that service personnel reach the site (days) ( <b>Water</b> , rolling 12-month median)	≤ 5 days	0.8 day
19	DIA	Median response time for <b>resolution of non-urgent call-outs</b> : from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption (days) ( <b>Water</b> , rolling 12-month median) <sup>3</sup>	≤ 6 days	1.0 day
20	DIA	The percentage of real <b>water</b> loss from the local authority's networked reticulation system (rolling 12-month average)	≤13%	12.9%
21	SOI	Gross per capita consumption (Gross PCC): The average consumption of drinking water per day per resident within the territorial authority district (*litres plus/minus 2.5%) (rolling 12-month average).	257* (+/- 2.5%)	253
22	DIA	Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of: a) abatement notices b) infringement notices c) enforcement orders d) convictions received by the territorial authority in relation to those resource consents (rolling 12 month)	≤2 ≤2 ≤2 0	0 0 0 0

Number	Source	Performance measure	Target	Results (green = met; red= not met)
23	DIA	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) the territorial authority's response to issues with its sewerage system expressed per 1000 connections to the territorial authority's sewerage system (rolling 12 month)	≤ 50	16.4
24	DIA	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 (Wastewater, rolling 12-month median) <sup>4</sup>	≤ 90 min P1: 60 min P2: 240 min	67 min P1: 43 min P2: 87 min
25	DIA	Attendance at <b>sewerage</b> 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 (Wastewater, rolling 12-month median)	≤ 5 hours	2.7 hours
26	DIA	The number of dry weather overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system (rolling 12 month)	≤ 5	0.7
27	NDC <sup>2</sup>	Average number of wet weather overflows per engineered overflow point per discharge location (rolling 12-month average)	≤ 2 overflows per year	0.4

<sup>1</sup>The Department of Internal Affairs (DIA) has released updated guidance for reporting drinking water non-financial measures. For the average consumption of drinking water per resident measure, DIA has proposed that non-residential water use be excluded. We are working with Water New Zealand and DIA to confirm how this change should be calculated and implemented for future reporting.

<sup>2</sup> DIA means Department of Internal Affairs and TA means Taumata Arowai, the Water Services Authority, NDC means Network Discharge Consent.

<sup>3</sup> From 1 July 2025, this measure has been supplemented by Charter measures that are essentially identical (i.e. Measure 1 is essentially identical to Measure 17; and Measure 2 is essentially identical to Measure 19)

<sup>4</sup> Watercare triages sewage overflows into two types: P1 faults (median target for attendance is 60 minutes) and P2 faults (median target for attendance is 4 hours).

## Priority 2: Renewing, building and maintaining infrastructure

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

We progressed a number of critical wastewater upgrades across the region to improve network reliability, reduce overflows, and support future growth. Key works included:

- We completed critical wastewater renewals in Beachlands and Maraetai, enabling a more reliable wastewater network by completing the relining of 6.2km of local pipes. We also rehabilitated 85 manholes and 198 household connections. The relined pipes will prevent groundwater and seawater from entering the network, which can overwhelm the system, increase flows to the treatment plant, and contribute to wastewater overflows.
- In February, the same crews moved to Warkworth to start relining 3.5km of pipes upstream of the Elizabeth Street overflow point to help to keep rain out of pipes and reduce the likelihood of overflows in wet weather. This work is part of a targeted \$12m wastewater renewals programme aimed at strengthening network resilience and addressing issues across Auckland's 8,800km wastewater network.
- We started two significant wastewater infrastructure projects in Pukekohe to unlock growth and enable approximately 13,000 new homes. The first project is the \$17m Jutland Road wastewater diversion. Once complete, it will improve network performance and make room for future development in Pukekohe west. The second project is the \$98.2m Pukekohe North Wastewater Upgrade, a major investment that includes building a new pump station and installing a 4km trunk sewer.



Micro boring tunnel machine breaks through at Victoria St East after laying a new wastewater pipe under Queen St

- We are on track to complete the \$45m Waiwera wastewater upgrades by year-end, which will completely remove treated wastewater discharges to the Waiwera Estuary and deliver substantial environmental and water-quality benefits. The wider programme also includes installing an 840m replacement watermain to improve reliability and future-proof the network for an expected 1,600 additional residents by 2068.
- The Northern Interceptor programme has delivered a \$7m saving, made possible through strong planning, early design involvement and proactive project management. Completion of the new confluence chamber at Rosedale enables wastewater flows from Hobsonville to be redirected from Māngere WWTP to Rosedale WWTP when the interceptor comes online in October 2026, improving network performance, freeing up capacity at the Māngere WWTP, and making better use of existing treatment capacity. The cost savings are being reinvested into other priority projects across Watercare’s \$13.8b infrastructure programme, supporting growth and long-term resilience across Auckland.
- Sensors are being onboarded to the StormHarvester platform, alerting has gone live on the first six months of installs, and we are starting to see how the system responds to rainfall and groundwater. This data is reviewed daily to identify developing wastewater blockages.
- To minimise odour impacts on customers and communities, Watercare is proactively maintaining biofilters at transmission pump stations as part of its FY26 renewals programme. Thirteen biofilters are being refurbished to maintain effective odour control, with work scheduled and delivered to ensure continued performance and minimise nuisance effects, supporting good neighbour outcomes.

### **Private Plan Changes and Fast Track Act applications**

Watercare is working with Auckland Council and various applicants on around 50 private plan changes and 17 fast-track applications. Fast Tracks and Private Plan Changes that are either outside of Watercare’s servicing area or out of sequence with Council’s Development Strategy continue to challenge our ability to respond to growth while maintaining service to existing customers. Decisions on fast-tracks and private plan changes have been mixed, with some approved and some declined. Auckland Council has appealed the decision on one of the larger Fast-Track applications (Sunfield), challenging the panel’s decision to approve the application on a number of matters, including its consideration of the availability of water and wastewater servicing.

Council has also notified Plan Change 120 to the Auckland Unitary Plan, replacing Plan Change 78 and significantly increasing plan-enabled capacity across the region. In the meantime, central government has reduced the required housing density from 2m dwellings to 1.4m dwellings. Despite this change, we continue assessing the water and wastewater capacity implications of the updated proposal and working with major developers and Council to understand development timing, staging, available capacity, and required bulk infrastructure. This ensures we can support growth efficiently without compromising service levels for existing customers or planned, aligned growth.

Targets not met are:

- Year-to-date capital expenditure was \$124.8m below the Q3 target of \$797.1m. The Central Interceptor experienced a timing delay but remains on track for completion in 2026. The Ōrākei Sewer Main works were held up by high sewer levels due to wet weather, while the Queen Street Wastewater Network is making good progress and the tunnel boring machine broke through in Victoria Street East. There was an underspend after descoping and delays related to traffic management. Renewals, particularly local water networks, had a slow start as we retendered for proposals, with contracts to be awarded in Q3. The Herne Bay Branch upgrade, supporting the Wastewater Quality Improvement Programme, was delayed in moving to construction, with the contract award not signed until May 2026. The Whenuapai & Redhill Wastewater Scheme (package 1) has been deferred, with consenting delays affecting other packages. This lower spend was partly offset by other projects running ahead of plan, including projects for Kāinga Ora and the Southwest Wastewater Scheme.

Number	Source	Performance measure	Target	Result (green = met red= not met)
28	SOI	Capital expenditure (target is annual with year-to-date quarterly performance updates)	Year to date target for 31 March 2026 \$797.1m	Year to date actuals for 31 March 2026 \$672.3m
			Full year target \$1.05b	Full Year Forecast \$937.2m

## Priority 3: Efficient service and infrastructure delivery

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

Watercare received feedback from the Commerce Commission on the draft Operating Cost Efficiency Improvement Plan. The feedback was supportive of Watercare's approach to developing the operating cost improvement initiatives, recommended greater clarity in some areas, and reinforced expectations around reporting requirements. Watercare is now updating the plan to incorporate this feedback into the final Plan that will be published on the Watercare website in June 2026.

Watercare's 2025–2028 Infrastructure Delivery and Asset Management Improvement Plan is underway, building on several initiatives across the business, validating maturity improvement milestones, and aligning us with international best-practice guidance. Governance for asset management systems has been confirmed to embed long-term, continuous improvement. Costing tools are being updated to enhance decision-making transparency.

## Priority 4: Strengthening relationships

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

A programme is underway to strengthen relationships with developers and improve their customer experience. This includes improving the information and tools available to support growth, simplifying processes, and aligning internal decision-making to deliver more consistent and transparent outcomes. Work is also progressing on a targeted communications and engagement approach to more clearly articulate where and how Watercare supports growth. This will include information to help understand how Infrastructure Growth Charges function.

Consistency in Māori engagement has strengthened through structured iwi engagement, rangatira-level kōrero, and clearer governance momentum. The Tāmaki Ora Achieving Māori Outcomes Plan is moving into activation and organisational embedding. Strategy and Planning priorities, including future water sources, demonstrate strengthened early integration of Māori outcomes, aligned with the aspirations of mana whenua across Tāmaki Makaurau.

Stakeholder engagement over the quarter focused on building understanding and informing long-term infrastructure decisions. Engagement on the biosolids programme centred on closing the loop following November 2025 consultation, strengthening transparency, and supporting public understanding as the programme moves into its next phase. This included a workshop with elected members, public release of the Phase 1 Biosolids Engagement Report, and developing supporting educational resources (including videos and fact sheets) to explain servicing options and their environmental, social, and operational implications. Ongoing engagement with mana whenua and community stakeholders, including awareness sessions with the Māngere Wastewater Treatment Plant Community Liaison Group, is supporting continued dialogue and shared understanding.



*March 2026 – Biosolids awareness session with the Māngere Wastewater Treatment Plant Community Liaison Group.*

Engagement also progressed on the Helensville Future Wastewater Servicing Strategy, with community and mana whenua discussions focused on long-term resilience, including potential relocation of the treatment plant in response to climate and flood risks. A community event in February 2026 supported early engagement on challenges and options, reinforcing the importance of future-focused, resilient solutions.

Elected member engagement focused on managing emerging operational issues alongside progressing key strategic initiatives. This included targeted briefings on the biosolids programme, proactive communications during boil water notices (Herald Island and Hillsborough), and readiness briefings ahead of Cyclone Vaianu. Engagement also supported development of Watercare’s Water Services Strategy, and the Drinking Water Assessment, ensuring elected representatives remained informed of both immediate risks and longer-term regulatory direction.

Under the Local Government (Water Services) Act 2025, Watercare is required to develop a Significance and Engagement Policy within 12 months of establishment. Workshops with internal staff and local boards have informed the draft, which is being publicly consulted on in May 2026 before finalisation and consideration by Auckland Council’s Budget and Performance Committee.

Targets not met are:

- Community trust score: Customer service performance remained strong through peak summer demand, with trust continuing to recover. Trust score 12-month rolling average remains stable at 53%. For the month of March 2026, community trust in Watercare increased to 58% for the month, on the back of customers having greater visibility due to communication activity uplift showcasing how infrastructure investment is being prioritised and delivered to efficiently meet growth and increase network capacity.

Number	Source	Performance measure focus	Target	Results (green = met; red= not met)
29	SOI	Community Trust Score (rolling 12-month average)	≥55%	53.4%
30	SOI	Customer Net Satisfaction Score (rolling 12-month average)	≥45	55.1
31	SOI/DIA	Residential per capita per consumption (PCC): The average consumption of drinking water per day per resident within the territorial authority district (*litres plus/minus 2.5%) (12-month rolling average). <sup>1</sup>	165* (+2.5%)	159.1
32	SOI	Percentage of customer complaints resolved within ten days of notification (rolling 12 month average)	≥95%	98.7%

<sup>1</sup> The Q3 result is more than 2.5% below the target but remains as green as our Water Efficiency Plan requires us to continually reduce Residential PCC.

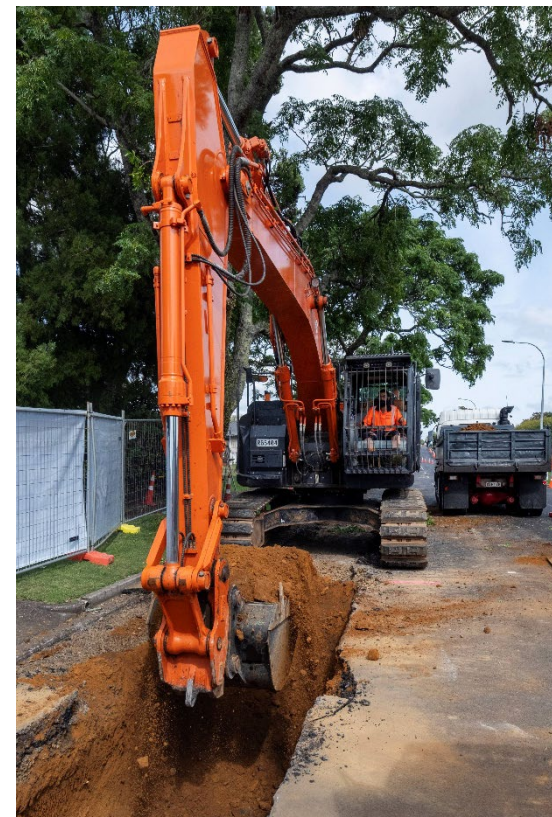
## Priority 5: Improving organisational performance

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

Kaimahi engagement and continual improvement are core components of Watercare's health and safety management system. During Q3, we have reinforced focus on capturing and sharing lessons learned within the business and with our contractors. Watercare has a large group of Health & Safety Representatives (HSR), reflecting a broad and diverse range of operational work. Enabling our HSRs to connect, share ideas, and learn from each other is an important objective for successful safety improvement. During Q3, we held a full day session focused on empowering and leveraging the knowledge and leadership of the HSRs. Learning from events is vital, and we have seen a substantial increase in deliberate and effective capturing and sharing of lessons learned during this quarter. This is a successful trend we intend to continue.

We advanced Watercare's Māori Outcomes programme this quarter while deepening key iwi partnerships and strengthening organisational cultural capability. Engagement and collaboration mechanisms across Tāmaki Makaurau are now more structured and predictable, supported by ongoing work with mana whenua to refine internal project onboarding and consenting processes. Rangatira-level engagement also progressed meaningfully, with various executive and governance level kōrero with Te Kawerau ā Maki and Ngāti Manuhiri helping to clearly convey iwi aspirations and reinforce a shared pathway forward.

GHG emissions for Q3 are lower than either Q1 or Q2. However, total cumulative Q1 - Q3 emissions are tracking slightly above our FY26 year-to-date target when considering that the profile is not linear across the full year. The largest portion of our portfolio is based on processing of wastewater received at our treatment plants and accordingly we continually monitor our systems across the region: particularly the effectiveness of our treatment processes, facility energy efficiency, and renewable energy generation.



*A digger undertaking open cut trenching works to install a new wastewater pipeline on Ward St, New Lynn*

Targets not met are:

- Our Māori procurement target is 5%, and we are currently tracking at 3.4%. Total Spend YTD of \$28.4m is \$2.29m above last year. Our direct spend of \$16.50m has already exceeded our total FY25 direct spend total of \$16.21m. Indirect spend is \$4.22m behind the FY25 indirect spend, mainly due to the reduced spend in our Central Interceptor projects and a reduction in overall capital spend. To improve performance and strengthen Māori economic participation, we will review and evaluate the effectiveness of Ngā Kakau Paraha, our Māori business network in FY27 to ensure that it delivers the outcomes required in Tāmiki Ora – Achieving Māori outcomes plan.

Number	Source	Performance measure focus	Target	Results (green = met; red= not met)
33	SOI	Ratio of procurement sourced through Māori owned businesses (rolling 12 month)	5%	3.4%
34	SOI	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 and also align with our current Asset Management Plan. Previously set target for FY25, excluding Puketutu is <89,200 tonnes CO2e (cumulative 12 month)	<108,000 tonnes CO2e (including emissions from Te Motu a Hiaroa (Puketutu Island))  <85,000 tonnes CO2e (excluding emissions from Puketutu Island)	89,500 tCOE2 (including emissions from Te Motu a Hiaroa (Puketutu Island))  72,700 tCOE2 (excluding emissions from Puketutu Island)

## Priority 6: Embedding a sustainable financial model

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

We have now established our Australian and European bond programmes and, during Q3, completed bond issuances in Australia and Switzerland, broadening our investor base and extending our funding maturity profile. We continued our investor engagement strategy. In January and February we presented roadshows to Asian and Australian investors and in March completed non-deal roadshows in Europe in preparation for the European bond raise later this year, reinforcing Watercare’s profile as a credible and sustainable issuer.

Our New Zealand Commercial Paper programme is now embedded as part of normal liquidity management, with regular issuance supporting short-term cashflow timing and maintaining an active presence in the domestic short-term market. These steps sit within a strengthened governance and control environment, supported by an active Treasury Management Committee and a clear policy framework, which together underpin disciplined risk management and long-term funding resilience.

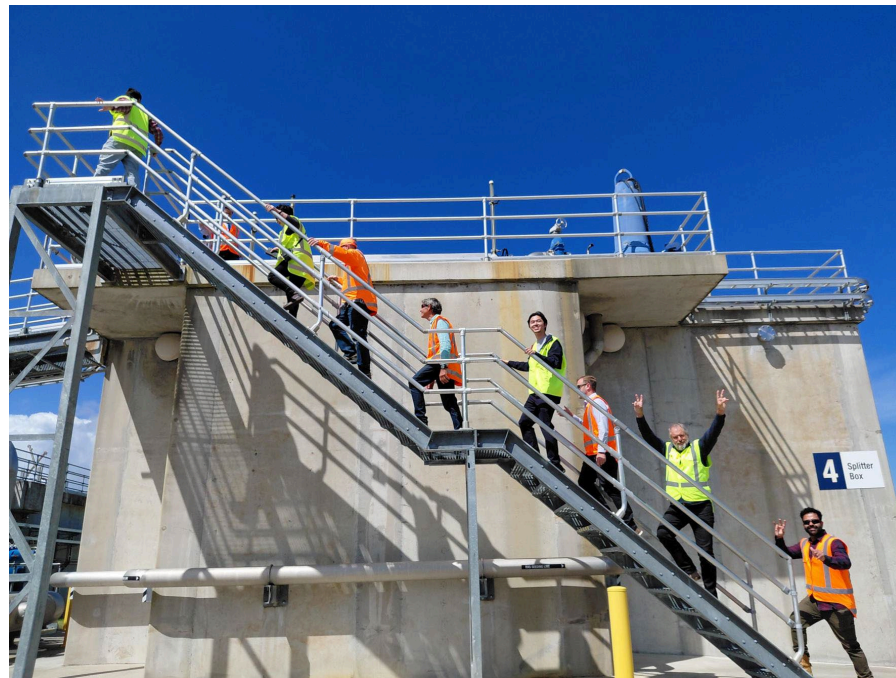
We lodged our formal public submission to the Commerce Commission’s Approach paper. Our submission set out our key positions and the practical implementation issues that need to be resolved ahead of the enduring regime. A fit-for-purpose price-quality path for the years after 2028 remains essential to support efficient investment and to ensure Watercare can continue to access funding at reasonable rates to deliver growth, renewals and service levels, and we will continue to engage closely with the Commerce Commission as it develops the enduring framework to support a financially sustainable outcome for Auckland consumers.

In the meantime, we have commenced work on our first price-quality proposal under enduring economic regulation.

Number	Source	Performance measure focus	Target	Results (green = met; red= not met)
35	SOI	Percentage of household expenditure on water supply services relative to household income	<1.5%	0.99%
36	Clause 14	Maximum Allowable Revenue from prices for providing water supply and wastewater supply services <sup>1</sup>	\$845.10m	

Number	Source	Performance measure focus	Target	Results (green = met; red= not met)
37	Clause 17	Minimum allowable average increase in average infrastructure growth charges <sup>1</sup>	15.5%	
38	Clause 30	Credit rating	Maintain	Maintained

1 These measures are reported on an annual basis only



Howick Local Board members (left) including Bruce Kendall (right), visit the Māngere Wastewater Treatment Plant in February 2026.

# Approvals

## Management approvals

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Prepared and reviewed by the following Watercare executive team members:

Angela Neeson – Chief Financial Officer



Jamie Sinclair – Chief Executive Officer



## Board approvals

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Approved by the board on 27 May 2026

## Statutory declaration

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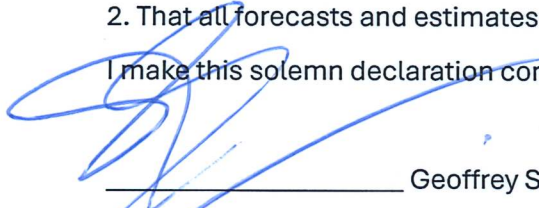
**I, Geoffrey Stewart Hunt, Director and Chair of the Watercare Services Limited board, of Takapuna, Auckland, solemnly and sincerely declare:**

1. That the following information in this report is true and accurate:

- all historical information disclosed in this report; and
- all historical information from which that disclosed information is derived; and

2. That all forecasts and estimates in this report are demonstrably reasonable.

I make this solemn declaration conscientiously believing the same to be true and by virtue of the Oaths and Declarations Act 1957.

  
\_\_\_\_\_  
Geoffrey Stewart Hunt, Declared at Auckland, 27/5/2026

Before me:

  
\_\_\_\_\_  
Barrister and Solicitor of the High Court of New Zealand, 27/5/2026

**Matthew Stephen Hill  
Solicitor  
Auckland**

This section meets quarterly reporting requirements for Auckland Council and complements the main report for a full view of Watercare's performance.

It includes updates on:

- 1 Watercare Charter progress
- 2 Financial performance
- 3 Statement of intent priorities



## Shareholder Supplement – Auckland Council


For the quarter ended 31 March 2026


## Section 1: Watercare Charter progress

The Watercare Charter came into effect on 1 April 2025. We have complied with timelines in Q3, and submitted the following plans:

Plan	Due date	Progress update
Operating Cost Efficiency Improvement Plan	Submitted	<ul style="list-style-type: none"> <li>• Our Operating Cost Efficiency Improvement Plan was submitted to the Crown monitor on 22 December 2025 and we have received feedback.</li> <li>• The plan is now being updated to incorporate the Crown monitor’s feedback and will be submitted by the June 2026 deadline and published on Watercare’s website.</li> <li>• We are now working on implementing the changes and initiatives set out in the plan.</li> <li>• Watercare continues work with Council to identify shared efficiency opportunities. The GIS development and test environment has been delivered by Council. Work is ongoing between Council and Watercare to refine the solution to ensure it supports future capability requirements. The shared Office Cleaning Contract has also been signed.</li> </ul>
Infrastructure Delivery and Asset Management Improvement Plan	Published	<ul style="list-style-type: none"> <li>• The Plan is published on our website – <a href="#">here</a>.</li> <li>• We are in the process of implementing improvements, building on several initiatives across the business, validating maturity improvement milestones, and aligning us with international best-practice guidance.</li> <li>• Governance for asset management systems has been confirmed to embed long-term, continuous improvement.</li> <li>• Costing tools are being updated to enhance decision-making transparency.</li> </ul>
Infrastructure Growth Charge (IGC) Policy Review and Redesign	Published	<ul style="list-style-type: none"> <li>• We have published the Watercare pricing review plan – <a href="#">here</a>.</li> <li>• The initial public stakeholder consultation period is planned for February – March 2027, however this may change to align with Development Levies legislation, which has been delayed until August 2026.</li> </ul>

## Section 2: Financial performance

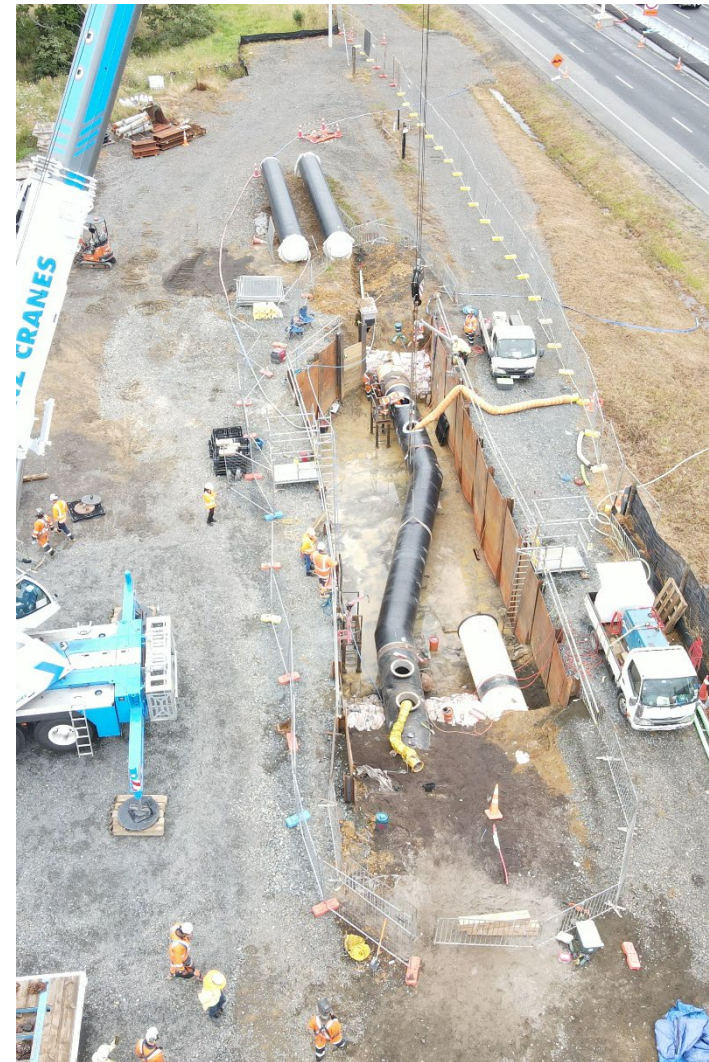
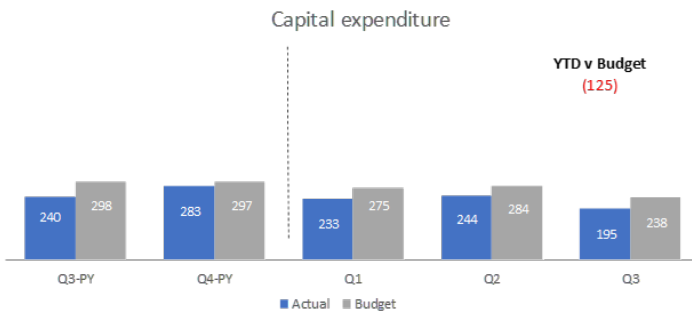
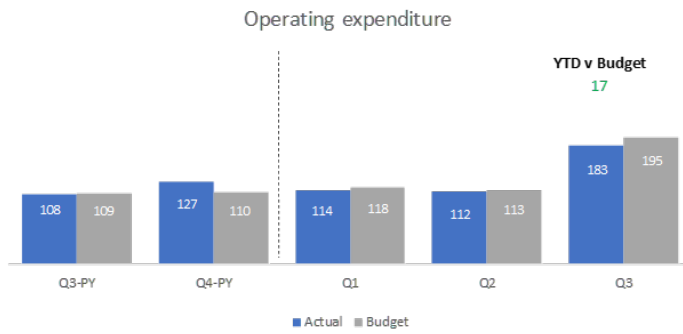
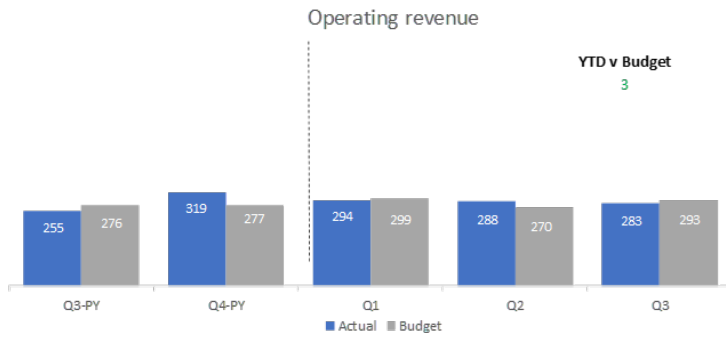
 <b>Operating performance</b>						
\$ million	FY25		FY26 - YTD			FY26
	YTD Actuals	Full Year Actuals	Actual	Budget	Variance	Long Term Plan/Annual plan
<b>Net direct expenditure</b>	465	658	456	436	20	581
<b>Direct revenue</b>	779	1,099	865	862	3	1148
Fees and user charges	551	732	587	623	(36)	828
Other direct revenue	228	367	278	239	39	320
<b>Direct expenditure</b>	314	441	409	426	17	567
Employee benefits	94	130	102	97	(5)	129
Repairs and maintenance	67	92	69	72	3	94
Cost of goods and services	2	3	2	(7)	(9)	(9)
Other direct expenditure	151	216	236	264	28	353
<b>Other key operating lines</b>						
Vested asset revenue	65	92	75	50	25	66
Capital grants and insurance revenue	20	31	15	12	3	12
Depreciation and amortisation	329	470	484	323	(161)	429
Finance costs	136	172	145	162	17	222
Net other gains (losses)	(6)	(9)	18	10	8	13
<b>Capital investment</b>						
Capital expenditure	719	1,002	672	797	(125)	1,050

 <b>Revenue and expenditure detail</b>						
\$ million	FY25		FY26 - YTD			
	YTD Actuals	Full Year Actuals	Actual	Budget	Variance	
<b>Direct revenue</b>	779	1,099	865	862	3	
<b>Fees &amp; User Charges</b>	551	732	587	623	(36)	
Water Revenue	171	227	181	192	(11)	
Wastewater Revenue	380	505	406	431	(25)	
<b>Other direct revenue</b>	228	367	278	239	39	
Infrastructure Growth Charges	132	219	164	134	30	
Other key revenue	96	148	114	105	9	
<b>Capital grants, intercompany capital funding and insurance revenue</b>	20	31	15	12	3	
Grants from KO	18	27	15	12	3	
Intercompany capital funding	-	-	0	0	0	
Insurance proceeds for storm recovery	2	3	0	0	0	
<b>Direct expenditure (\$m)</b>	94	130	102	97	(5)	
Salaries and wages	116	159	124	126	2	
Contractors	15	21	18	12	(6)	
Other staff costs	7	10	8	8	-	
Labour recoveries	(44)	(60)	(48)	(49)	(1)	

### Difference to statutory reporting

The financial results are aligned with the Council's annual plan and differ in presentation from Watercare's statutory reporting and internal governance reporting. Under this format, all receipts and costs associated with the Waikato District Council contract are reported as revenue and expenditure. In Watercare's annual report, and governance reporting this contract is treated as an agency arrangement, with receipts and payments offset in the income statement to reflect net impact.

# Summary Financial Charts



*New pipe in place at Flanagan Road, Drury*

## Financial commentary

**Watercare's FY26 Q3 financial performance remains positive with net direct expenditure tracking at \$20m favourable to plan. Direct revenue and direct expenditure are \$3m and \$17m favourable to plan, respectively.**

Year to date consumption has been lower than expected due to persistent wet weather and lower than anticipated demand from commercial customers. The continued wet weather conditions have kept dam levels close to 100% resulting in lower production costs with reduced reliance on the Waikato treatment plants, and the deferral of several planned maintenance activities.

### Direct revenue

- Direct revenue YTD is \$3m favourable to plan.
- Fees and user charges are down \$36m due to reduced consumption volumes influenced by lower commercial consumption, higher rainfall and mix of retail vs commercial customer wastewater revenues.
- Offsetting uplifts: IGC revenue is \$30m favourable to plan with a higher than anticipated volume of applications processed YTD. This is also positively impacting new development revenues with inspections and approvals also ahead of plan YTD. Interest income and third-party damage revenue is also favourable to plan.
- WDC contract revenue YTD is \$8.2m below plan, with lower than anticipated project revenues.

### Direct expenditure

- Direct expenditure YTD is \$17m favourable to plan, with the following notable items:
  - Repairs & maintenance: YTD \$3m favourable to plan. The plan included a coding error which has subsequently been reclassified against cost of goods sold as part of our Q1 forecast. The value of this adjustment YTD is \$9m which results in underlying Repairs and Maintenance being \$6m unfavourable to plan. The corrected unfavorability was mainly driven by unplanned maintenance with a number of large value failures across the network. These include the Sylvia Park Rising Main, water transmission pipe breaks on SH16, and a tomo at the Orewa East Pump Station causing failure of a 900mm gravity main.
  - Cost of goods sold: YTD \$9m unfavourable due to plan coding error as mentioned above, adjusted value in line with plan.
  - Other direct expenditure: YTD \$28m favourable with the key driver being lower capital project work on WDC contract, as mentioned above, and chemical and energy costs down \$5.1m due to lower flows at Waikato treatment plant and high dam levels. Other key favourable variances are IS managed services \$3.8m due to phasing and reprioritisation of digital opex projects and software

licencing \$2.3m due to favourable price negotiations, credits and phasing of spend and \$2.3m favourability in professional services. This is offset by a \$2.75m financial support payment made to Mahurangi oyster farmers impacted by the dry-weather wastewater overflow in October 2025.

- Employee benefits: YTD \$5m unfavourable to plan reflects a \$2.4m one-off leave liability correction, along with higher contractor utilisation offsetting savings from lower permanent headcount, and reduced capex labour recovery due to delivery delays and changes in resource mix.

## Capital programme

**Milestones achieved:** Several major capital projects milestones were achieved last quarter, as listed in the Priority 2 section above. However, the YTD programme is running \$124.8m behind plan, primarily due to the following:

- **Delays/Deferrals:** Delays in the chemical storage and dosing project at Waikato treatment plant; delay in contract being agreed and signed for Herne Bay Branch upgrade, supporting the Wastewater Quality Improvement Programme; Whenuapai & Redhill Wastewater scheme has seen a rephasing of package one and consenting delays for other packages.
- **Renewals programme:** There has been some delays in contract award and refinement of detailed design delivery, many of these contracts were signed in Q3, with activity expected to ramp up in Q4. Delays in procuring smart meters have delayed the smart meter programme.
- **Risk deferred or released:** Some of the risks provided for in the period have not materialised. This risk is either being released or rolled over to future financial years.

## Other key operating lines

- **Capital subsidies:** YTD \$3m ahead of plan. Good progress continues to be made on the final shovel-ready project with agreement reached on remaining payments.
- **Vested assets:** \$25m favourable YTD, inherently difficult to forecast.
- **Depreciation:** YTD \$161m higher than plan. \$71m relates to assets identified for retirement and associated accelerated depreciation. The bulk of this (\$52m) is replacements across the Water and Wastewater pipe networks. Upgrades to the Waikato WTP, Māngere WWTP and Rosedale WWTP were another \$10m accelerated depreciation. The balance of the variance is due to the revaluation uplift booked against pipeline assets in June 2025 and additions.

## Section 3: Statement of Intent Priorities

### 3.1: Operational compliance

- Updates on Water Supply and Water Quality are provided under the Priority 1 heading above.
- Non-compliance with resource consents: At the end of Q3, Watercare was managing 447 active resource consents. Overall operational consent non-compliances were eight at the end of the period. Of these, two were classified as technical non-compliances, while six non-technical non-compliances were recorded across separate facilities. Non-compliances are included in compliance reporting to Auckland Council.

### 3.2: Auckland Water Strategy

Watercare is delivering on the Auckland Water Strategy by partnering with mana whenua, empowering communities, and investing in sustainable, regenerative infrastructure:

- Demand Management: Auckland experienced a wetter than normal summer, therefore in combination of our “Every drop counts” campaign as well as less outdoor use, overall water consumption was lower.
- Leak Management: 7,700 km surveyed by end of Q3 in FY 26 identifying 1500 leaks. District metering and pressure management installation is ongoing with 14 MLD saved to date on the pressure management.
- Operational Performance: In Q3 (Jan–Mar), job volumes were stable across January and February before the expected seasonal peak in March, with overall jobs down 3% year-on-year. Water jobs were consistently lower by 11% compared to FY25, reflecting a less dry summer and the continued positive impact of the targeted pressure management programme.

### 3.3: Auckland water management plan required by the Waikato Regional Council

A water management plan is required for the second water take from the Waikato River as part of the consent conditions. The original management plan was submitted during the Board of Inquiry hearings in 2020. The analysis confirmed the need for the second Waikato water take to service average and peak demand. An updated final version of the Water Management Plan (publicly available [here](#)) was submitted to

Waikato Regional Council (WRC) for review against the consent conditions by the March 2026. WRC reviewed the Plan and has since provided confirmation that the Plan meets the requirement of the consent and the condition has been noted as compliant.

Watercare must now prepare its first Forecast Report (due every five years), and submit this to WRC by 30 June 2026. Work on this report is now underway.

### 3.4: Planning and delivery to regional growth plans

Watercare continues to respond to a large number of Fast Track Approvals and Private Plan Changes, as set out in detail in the Priority 2 section above. Work is ongoing with to the wider Council Group to understand the broader effects of unanticipated growth (e.g. private plan changes and fast tracks) on all infrastructure.

In light of the approval of recent fast tracks and private plan changes (e.g. Sunfield), we are reviewing our water and wastewater capacity maps and other available tools to ensure Watercare can continue to proactively manage network capacity and meet statutory and operational requirements.

### 3.5: Group Shared Services (GSS)

Work continues on a joint GIS platform. Due to the complexity previously identified, the GIS platform delivery approach has been re-planned, with implementation of the new platform now expected by May 2027. A jointly developed and integrated GSS/Watercare GIS plan is now in place, providing stronger programme-level governance and improved visibility across Watercare's delivery activities. Joint workshops involving GSS, Watercare, and key vendors have strengthened alignment, created a shared understanding of delivery dependencies, and enabled lessons learned to be reused across workstreams. This integrated approach will improve coordination, increase transparency of progress and risks, and support more disciplined programme delivery through to implementation.

### 3.6: Customers/community/developers

#### Customers

Customer service continues to track well even during peak summer season with prompt issue resolution and proactive communication being received well.

## Community

Between January and March 2026, Watercare focused its community engagement on long-term strategic planning, targeted engagement around major wastewater projects and overflow impacts, and ongoing recovery communication – prioritising transparency, local impact mitigation, and maintaining trust with affected communities.

## Developers

We're strengthening our developer experience by learning from leading utilities, running internal discovery and co-design workshops, conducting one-on-one interviews, improving invoice clarity, and exploring automation and digital tools to streamline processes.

Our recent developer satisfaction survey results highlighted that we had more work to do to improve the developer experience. We have therefore launched our Growth and Development Improvement Programme, which has now moved into delivery to improve transparency, consistency and predictability for developers. The Programme will also strengthen internal processes and ways of working.

We have continued to engage proactively with developers, including representation at the Property Council Residential Development Summit and at the Mayor's Office Developer Forum, both of which were well received.

Internal teams have been working on the next water and wastewater network capacity map updates for a June 2026 release.

Developers are currently surveyed regularly following any application for Property Connection or Works Over, measured through Customer Net Satisfaction(CNS). Q3 satisfaction increased to 30 points, a further +10-point improvement compared with Q2. Works Over customer net satisfaction score remains steady at +16. This uplift was driven by stronger communication, increased resourcing, and faster response times.

While targeting approval of 90% of specialist consenting requests within 10 working days, performance has dipped due to complex applications requiring alternative assessments or code dispensations. Resourcing will be temporarily reallocated to manage volume and stabilise delivery. We anticipate improvements in this area over the Q4 period.

### 3.7: Elected members/engagement summary

*The elected member relationship team regularly engages with over 200 elected members (21 councillors including the mayor, 151 local board members, 28 Auckland-based MPs) and ~300 associated staff.*

#### **Quarterly engagement highlights**

- Led a city-wide workshop with Local Board members to seek early feedback and help shape the development of Watercare’s Significance and Engagement Policy.
- Organised and facilitated a range of in-person visits for elected members, including a visit to Watercare HQ for the Waitemata Local Board, a dawn blessing at the May Road Booster Pump Station attended by councillors and Local Board members, and a guided tour of the Māngere Wastewater Treatment Plant for Howick and Māngere–Ōtāhuhu Local Board members, the Manukau Ward Councillor, and MP Jenny Salesa.
- Provided significant, timely updates to all elected members on the biosolids programme, boil water notices, and preparations for Cyclone Vaianu.



*Deputy Mayor Desley Simpson visited Myers Park where we are installing smart sensors into the wastewater network, which give us daily insights into what is happening in the pipes below ground so we can better predict and prevent blockages.*

### 3.8: Climate Change and sustainability (including update on decarbonisation roadmap)

#### **Decarbonisation roadmap & Transition Planning**

We continue to develop our Scope 1 & Scope 2 Decarbonisation Roadmap with a focus on the technology-related opportunities for long-term biosolids solutions, wastewater process emissions and energy efficiency.

## Ongoing Initiatives

- Our project team are reviewing technology options which can deliver measurable Scope 1 and Scope 2 emissions reductions alongside the active N<sub>2</sub>O reduction initiatives. These options will inform an updated roadmap, and revisions to current targets and are expected to be incorporated into our future programmes of work.
- We have compiled a draft preliminary Scope 3 emissions inventory and following validation, we expect to reinvigorate a focus on infrastructure carbon emissions reduction.
- These components, alongside climate risk and resilience planning, will anchor our Transition Plan and full-scope Decarbonisation Roadmap toward achieving revised climate targets.

### 3.9: Māori outcomes (including refresh of Achieving Māori Outcomes Plan and reporting against KPIs in the AMO plan)

The Tāmaki Ora – Achieving Māori Outcomes Plan has been approved by our Board and is now moving into internal launch and system-wide alignment, including Auckland Council and CCO partners. This plan details how we'll deepen our connections and partnership with iwi, while continuing to honour our relationship and legal commitments to mana whenua. We're prioritising four focus areas – supporting marae, the environment, Māori business and economy, and lifting cultural capability – where we'll create measurable outcomes across the organisation.

Our focus is on tikanga-led engagement, community presence, and governance-level kōrero to encourage consistency, trust, transparency, and credibility across the organisation.



Engagement with Mana Whenua on biosolids