# Quarterly performance report

For the quarter ended 30 June 2025

Watercare

# Contents

**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.**

# Operating context

**Watercare is New Zealand's largest water utility, delivering essential water and wastewater services to 1.7 million Aucklanders every day. Our purpose is grounded in a Māori whakataukī that reflects our deep commitment to the wellbeing of our communities and the environment we serve:**

| | |
|---|---|
| **Purpose** | **Ki te ora te wai, ka ora te whenua, ka ora te tangata.**<br>*When the water is healthy, the land and the people are healthy.* |

We manage an extensive network of 20,013[1] kilometres of water and wastewater pipes, supported by 100 water reservoirs, 19 water treatment plants, 18 wastewater treatment plants, and more than 665 pump stations. This infrastructure enables the daily delivery of 440 million litres of safe drinking water and the treatment of 439 million litres of wastewater, ensuring public health and environmental protection across the region.

Over the next decade, we will invest $13.8 billion in more than 1,000 infrastructure projects to increase capacity, enhance resilience, and support Auckland's projected 13% population growth. Key projects include major upgrades to the Māngere and Rosedale wastewater treatment plants, the Central Interceptor tunnel, and the replacement of critical watermains such North Harbour 2.

Our services extend beyond metropolitan Auckland to Papakura, Tūākau and Pōkeno through strategic partnerships. We are also contracted to provide water, wastewater and stormwater services for Waikato District Council until June 2028. We have 492,000 connections across Auckland: 93% are residential, with the remainder serving vital sectors such as healthcare, education, and manufacturing. We play a central role in supporting Auckland's economy, which contributes 38% of New Zealand's GDP.

Guided by a comprehensive performance framework, including our Statement of Intent and the Watercare Charter, we are committed to delivering safe, reliable, and affordable services 24/7. Our work is shaped by a strong understanding of customer needs, meaningful engagement with mana whenua, and a continuous drive for improvement, ensuring we serve Aucklanders with integrity, care, and purpose.

[1] This includes water service leads previously not reported by Watercare

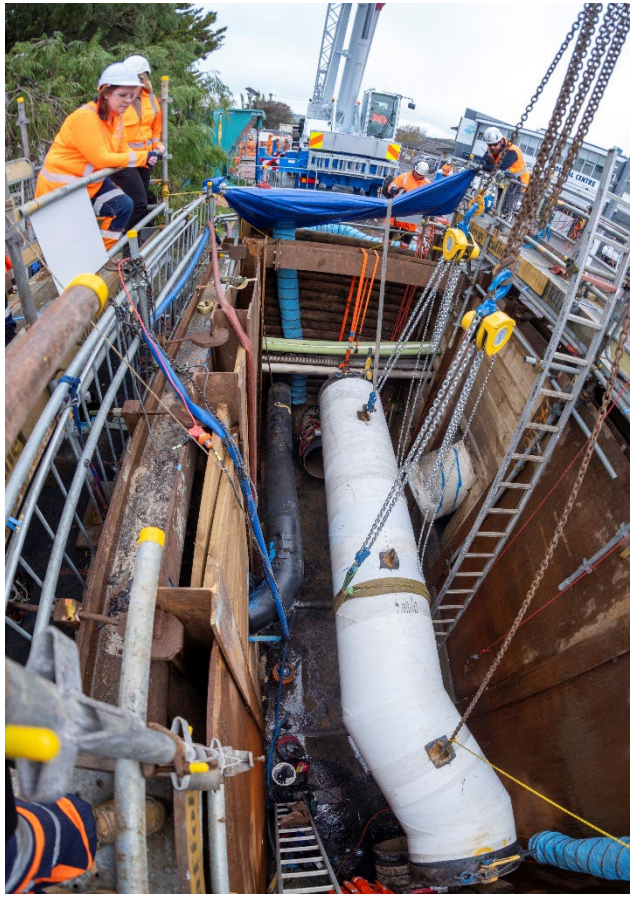
# Executive summary

**The final quarter of FY25 was significant as Watercare prepared for financial independence on 1 July 2025. We received an investor-grade Aa3 credit rating from Moody's and successfully completed New Zealand's largest corporate debt capital raise – securing $3.4 billion of committed bank debt facilities – as we became financially separate from Auckland Council.**

This is our first quarterly report since the Watercare Charter took effect, and we look forward to working with the Crown monitor and Auckland Council to drive continuous improvement. We are pleased with our progress on the three improvement plans specified under the Charter on pricing, operational efficiency and capital delivery.

While Q3 saw less-than-normal rainfall in our catchments, Q4 saw the opposite. Our water storage dams replenished over the period, enabling the drought incident team to stand down and the 'Easy does it' water efficiency campaign to conclude. By the end of June, our water storage was at 98% (about 17% higher than the same time last year) and since then has hit 100%. We are expecting winter rainfall to be about normal. Some of the initiatives kickstarted by the drought incident team will continue, where it makes sense to do so. For example, we are investigating the use of treated wastewater from our Rosedale Wastewater Treatment Plant for flushing the wastewater network, instead of using drinking water for such tasks.

Key water and wastewater projects were advanced in Q4. We achieved major milestones for FY25 across several projects including the Ōrākei Main Sewer, Queen Street Diversion, Rosedale Northern Interceptor Integration, Warkworth to Snells Transfer Pipeline, Central Interceptor (southern section), Onehunga Water Treatment Plant polyfluoroalkyl substances (PFAS) & Second Barrier and Kāinga Ora – Wesley Stage 2 Watermain and Bulk Supply Point.



One of the final pieces of the $115 million Huia 1 watermain slots into place. It runs for 15.5km from Titirangi to Epsom, serving communities along the way.

The Kāinga Ora – Waikowhai Pump Station and Watermain was expected to be completed during the quarter. While the completion milestone for this project was not met; construction and cold commissioning was completed before the end of June and the final cutover is scheduled for September 2025.

While we made firm progress in many areas, as outlined above, we ultimately underspent our annual capital budget. We delivered $1.002b of capital works, which was 83% of budget. Common challenges were changes in scope to deliver better outcomes, refinement of design and construction methodology, delays in commissioning due to drought conditions and needing to maintain resilience of water supply. The $115m Huia 1 pipeline which runs for 15.5km from Titirangi to Epsom was delivered well under budget.

## Issues and risks

- Wastewater overflows into the Mahurangi River have severely impacted the ability of oyster farmers to harvest due to norovirus contamination. We are engaging directly with affected parties and implementing measures to reduce environmental risk.
- We have made it easier for developers to access information on the capacity of our networks, with maps displaying areas at or nearing capacity. However, ongoing internal focus and external education is needed regarding unlocking and supporting growth in a sequenced and affordable manner.

## Our priorities

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

1. Delivering safe and reliable services
2. Renewing, building and maintaining infrastructure
3. Efficient service and infrastructure delivery
4. Strengthening relationships
5. Improving organisational performance
6. Embedding a sustainable financial model.

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

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

Overall, Watercare continues to deliver safe, reliable, and responsive water and wastewater services across the region.

For the quarter, Watercare achieved full compliance with all Taumata Arowai drinking water quality assurance rules except for a small number of residual disinfection samples (five) in Wellsford/Te Hana zone which were below the minimum chlorine threshold. These results were anticipated and did not compromise drinking water safety.

Operational performance remained strong, with response times for both urgent and non-urgent water callouts well within target, and a low customer complaint rate for water of 7.9 per 1,000 connections, reflecting continued focus on service quality. For wastewater, there were no regulatory enforcement actions issued, all performance targets were met except attendance time at wastewater overflows being slightly over the target response time, supporting strong environmental performance.

Average gross water consumption per person per day was 257 litres which is below last year's restated result of 264 litres per person per day and is within the 2.5% allowance for our target of 253. This reflects an overall improvement in water efficiency and demand from our commercial customers.

Targets not met are:

- Compliance with Taumata Arowai Quality Assurance Rules D3: Residual disinfection (chlorine) water quality – Residual disinfection compliance was not fully achieved due to some samples having FAC ≤ 0.1 mg/L chlorine or in some zones less than 85% of the samples were ≥ 0.2 mg/L. Some of the 40 distribution zones were at times not compliant with this measure each month for the period 1 July 2024 to 30 June 2025. 97% is the average monthly performance of all distribution zones.

Lower Nihotupu Dam in the Waitākere Ranges.

- Leakage performance: Leakage was at 119.2 litres per connection per day (l/c/d) compared with a target of 98.2 l/c/d which represents the Economic Level of Leakage (ELL). 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. The objective is to maintain an ELL at or near the target level over time. The ELL is therefore a useful management tool, rather than a target as such. Leakage is calculated by deducting the volume of water sold and unbilled water usage (non-revenue water) from the total volume of water produced. The programme to reduce non-revenue water is ongoing, and leak reduction effort continue within the existing operating expenditure budget to bring results towards the target.

- Median response time to wastewater overflows: The median response time for our maintenance crews to attend to wastewater overflows or blockages was 77 minutes, which is slightly above the target of 75 minutes or less. Auckland traffic and large-scale weather events pushed the result slightly beyond the target this year. While we did not meet the overall target, our median response time to priority one, or urgent service requests, was 47 minutes (internal target: 60 minutes) and for non-urgent requests it was 95 minutes (internal target: four hours).

- Adherence to all DIA's non-financial service performance measures: Not met due to reasons given above.

| Number | Source | Performance measure | Target | Quarter 4 result (green = met; red= not met) |
|---|---|---|---|---|
| **Measures reported in accordance with Charter Section 29 are as follows:** | | | | |
| **1** | 7(1)(a) | 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 (rolling 12 month median) [5] | ≤5 hours | **3.1 hours** |
| **2** | 7(1)(b) | Monthly median resolution time for **resolving non-urgent water** 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) [5] | ≤6 days | **0.98 days** |
| **3** | 8 | Number of **unplanned water supply interruptions** within Watercare's networked reticulation system expressed per 1000 water supply connections (rolling 12 month) [5] | <10 | **6.9** |

| Number | Source | Performance measure | Target | Quarter 4 result (green = met; red= not met) |
|---|---|---|---|---|
| **4** | 9 | The number of **wastewater** overflows, expressed per 1000 wastewater connections (rolling 12 month) [5] | ≤5 | **0.6** |
| **5** | 10 | 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 (rolling 12 month median) [5] | ≤5 hours | **3.1 hours** |
| **6** | 11 | **Volume of real water loss** from Watercare's supply network (litres per water supply connection per day)(rolling 12 month average) [5] The reported figure relates to February data. In accordance with Clause 29 (4)(b), the 30 June (or quarter four) value will be formally reported on 30 November 2025. | ≤140 l/c/d | **119.2 l/c/d** |
| **Measures reported in accordance with Charter Section 28 are as follows:** | | | | |
| **7** | TA[3] | Compliance with Taumata Arowai Quality Assurance Rules T3 – Chemical water quality. The extent to which the local authority's drinking water supply complies with Drinking Water Quality Assurance Rules T3. (rolling 12 month) | 100% | **100%** |
| **8** | TA | Compliance with Taumata Arowai Quality Assurance Rules T3 – Cyanotoxins water quality. The extent to which the local authority's drinking water supply complies with Drinking Water Quality Assurance Rules T3. (rolling 12 month) | 100% | **100%** |
| **9** | TA | Compliance with Taumata Arowai Quality Assurance Rules D3 – Residual disinfection (chlorine) water quality. The extent to which the local authority's drinking water supply complies with Drinking Water Quality Assurance Rules D3. (rolling 12 month) | 100% | **97%** |
| **10** | TA | Compliance with Taumata Arowai Quality Assurance Rules D3 – Disinfection by-products water quality. The extent to which the local authority's drinking water supply complies with Drinking Water Quality Assurance Rules D3. (rolling 12 month) | 100% | **100%** |
| **11** | TA | Compliance with Taumata Arowai Quality Assurance Rules D3 – Plumbosolvent metals water quality. The extent to which the local authority's drinking water supply complies with Drinking Water Quality Assurance Rules D3. (rolling 12 month) | 100% | **100%** |
| **12** | TA & DIA[3] | Compliance with Taumata Arowai Quality Assurance Rules T3 – Bacterial water quality. The extent to which the local authority's drinking water supply complies with Drinking Water Quality Assurance Rules T3. (rolling 12 month) | 100% | **100%** |

| Number | Source | Performance measure | Target | Quarter 4 result (green = met; red= not met) |
|---|---|---|---|---|
| **13** | TA & DIA | Compliance with Taumata Arowai Quality Assurance Rules T3 – Protozoal water quality. The extent to which the local authority's drinking water supply complies with Drinking Water Quality Assurance Rules T3. (rolling 12 month) | 100% | **100%** |
| **14** | TA & DIA | Compliance with Taumata Arowai Quality Assurance Rules D3 – Microbiological water quality. The extent to which the local authority's drinking water supply complies with Drinking Water Quality Assurance Rules D3. (rolling 12 month) | 100% | **100%** |
| **15** | DIA | The total number of complaints received by the local authority about any of the following:<br>a) drinking water clarity<br>b) drinking water taste<br>c) drinking water odour<br>d) drinking water pressure or flow<br>e) continuity of supply<br>f) the local authority's response to any of these issues<br>expressed per 1000 connections to the local authority's networked reticulation system (rolling 12 month) | ≤ 10 | **7.9** |
| **16** | DIA | Median response time for attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site (minutes) (Water, rolling 12 month median) | ≤ 60 mins | **40 mins** |
| **17** | DIA | Median response time for resolution of urgent calls-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption (hours) (Water, rolling 12 month median) [4] | ≤ 5 hours | **3.1 hours** |
| **18** | DIA | Median response time for attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site (days) (Water, rolling 12 month median) | ≤ 5 days | **0.78 days** |
| **19** | DIA | Median response time for resolution of non-urgent 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) (Water, rolling 12 month median) [4] | ≤ 6 days | **0.98 days** |
| **20[1]** | SOI | Leakage performance - litres/connection/day (l/c/d). The target being the economic level of leakage (rolling 12 month average) [4] | 98.2 l/c/d | **119.2 l/c/d** |

| Number | Source | Performance measure | Target | Quarter 4 result (green = met; red= not met) |
|---|---|---|---|---|
| **21** | DIA | The percentage of real water loss from the local authority's networked reticulation system (rolling 12 month average) | ≤13% | **12.8%** |
| **22** | SOI | The average consumption of drinking water per day per resident within the territorial authority district (litres plus/minus 2.5%) (rolling 12 month average)<br>Note: Calculation is based on bulk supply divided by connected population, which includes residential and commercial (Gross per capita consumption) [2] | 253 litres<br>(+/- 2.5%) | **257 litres**<br>(within 2.5%) |
| **23** | DIA | Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of:<br>a) abatement notices<br>b) infringement notices<br>c) enforcement orders<br>d) convictions<br>received by the territorial authority in relation to those resource consents (rolling 12 month) | <br><br>≤2<br>≤2<br>≤2<br>0 | <br><br>**0**<br>**0**<br>**0**<br>**0** |
| **24** | DIA | The total number of complaints received by the territorial authority about any of the following:<br>a) sewerage odour<br>b) sewerage system faults<br>c) sewerage system blockages<br>d) the territorial authority's response to issues with its sewerage system<br>expressed per 1000 connections to the territorial authority's sewerage system (rolling 12 month) | ≤ 50 | **16** |
| **25** | DIA | Attendance at sewerage overflows resulting from blockages or other faults: median response time for attendance - from the time that the territorial authority receives notification to the time that service personnel reach the site (Wastewater, rolling 12-month median) [6] | ≤ 75 min | **77 min**<br>**P1: 47 min**<br>**P2: 95 min** |
| **26** | DIA | 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 (Wastewater, rolling 12-month median) [4] | ≤ 5 hours | **3.1 hours** |
| **27** | 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) [4] | ≤ 5 | **0.6** |

| Number | Source | Performance measure | Target | Quarter 4 result (green = met; red= not met) |
|---|---|---|---|---|
| **28** | NDC[3] | Average number of wet weather overflows per engineered overflow point per discharge location (rolling 12 month average) | ≤ 2 overflows per year | **0.2** |
| **29[1]** | SOI | Adherence to all of DIA's non-financial service performance measures | 100% | **Not met** |

[1]From 1 July 2025, this measure is not included in the Statement of Intent (SOI).
[2]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.
[3] DIA means Department of Internal Affairs and TA means Taumata Arowai, the Water Services Authority, NDC means Network Discharge Consent.
[4]From 1 July 2025, this measure will be supplemented by a Charter measure.
[5]Appendix 1 sets out the methodology and assumptions used to measure our performance in relation to each of the above six Charter standards as required by Clause 29(2)(b).
[6] 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). In Q4, both P1 and P2 internal targets were met but just missed the overall median target of 75 minutes or less.

# 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.**

In Q4, Watercare made substantial progress in infrastructure delivery. The organisation successfully completed the 15.5km-long Huia 1 Watermain, replacing an ageing transmission pipeline and improving the security of water supply for central and western suburbs. To support growth in Pukekohe and Buckland, two new bulk supply points were installed on Pukekohe East Road, increasing the capacity of the water network. Watercare also completed the first stage of critical watermain repairs under the Auckland Harbour Bridge, renewing sections of the North Shore Pipelines 1 and 2, with stage two scheduled to commence in mid-August 2025. In Wellsford, the upgrade of the wastewater treatment plant progressed well, introducing advanced treatment processes to meet stricter resource consent requirements and accommodate population growth in Wellsford and Te Hana. Additionally, Watercare presented its preferred long-term solution for wastewater servicing in the southwest, which involves expanding and upgrading the existing treatment plants at Clarks Beach and Waiuku.

During the period, Watercare made submissions on Private Plan Changes (PPCs) and Fast Track Act applications (FTAs) with sequencing risks. Watercare works in alignment with Auckland Council's Future Development Strategy (FDS), however where there is development ahead of the FDS timeline, Watercare works with developers to understand the options to enable responsible growth to occur. For example, in Pukekohe. Watercare has completed a $2 million upgrade to the Pukekohe and Buckland water network, including two new bulk supply points to support growth. Once operational, the infrastructure will enable water supply to around 1,500 new homes, with capacity for future development. Watercare is developing an infrastructure delivery and asset management improvement plan which will prioritise areas where Watercare can move towards good practice asset management and delivery. This plan will be submitted to the Crown monitor by 31 August 2025.

Two bulk supply points were installed in Pukekohe to support growth in the area.

Targets not met are:

- Deliver capital programme in line with asset management plan baseline approved by the board: 14 of the 19 projects forecasted to complete in 2025 have been commissioned, and the benefits delivered. All 14 of these were delivered within budget. Three of these 14 projects experienced delays due to minor commissioning issues and additional scope ensuring that benefits were delivered. Five projects are still to be delivered. These have been delayed for a number of reasons including additional scope to deliver better outcomes, refinement of design and construction methodology, delays in commissioning due to drought conditions and needing to maintain resilience of water supply. Of these five projects, three are progressing well and are expected to be completed before the end of November 2025, while the scope of the remaining two is to be further refined and potentially merged as one project to ensure an effective / efficient outcome at our Rosedale wastewater treatment plant.

- Planned network pipe renewal: There was strong delivery related to existing renewal projects. The new planned pipeline renewal programme had a series of initial operational constraints that meant the target was not quite achieved.

| Number | Source | Performance measure | Target | Quarter 4 result (green = met; red= not met) |
|---|---|---|---|---|
| **30**[1] | SOI | Planned and renewal spend (water and wastewater): reactive maintenance spend depicted as both a percentage split, and a ratio (rolling 12 month) | 75% (Planned): 25% (Reactive) >3 | **Met** |
| **31**[1] | SOI | Planned network pipe renewal (water): Measure – Actual kilometres delivered /planned kilometres (rolling 12 month) | 26km (+/- 5%) of network planned for year ending 30 June 2025 | **23km** |
| **32**[1] | SOI | Deliver capital programme in line with the asset management plan baseline approved by the Board (rolling 12 month) | 80% of projects delivered within approved budget and 80% of projects within the approved time | **78% on budget**<br>**58% on time** |
| **33**[2] | SOI | 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% | **94%** |

[1]From 1 July 2025, these measures are not included in the Statement of Intent (SOI). These measures will be replaced by status updates on our Operating and Capital Expenditure Quarterly Reports. [2]From 1 July 2025, this measure is not included in the Statement of Intent (SOI).

# 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 met its FY25 controllable cost target of $441 million, which included a 4% annual efficiency requirement. This achievement reflects a strong focus on operating cost control and efficient delivery of services.  From FY26, this measure will be replaced by more detailed financial reporting aligned with the operating and capital expenditure plan, submitted to the Crown monitor.

Watercare is preparing an operating cost efficiency improvement plan, in line with our Charter requirements, this will inform efficiency initiatives going forward.

| Number | Source | Performance measure | Target | Quarter 4 result (green = met; red= not met) |
|---|---|---|---|---|
| **34**[1] | SOI | Controllable Cost target (including 4% efficiency target per year, for 10 years, from FY23-FY32) | $441.0m | **$440.8m** |

[1]From 1 July 2025, this measure is not included in the Statement of Intent (SOI). This measure will be replaced by status updates on our Operating Cost Efficiency Improvement Plan.

Work is underway to upgrade the wastewater network in Beachlands and Maraetai.

# Priority 4: Strengthening relationships

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

Watercare continues to improve customer engagement and service responsiveness. The Customer Net Satisfaction Score reached 55, exceeding the SOI target, and 99% of customer complaints were resolved within 10 days. While the community trust score remains slightly below target, it recovered in the second half of the year.

In Q4, we have been strengthening our approach to engaging Aucklanders in long-term planning and decision-making for water services. This has included proactive and innovative public engagement on the Metropolitan Servicing Strategy. Aucklanders have shown a willingness to invest now if it leads to better long-term outcomes.

Watercare shared an updated, more user-friendly network capacity map with developers. It highlights areas with sufficient infrastructure for new housing and those with limitations, including zones under close watch. The goal is to provide clearer, earlier guidance to support informed investment decisions. Expanding water and wastewater services remains a challenge, but Watercare is committed to proactive engagement and transparent processes. We're developing targeted workstreams to improve developer engagement and experience. There are three key aspects to our approach: Planning for Growth, Building for Growth and Managing and Supporting Development & Growth.

Targets not met are:

- Community trust score: Trust is a measure based on a representative sample of 400 Aucklanders a month who score seven or higher out of 10 to the question: *Thinking about everything you know about the company, how much do you trust Watercare?* Hence it is perception based and can be influenced by internal factors, which we can control, and external factors, which we cannot.

Staff and contractors gather with representatives from Ngāti Whātua for a dawn blessing and cultural induction for the Herne Bay collector project.

Also relevant is the fact that approximately 40% of Auckland is tenanted and therefore will not always have a direct relationship with Watercare and as a result have low awareness of us. Watercare's Trust suffered a drop in the first two quarters of FY25 due to a number of factors including unfavourable media headlines around historical under investment, service issues, and a potential steep price rise (signalled but not eventuated). A closer focus on the drivers of trust has seen an improvement from 50% in the first half of the FY25 to 54% in the second half. This was supported by clearer communication on infrastructure progress, incident response, and the launch of our 10-year business plan to demonstrate investment. Despite these gains, trust remains sensitive to perceptions about under-investment in infrastructure, capacity constraints, and price increases.

| Number | Source | Performance measure focus | Target | Quarter 4 result (green = met; red= not met) |
|---|---|---|---|---|
| **35** | SOI | Community Trust Score (rolling 12 month average) | ≥55% | **52%** |
| **36** | SOI | Customer Net Satisfaction Score (rolling 12 month average) | ≥45 | **55** |
| **37** | SOI | Percentage of customer complaints resolved within ten days of notification (rolling 12 month) | ≥95% | **99.1%** |

# Priority 5: Improving organisational performance

**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.**

Health, safety, and wellbeing remain a core focus and Watercare exceeded its Q4 safety audit targets. Strong staff participation in the health and safety survey, scoring an 8.2/10 climate score, highlights a positive, proactive safety culture grounded in learning and leadership.

Progress on Māori outcomes includes strategic engagement across multiple iwi and advancement of the Mana Whenua Engagement Framework and Tāmaki Ora Plan. Monthly hui, cultural training for leaders, and advisory input into key infrastructure projects reflect Watercare's commitment to partnership and embed te ao Māori perspectives across operations. The refreshed and updated Māori Outcomes Plan is on track for completion and aligns with Council priorities.

Climate and sustainability efforts advanced through improved emissions measurement and a new calculator tool. FY25 scope 1 (direct) and 2 (indirect) emissions were below target, despite upward revisions for our wastewater emissions estimates for nitrous oxide emissions and inclusion of methane from wastewater treatment. Our positive result was from lower electricity emissions thanks to 77% of the energy being sourced from Ecotricity, a carbon-positive supplier.

With the Central Interceptor tunnel in place, a 15m extension is being manually dug to connect to the Herne Bay collector sewer.

Targets not met are:

- Ratio of procurement sourced through Māori owned businesses: Watercare's procurement strategy is designed to ensure that processes and policies are inclusive and supportive of Māori businesses and communities. Our ratio of procurement sourced through Māori owned businesses for FY25 was 3.23%. While we did not meet the 5% target for procurement through Māori-owned businesses, total Māori-owned supplier spend for FY25 was $38.6m compared to $30.6m in FY24 and $22.8m in FY23. This is a 26% increase on FY24 and a 41% increase on FY23. Capacity of Māori suppliers, the size and complexity of work required, and the nature of large infrastructure projects are an ongoing constraint to achieving this target. We have 135 active Māori-owned suppliers compared to115 in FY24 and 83 in FY23; Māori-owned suppliers make up 5.82% of our total active suppliers. We also encourage our contractors to work with Ngā Kakau Paraha, a network of 16 Māori-owned suppliers, which we set up to work directly with us or act as subcontractors to our construction partners.

| Number | Source | Performance measure focus | Target | Quarter 4 result (green = met; red= not met) |
|---|---|---|---|---|
| **38**[1] | SOI | Health and 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) (rolling 12 month) | Monthly: One per site (36) | **The target was met for 11 of 12 months** |
| **39** | SOI | Ratio of procurement sourced through Māori owned businesses (rolling 12 month) | 5% | **3.23%** |
| **40** | SOI | We will implement Mitigation measures in line with our emissions reduction targets (scope 1 and 2)<br>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 (rolling 12 month) | <89,900 tonnes CO2e (excluding emissions from Te Motu a Hiaroa (Puketutu Island))<br><139,170 tonnes CO2e (including emissions from Puketutu Island) | **80,000 tonnes CO2e (excluding emissions from Puketutu Island)**<br>**106,000 tonnes CO2e (including emissions from Puketutu Island)** |

[1]From 1 July 2025, this measure is not included in the Statement of Intent (SOI).

# 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.**

Watercare successfully achieved financial separation from Auckland Council on 1 July 2025, supported by a competitive bank debt capital raising process and a strong investment grade Aa3 credit rating from Moody's. This enabled Watercare to secure favourable bank commitments, resulting in projected interest savings of $21 million over the next two years. The process also benefited from strong collaboration with Auckland Council and advisors.

Watercare has a formal Treasury Services agreement with Auckland Council which is operational and proving effective. A successful first Commercial Paper issuance has been made, resulting in reduced interest costs.

To support regulatory obligations under the Charter, Watercare has embedded financial performance monitoring into its weekly executive processes, with defined materiality thresholds for continuous disclosure. No material issues have been identified.

The FY26 pricing has been set to align with the Maximum Allowable Revenue (MAR), with no structural changes to pricing in this transitional period to ensure stability and simplicity.

Operating and capital expenditure reporting will be provided in the Operating and Capital Expenditure Quarterly Report on 30 September 2025, as required by the Charter.

Work continues on improving our insurance structures, with work in FY26 focused on closing out the 2023 flood claim, analysing the claim detail to enhance replacement and repair cost information, probabilistic modelling to better inform risk appetite and tolerance and to enable a feasibility study into establishing an insurance captive.

Exploration of alternative forms of funding is underway, in particular, exploring the use of the Infrastructure Funding and Financing Act (IFF) to enhance balance sheet capacity and support growth.

| Number | Source | Performance measure focus | Target | Quarter 4 result (green = met; red= not met) |
|---|---|---|---|---|
| **41** | SOI | Percentage of household expenditure on water supply services relative to the average household income (rolling 12 months) | < 1.5% | **0.89%** |
| **42**[1] | SOI | Debt to revenue ratio | ≤4.00 | **3.71** |
| **43** | Charter[2] | Credit rating | Maintain | **Maintained** |

[1]From 1 July 2025, this measure is not included in the Statement of Intent (SOI).
[2]We are reporting on Credit rating as per Clause 30.

# Appendix 1: Methodology and assumptions used to measure our performance for Charter measures in relation to each of the following standards as required by Clause 29(2)(b)

**For reporting in the first quarterly report only**

| Clause | Description | Charter target | Methodology | Assumptions |
|---|---|---|---|---|
| **7(1)(a)** | 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 (rolling 12-month median) | ≤5 hours | Calculated by taking the median time resolution time of urgent water supply callouts over the 12-month period. | An *urgent water supply call-out* is defined as a Priority 1 service request relating to a leak, disruption, or other fault that results in customers being without water or there is risk to people or property and/or the leak appears large.<br><br>*Resolution time* is calculated as the difference between the start time (when the call is received) and the resolution time. A call-out is considered *resolved* when Watercare receives notification from the responding personnel that the water supply has been permanently restored. |
| **7(1)(b)** | Median resolution time for resolving **non-urgent water** 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) | ≤6 days | Calculated by taking the median time resolution time of non-urgent water supply call-outs over the 12-month period. | A non-urgent water supply call-out is defined as any service request relating to a leak, disruption, or other fault that is not a Priority 1 service request.<br><br>Resolution time is calculated as the difference between the start time (when the call is received) and the resolution time. A call-out is considered resolved when Watercare receives notification from the responding personnel that the water supply has been permanently restored. |

| Clause | Description | Charter target | Methodology | Assumptions |
|---|---|---|---|---|
| **8** | Number of unplanned **water** supply interruptions within Watercare's networked reticulation system expressed per 1000 water supply connections (rolling 12-month average) | <10 | Calculated by taking the number of unplanned<br>interruptions over the 12-month period, divided by number of water supply connections at the end of the period and multiplied by 1,000 to express per 1,000 connections.<br>**The number of water supply connections is** calculated by a combination of unique account key linked to unique address key. | Unplanned water interruptions is a service request classified as Priority 1 or all other service requests with a fault type code of FWNW, which means No Water. |
| **9** | The number of **wastewater** overflows, expressed per 1000 wastewater connections (rolling 12-month average) | ≤5 | Calculated by taking the number of dry weather overflows over the 12-month period, divided by the number of wastewater connections at the end of the period and multiplied by 1,000 to express per 1,000 connections.<br>**The number of wastewater connections is calculated by a** combination of unique account key linked to unique address key. | Dry weather overflow is an overflow from any part of the wastewater network that enters a waterway (directly or indirectly though the stormwater network), which occurs when less than 10mm of rainfall fell during the preceding 24 hours. |
| **10** | 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 (rolling 12-month median) | ≤5 hours | Calculated by taking the median resolution time of wastewater overflows over the 12-month period. | Wastewater overflow is a service request with a fault type code of FDOF, which means overflow.<br>Resolution time is calculated as the difference between the start time (when the call is received) and the resolution time. A call-out is considered resolved when Watercare receives notification from the responding personnel that the water supply has been permanently restored. |
| **11** | Volume of real water loss from Watercare's supply network (litres per water supply connection per day) (rolling 12-month average) | ≤140 | Real Water Loss is calculated as the difference between total water produced and the sum of water sales and accountable losses. Accountable losses include customer meter under-registration, unbilled authorised consumption, and unauthorised consumption. | Accountable water loss includes the following categories:<br>• Customer meter under registration: 5% of total retail sales<br>• Unbilled authorised consumption: 0.5% of system input volume |

| Clause | Description | Charter target | Methodology | Assumptions |
|---|---|---|---|---|
| | | | There is a four-month lag to allow for meter reading.<br><br>Water produced is measured using Bulk Supply Point (BSP) meters for metropolitan areas, with an additional 2% allowance for transmission leakage, and operational use. Rural volumes are directly metered at treatment plant outlets.<br>Water sales are based on bi-monthly meter readings, plus estimates for unread meters, and BSP data for bulk sales (e.g. Papakura, Waikato, Māngere WWTP).<br>Accountable losses are estimated using standard industry categories that cannot be directly measured.<br><br>The average number of connections is calculated as: (Connections at start of period + Connections at end of period)<br><br>The final formula is:<br>Real water loss per connection per day = (Water produced – Water sales – Accountable losses) ÷ Average connections ÷ Number of days in period | • Unauthorised consumption: 0.45% of system input volume<br>• Transmission system leakage: 2% of gross metro network BSP volumes |

# Appendix 2 – Changes to methodology or assumptions used to measure our performance targets and measures as required by Clause 28(2)(e)

| Performance measure | Summary of change | Impact | Result of measure under current methodology | Result of measure under previous methodology |
|---|---|---|---|---|
| The average consumption of drinking water per day per resident within the territorial authority district (litres plus/minus 2.5%) (rolling 12-month average) | FY25 results have been calculated using average population estimates derived from Stats NZ's year-end figures, adjusted for an estimate of the population connected to our metro and non-metro networks. Previously we:<br>• Measured our metro network only<br>• Estimated population based off an original 2018 population estimate, adjusted for growth | 11 L/p/d | 257 L/p/d | 246 L/p/d |

# Approvals

## *Management approvals*

Prepared and reviewed by the following Watercare executive team members:

**Angela Neeson – Chief Financial Officer**_ Neeson

Approved by:

**Jamie Sinclair – Chief Executive Officer**_____

## *Board approvals*

Approved by the board on 26 August 2025.

## *Statutory declaration*

**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, 28/8 2025

Before me:

_____ Barrister and Solicitor of the High Court of New Zealand, 28/8 2025

Matthew Stephen Hill
Solicitor
Auckland

# Shareholder Supplement - Auckland Council

For the quarter ended 30 June 2025

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. Capital programme delivery
4. Statement of intent priorities

# Section 1: Watercare Charter progress

The Watercare Charter came into effect on 1 April 2025. We have made strong progress, with the first three deliverables submitted on time:

- Price-Quality Path report – published on Watercare's public website by 30 June 2025
- Operating and Capital Expenditure Plan – submitted to the Crown monitor by 1 July 2025
- Draft Operating and Capital Expenditure Quarterly Reporting Template – submitted to the Crown monitor by 1 July 2025

A draft roadmap for the transition to permanent economic regulation has been developed. Three draft plans are due by December 2025 and will be completed with Council advice and consultation. Each plan has a 60-working-day review period.

| Plan | Due date | Progress update |
|---|---|---|
| Infrastructure Delivery and Asset Management Improvement Plan | Draft 31 Aug 2025 | • Independent expert engaged to assess maturity<br>• 60-working day review with verifier; Council feedback to inform final version |
| Infrastructure Growth Charge (IGC) Policy Review and Redesign | Draft 30 Sep 2025 | • Review underway with economic advisor to first determine, assess and align pricing principles for both IGC and water and wastewater charges, including policy direction for "growth to pay for growth"<br>• Consideration of the concurrent review of Council development levies, with Council feedback informing the final version.<br>• Will comply with Charter obligations while also moving to approach that will likely align with permanent economic regulation |
| Operating Cost Efficiency Improvement Plan | Draft 31 Dec 2025 | • Plan is to address organisational design, cost forecasting and lifecycle expenditure modelling<br>• Benchmarking with Australian utilities is underway through the Water Services Association of Australia<br>• Will work with Council to identify shared efficiency opportunities |

# Section 2: Financial performance

## Operating performance

| $ million | FY24 | FY25 Full year | | | FY25 |
|---|---|---|---|---|---|
| | Prior Year Actuals | Actual | Budget | Variance | Long Term plan/Annual plan |
| **Net direct expenditure** | **589** | **657** | **643** | **14** | **643** |
| **Direct revenue** | **1,025** | **1,098** | **1,084** | **14** | **1,084** |
| Fees and user charges | 683 | 732 | 764 | (32) | 764 |
| Other direct revenue | 342 | 366 | 320 | 46 | 320 |
| **Direct expenditure** | **436** | **441** | **441** | **(0)** | **441** |
| Employee benefits | 126 | 130 | 115 | (15) | 115 |
| Cost of goods and services | 4 | 3 | 3 | 0 | 3 |
| Repairs and maintenance | 96 | 92 | 82 | (10) | 82 |
| Other direct expenditure | 210 | 216 | 241 | 25 | 241 |
| **Other key operating lines** | | | | | |
| Vested assets | 86 | 92 | 66 | 26 | 66 |
| Capital grants, intercompany capital funding, and insurance recoveries | 46 | 31 | 59 | (28) | 59 |
| Depreciation and amortisation | 395 | 461 | 392 | (78) | 392 |
| Finance costs | 150 | 172 | 181 | 9 | 181 |
| Non-direct expenditure | - | 3 | 0 | (3) | - |

## Capital investment

| | | | | | |
|---|---|---|---|---|---|
| **Capital expenditure** | | 1,002 | 1,211 | (209) | 1,211 |

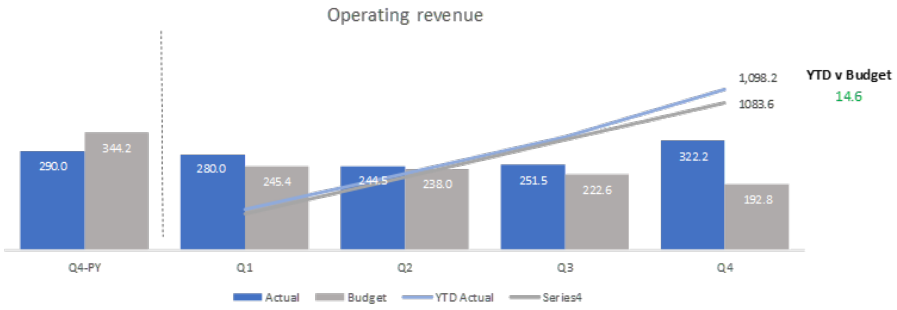
## Revenue and expenditure detail

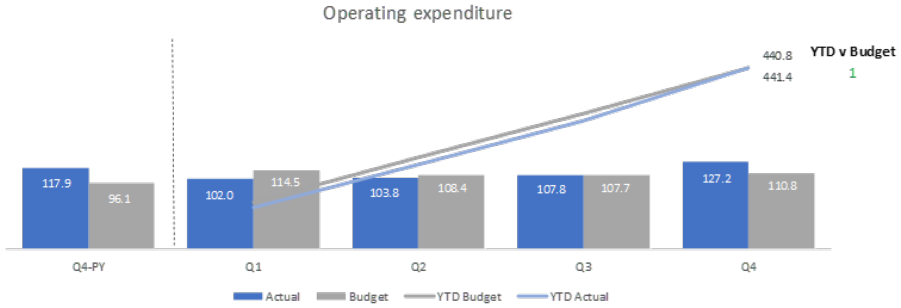
| $ million | Prior Year Actuals | FY25 Full year Actual | Budget | Variance |
|---|---|---|---|---|
| **Direct revenue** | **1,025** | **1,098** | **1,084** | **14** |
| **Fees & User Charges** | **683** | **732** | **764** | **(32)** |
| Water Revenue | 213 | 225 | 236 | (11) |
| Wastewater Revenue | 470 | 507 | 528 | (21) |
| **Other direct revenue** | **342** | **366** | **320** | **46** |
| Infrastructure Growth Charges | 198 | 218 | 195 | 23 |
| Other key revenue | 144 | 148 | 125 | 23 |
| **Capital grants, intercompany capital funding, and insurance recoveries** | **46** | **31** | **59** | **(28)** |
| Grants from KO | 31 | 28 | 16 | 12 |
| Intercompany capital funding | 15 | - | 20 | (20) |
| Insurance proceeds for storm recovery | - | 3 | 23 | (20) |
| **Direct expenditure** | | | | |
| **Employee benefits** | **126** | **130** | **115** | **(15)** |
| Salaries and wages | 146 | 153 | 145 | (8) |
| Contractors | 17 | 21 | 13 | (8) |
| Other staff costs | 11 | 15 | 11 | (4) |
| Labour recoveries | (48) | (59) | (54) | 5 |

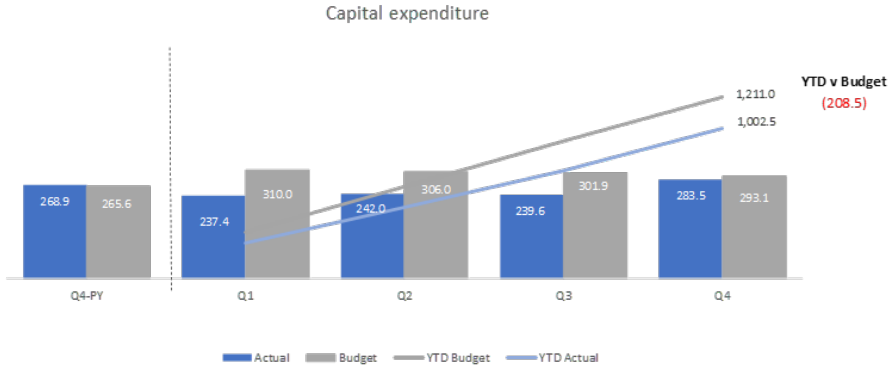
### Difference to statutory reporting

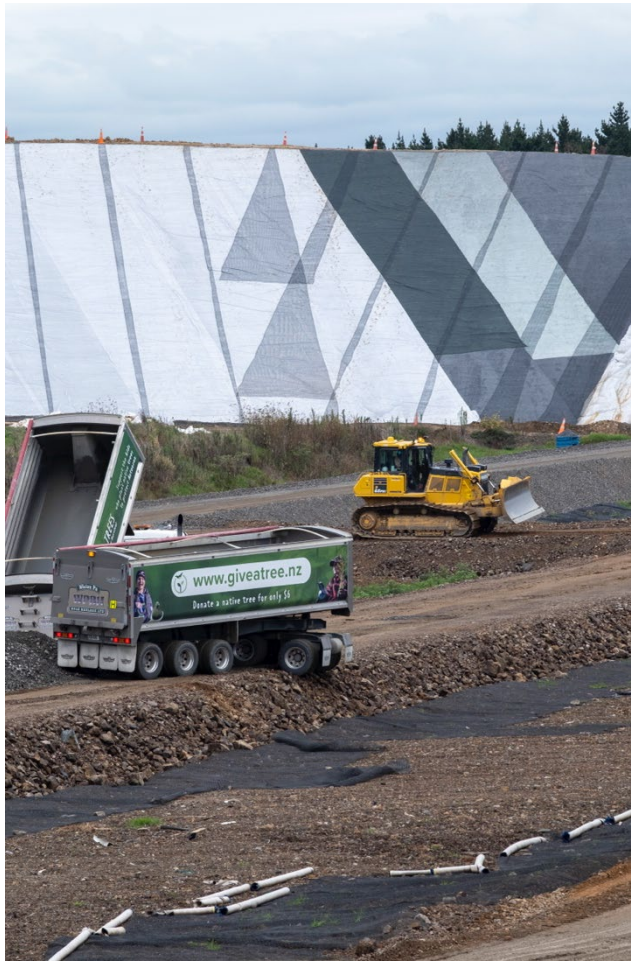
The financial results are aligned with the Council's annual plan and differ in presentation from Watercare's statutory reporting. Under this format, all receipts and costs associated with the Waikato District Council contract are reported as revenue and expenditure. In Watercare's annual report, this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

## Summary financial charts




Watercare marked 10 years of placing biosolids on Te Motu a Hiaroa (Puketutu Island) in May.

# Financial commentary

**Watercare's FY25 financial result was solid, with revenue slightly ahead of budget and operational expenditure on budget reflecting tight control.**

### Direct revenue

- Direct revenue was $14m above plan, but fees and user charges down $32m due to reduced demand from drought messaging and lower commercial consumption.
- Offsetting uplifts: $23m in IGC revenue (incl. $8.5m WDC wash-up), $12m subvention payment from Auckland Council, $4.7m development revenue, $1.2m R&D tax incentive.
- WDC contract revenue was $4.4m below plan.

### Direct expenditure

- On budget overall, with the following notable items:
- Employee benefits: +$2m leave provision from historical calculation error and overtime; $13m budget classification difference (see other direct expenditure (no overall effect)).
- Repairs & maintenance: Unfavourable $3.6m flood over-pumping, $2.2m third-party damage, weather-related faults.
- Other direct expenditure: Favourable $25m (including $13m reclassified), remaining $12m from lower spend in professional services overall with increased expenditure associated with financial independence and regulatory reform, other plant operating costs, engagement, telecommunication, donations and sponsorship. $5.7m higher chemical and energy costs from increased Waikato WTP flows, wet-weather pumping, Rosedale engine issues and imported gas for Māngere. Increased meter-reading.

### Capital programme

- Milestones met: Judges Bay Wastewater Upgrade complete, Wellsford Treatment Plant expansion progressing, flood recovery work near completion.
- Deferrals: Queen Street Diversion delays due to design, relining, traffic management and re-phasing.
- Renewals programme: There was strong delivery related to existing renewal projects. The new planned pipeline renewal programme had a series of initial operational constraints. Higher investment in smart network technologies and water network renewals.

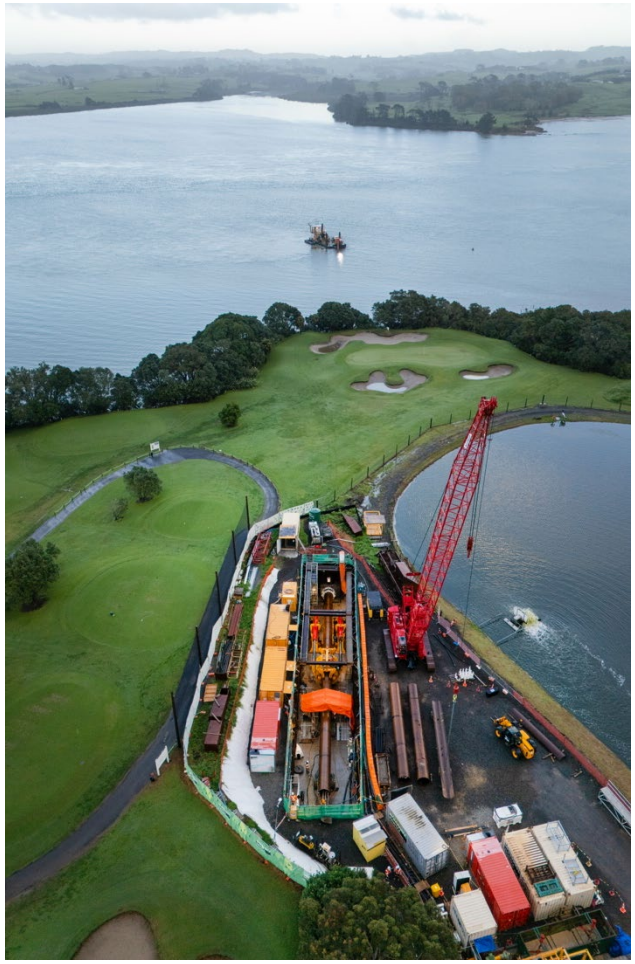
### Other key operating lines

- Capital subsidies: Below plan – $20m lower insurance recoveries, $20m difference for Pt Erin tunnel funding from Council with revenue recognition delayed pending full commission.  Offset by $12m higher shovel-ready project funding.
- Vested assets: Favourable variance, but inherently difficult to forecast.
- Depreciation: $78m higher than plan due to accelerated depreciation on large number of assets identified for retirement.

# Section 3: Capital programme delivery

The 2024-2027 Statement of Intent includes a list of significant water and wastewater projects that we have planned, together with the milestones. Progress against the FY25 milestones is set out below:

| Significant project | FY25 milestone | Q4 FY25 status update |
|---|---|---|
| Ōrākei Main Sewer | Section 1 relining complete | Milestone achieved |
| Queen Street Diversion | Commence construction in Queen Street | Milestone achieved |
| Rosedale Northern Interceptor Integration | Works commence | Milestone achieved |
| Warkworth Growth Servicing | Confirm scheme | Milestone achieved |
| Warkworth to Snells Transfer Pipeline | Works complete | Milestone achieved |
| Central Interceptor | Southern section goes into service | Milestone achieved |
| Onehunga WTP PFAS & Second Barrier | Feasibility complete | Milestone achieved |
| Kāinga Ora – Wesley Stage 2 Watermain and Bulk Supply Point | Works commence | Milestone achieved |
| Kāinga Ora – Waikowhai Pump Station and Watermain | Works complete | Not completed in FY25 |



Watercare has completed tunnelling the harbour outfall for the Clarks Beach Wastewater Treatment Plant, which is being expanded to accommodate population growth.

Under Appendix B of the SOI, a list of water and wastewater infrastructure projects to be delivered before 30 June 2025 was also to be identified and tracked. The final tracking results for the 19 identified projects are listed below. Refer to page 12 for further commentary.

| Water project name | FY25 baseline, end of execution phase | On time | Within budget |
|---|---|---|---|
| Mangakura Dam 1 Safety Upgrade | 02/09/2024 | Yes | Yes |
| Orewa 3 to Orewa 1 cross-connection Highgate Bridge | 31/10/2024 | Original scope delivered on time | Original scope within budget |
| Kāinga Ora – Waikowhai Pump Station & Water Main | 15/02/2025 | No | No |
| Supply Treatment Huia and Supply Treatment Waitākere Tank Reconciliation | 30/11/2024 | No | No |
| Waikato Water Treatment Plant Waste Management Upgrade | 31/03/2025 | No | Yes |
| Pukekohe East Bulk Supply Point | 30/04/2025 | Yes | Yes |
| Waiuku Interim Treatment Facility | 30/06/2025 | Yes | Yes |

| Wastewater Project name | FY25 baseline, end of execution phase | On time | Within budget |
|---|---|---|---|
| Kahika Rising Main Replacement | 30/09/2024 | Yes | Yes |
| Northern Interceptor – Stage 1 | 30/09/2024 | Yes | Yes |
| Dunkirk Road Wastewater Capacity Upgrade | 30/09/2024 | Yes | Yes |
| Glen Innes WW Pump Station (DPS071) Pump Replacement | 15/10/2024 | No | Yes |
| Glenbrook Estuary Crossing | 30/11/2024 | Yes | Yes |
| Rehua Place Stage 2 and Aorere Park WW Pipeline | 31/12/2024 | Yes | Yes |
| Takapu Street Wastewater | 13/03/2025 | No | Yes |
| East Coast Bays Link Sewer Upgrade | 31/03/2025 | No | Yes |
| Branch 3B Judges Bay Replacement | 30/04/2025 | Yes | Yes |
| Rosedale MLE 2_3 wall repair | 30/05/2025 | No | No (merged with Rosedale MLE diffuser renewal) |
| Rosedale MLE Diffuser Renewal | 30/06/2025 | No | No (merged with Rosedale MLE 2_3 wall repair) |
| Warkworth to Snells Transfer Pipeline | 30/05/2025 | Yes | Yes |

# Section 4: Statement of Intent Priorities

## 4.1: Operational compliance

- Water supply: Following a dry summer, rainfall in the catchments has been well above normal levels during April, May and June 2025. As a result, total system storage has now increased to 98%, 17% above historical average for this time of the year. Accordingly, water production will now swing towards dam sourced water, rather than the more expensive Waikato River sourced water.
- Water quality: Taumata Arowai's 2024 Annual Performance Report confirms compliance with Drinking Water Quality Assurance Rules (DWQAR), except for three exceedances (two E. coli detections, likely due to sample contamination, one arsenic at Waikato WTP from geothermal activity). Only DWQAR non-compliance already reported is low chlorine in Wellsford/Te Hana. Safety plan audits and backflow surveys are on track.
- Freshwater gold clams continue to pose a serious threat to Waikato River infrastructure, $100k-$120k annual spend on removal, disposal, and monitoring. Ongoing engagement with iwi, ministers, councils, and MPI on containment and mitigation to help prevent it from entering Auckland's dams.
- Non-compliance with resource consents: 12 non-compliant consents at the end of Q4; three were classified as technical non-compliances, while nine had non-technical issues. Non-compliances have been reported to Auckland Council.
- Hobbs Bay wastewater pump station: 32-hour outage in May due to flooding; impacts managed immediately, resilience upgrades underway.

## 4.2: 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: Smart meters are being installed at new connections and where access is difficult; rollout paused due to faults with the meters, with Q1 FY26 restart focused on commercial sites and replacing broken meters.
- Leak Management: 9,700 km surveyed in FY25, identifying 1,375 leaks; 11 MLD saved since FY23 through district metering and pressure management.

- Operational Performance: Leak and burst watermain reports remain low, with timely repairs and minimal backlog; new leakage system is reducing leak duration.
- Community Engagement: Initiatives are underway to boost water literacy, reduce leakage, and engage Aucklanders in informed decision-making.

## 4.3: Private plan changes (PPCs) and Future Development Strategy (FDS)

Watercare has submitted on private plan changes (PPCs) and fast-track applications that propose development outside current urban zones and ahead of Future Development Strategy (FDS) timelines. Opposed PPCs include PC100 Riverhead and PC109 Whenuapai Green due to identified constraints. Opposed Fast Track Applications (FTA) include Delmore FTA and Sunfield FTA as the proposed development on rural/future urban land is not aligned with FDS timelines (2050+) and bulk infrastructure support is not feasible until late 2030s or beyond. Watercare is supporting Auckland Council with the Arvida PPC Hearing by providing evidence about concerns over future water supply certainty for Warkworth and impacts on live zoned land. Watercare is working closely with Auckland Council and other asset groups on these submissions.

## 4.4: Group Shared Services (GSS)

Watercare continues to 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.

## 4.5: Customers/community/developers

### Customers

Our continued customer focus has enabled us to deliver a consistent customer experience over the last quarter. Most notable improvements have been across faults and field crew where customers have appreciated the proactive communication and faster resolution.

### Community

Infrastructure and renewals communications lifted Voice of the Community score from 56 (FY24) to 65 (FY25).

### Developers

We recognise the need for stronger engagement and have launched the Growth and Development Improvement Programme to address this. The

programme aims to map and optimise the full developer journey across Watercare, Auckland Council, and other stakeholders. It focuses on improving processes, clarifying roles, strengthening relationships, enhancing systems, and embedding developer support—aligned with new legislation and customer needs.

## 4.6: Elected members/engagement summary

The elected member relationship management team regularly engages with 210 elected members (21 councillors incl. the mayor, 145 local board members, 28 Auckland-based MPs) and ~300 associated staff.

### Quarterly engagement highlights

- Shared updated network capacity information ahead of public release (11 June 2025).
- Briefed members on pressure management changes and smart sewer rollout.
- Sought local board feedback on the Metropolitan Servicing Strategy.
- Provided updates on south-west wastewater servicing.

Deputy Mayor Desley Simpson (centre) and members of the Waitematā Local Board joined Watercare staff and contractors at an event to mark the completion of a new pump station in Judges Bay, Parnell.

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

### Decarbonisation roadmap

A high-level decarbonisation roadmap review suggests a likely 50% reduction in scope 1 and 2 by 2035 (not 2030). It is estimated a further reduction of approximately ~42,000 tCO2e could be achieved by 2035, by reducing wastewater process emissions reduction, thermal hydrolysis, and potential biosolids treatment. GHG measurement is underway at our major WWTPs and further work will be carried out in FY26 to identify other opportunities, including microbial hydrolysis and efficiency strategies.

### Climate change risk assessment

Assessments to date have identified the impacts of sea level rise and increased flood events and have identified a significant number of Watercare assets with potential to adversely affected. Further work is underway to map additional climate scenarios, and to integrate these risks into business procedures to ensure appropriate adaptation planning.

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

Watercare's Te Rua Whetū continues to actively participate on the Māori outcomes steering committee. This quarter, Watercare completed its Mana Whenua Engagement Strategy and made strong progress on its Māori Outcomes Plan, which is on track for completion by the end of August and will align with Council's new Tāmaki Ora plan.

Monthly hui were held with Te Ahiwaru, Ngāti Whātua Ōrākei, Te Kawerau a Maki, and Te Ākitai Waiōhua to discuss the Business Plan, Te Whare Manaaki handover, the Coastal Walkway project, Huia raw water and WTP and tikanga for future hui. Our chair met with the chair of Ngāti Manuhiri.

### Key activities

In addition to hui described above, key activities included:

- Finalised the Kawenata Work Programme
- Presented the Mana Whenua Engagement Framework, Tāmaki Ora Plan
- Advanced engagement with Ngāti Maru on the Carrington Road development.

- Engaged with Ngāti Tamaoho and Ngāti Te Ata on Southwest, Kingseat, and Waiuku developments.
- Held discussions with Ngāti Whātua ki Ōrakei.  The kōtuitanga agreement is close to sign-off, pending their review.
- Early engagement with Ngāti Paoa regarding their Papakāinga development at Omaru – Point England.