



# Report on the price-quality path: forecast stage

Financial year 2026



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## Purpose

This price-setting compliance statement has been prepared in accordance with the requirements of the Local Government (Water Services Preliminary Arrangements) (Watercare Charter) Order 2025 (“the Charter”).

This document demonstrates that Watercare’s forecast revenue and pricing for the financial year 2026 are consistent with the provisions of the Charter.

## Compliance summary

Watercare is a regulated water utility subject to oversight by the Commerce Commission as Crown Monitor. As required under the Charter, Watercare must comply with:

- Maximum Allowable Revenue (MAR) limits
- Maximum expected allowable increases to average water and wastewater bills
- Minimum allowable rate increases for Infrastructure Growth Charges (IGCs).

*Clauses 3(2)(b) and 14(3)* of the Charter determine that the MAR and associated average expected combined water and wastewater bill increases for Watercare for the three-year regulatory period are as follows:

Financial year	Maximum Allowable Revenue (MAR)	Maximum expected average combined bill increase
2026	\$845.10 million	7.2%
2027	\$919.22 million	7.2%
2028	\$985.00 million	5.5%

As per *clause 17(2)* of the Charter, the minimum allowable rate increases to be applied in the calculation of IGC revenues are as follows:

Financial year	Minimum allowable rate increase
2026	15.5%
2027	20.0%
2028	11.2%

Watercare has complied with *clause 14* of the Charter as forecasted revenues from prices for providing water supply and wastewater services for the financial year 2026 do not exceed the MAR of \$845.1million.

Watercare has complied with *clause 17* of the Charter, as the average increase in IGCs forecasted for the financial year 2026 is at least 15.5% across all geographic areas.

Watercare has complied with *clause 22* of the Charter as this document constitutes the required report advising how the company has met the requirements of *clause 14*, *clause 17* and the associated calculations including units of demand, prices and associated increases.

Given FY26 is the first year of the Charter period, AAR (actual allowable revenue) and associated wash-up revenue is not applicable.

Watercare has complied with *clause 31* of the Charter as this document includes evidence that forecasted revenues for the financial year 2026 are demonstrably reasonable.

As summarised in the Table 1 below, Watercare complies with all applicable clauses of the Charter when calculating its forecast revenues for the financial year 2026.

*Table 1: Compliance statement references from the Charter*

Clause	Area of reporting	Relevant clauses in Charter	Status
Clause 22	Demonstrate how Watercare has complied with <i>Clause 14</i> relating to MAR – demonstrate that price increase is 7.2%	22(1)(a), 22(2)(a)	Compliant as demonstrated in subsection 1.1 and 2.1
	Demonstrate how WSL has complied with Clause 17 relating IGC minimum price increase of 15.5%	22(1)(b), 22(2)(a), 22(3)	Compliant as demonstrated in subsection 1.2
	Demonstrate how WSL is rebalancing its revenue away from tariff revenue towards IGCs	22(1)(c)	Compliant as explained in subsection 1.3
	Demonstrate that average combined water and wastewater bill price increase is 7.2%	22(2)(b)(c)(d) and 22(5)	Compliant as demonstrated in subsection 2.3
Clause 31	Demonstrate forecasts and estimates contained in reports under 20 to 30 are demonstrably reasonable	31	Compliant as demonstrated in Section 3 and appendices

Watercare approved this compliance statement on 24 June 2025 and published it on [watercare.co.nz](https://www.watercare.co.nz) on 30 June 2025, after redacting commercially sensitive information relating to Veolia and Waikato District Council. Pricing details are withheld due to separate commercial agreements with these customers.

## Section1: Compliance support information – clause 22(1)

This section demonstrates how Watercare has adhered to all the relevant sections of the Charter in calculating its MAR and IGC revenue forecast for the financial year 2026.

### **Compliance with clause 22: Reports on price-quality path: forecast stage**

Clause 22 (1) Watercare must prepare a report on the following matters for each of the 2026–28 financial years:

- 22(1)(a) how Watercare has complied with clause 14 in its forecast revenue from prices for that year.
- 22(1)(b) how Watercare has complied with clause 17 in its forecast average increase in IGCs for that year.
- 22(1)(c) how Watercare is rebalancing its forecast revenue for that year - away from charges for water services provided and towards IGCs.

### 1.1 Compliance with clause 14

Clause 14 of the Charter relates to MAR. Watercare’s compliance to each of the subclauses is explained below:

- 14(1) Watercare must ensure that its forecast revenue from prices for providing water supply and wastewater services in the 2026 financial year does not exceed the maximum allowable revenue for that year.
- 14(2) Watercare must ensure that its forecast revenue from prices for providing water supply and wastewater services in the 2027 and 2028 financial years does not exceed the actual allowable revenue for those years.
- 14(3) maximum allowable revenue means (a) for the 2026 financial year, \$845.10 million; (b) for the 2027 financial year, \$919.22 million; (c) for the 2028 financial year, \$985.00 million.
- Revenue from prices means:
  - (i) revenue from prices that Watercare charges consumers
  - (ii) revenue that Watercare forgoes due to leak-remission creditsDoes not include:
  - (i) revenue from IGCs
  - (ii) other revenue.

Watercare’s revenue from prices for the financial year 2026 is \$845.1million as illustrated in Table 2 below. In accordance with *Clause 14(1)*, the forecasted revenue from prices does not exceed the Maximum Allowable Revenue (MAR) limits established under *Clause 14(3)* for the financial year 2026. Watercare’s financial year 2026 has projected revenue by

applying a 7.2% price increase to its published prices for 2025, then multiplying these adjusted prices by the anticipated volumes for 2026 relevant to each revenue source.

In compliance with the *Clause 14(3)* definition of “revenue from prices”, Watercare’s MAR for the financial year 2026, includes charges for water and wastewater and does not include revenue from IGCs and other revenues.

Table 2 below is a summary of forecast MAR revenue for financial year 2026 and details of the calculations are in Section 2, Table 4 of this report.

*Table 2: Summary of forecast revenue from prices for financial year 2026*

Forecast Revenue from Prices	Forecast Revenue from prices (\$ million)
Forecast revenue from water (forecast prices x forecast quantity)	\$270.1
Forecast revenue from wastewater (forecast prices x forecast quantity)	\$433.9
Forecast fixed wastewater charge revenue (forecast prices x forecast quantity)	\$155.8
Total water and wastewater revenue from prices	<b>\$859.8</b>
Less: account estimation credits	(\$14.7)
Financial year 2026 revenue from prices	<b>\$845.1</b>
Maximum Allowable Revenue	<b>\$845.1</b>

Section 2 of this report includes the detailed calculations of forecast revenue from prices for the financial year 2026.

## 1.2 Compliance with *clause 17*

*Clause 17* of the Charter relates to minimum IGC rate increase. Watercare’s compliance to each of the subclauses is explained below:

- 17 (1) Watercare must ensure that the average increase in IGCs forecast for a financial year is at least the minimum allowable rate specified in subclause (2).
- 17 (2) The minimum allowable rate of increase is, for the 2026 financial year, 15.5%: (b) for the 2027 financial year, 20.0%: (c) for the 2028 financial year, 11.2%.

Watercare’s IGC revenue forecast for financial year 2026 is \$179.9 million. This revenue forecast is derived by using forecast units of demand and pricing by geographic area and is compliant with *Clause 17 (3) and (4)* of the Charter.

2026 IGC prices are derived by increasing the financial year 2025 rates by the minimum price increase of 15.5% as illustrated in Table 3.

Volumes of DUEs (units of demand) are calculated using Auckland Council consent data for new developments. IGC pricing geographic areas remain unchanged for the financial year

2026 from financial year 2025. With a consistent price increase of 15.5% per pricing area, the weighted average increase is 15.5%.

Table 3 shows the published prices and % increase for the 2025 and 2026 financial years. Details of the IGC revenue forecast calculation are in the Section 2 of this report.

*Table 3: FY25 and FY26 prices*

IGC Zone	FY25 - Published Prices	FY26 - Published Prices	Increase %
Metropolitan	\$18,413	\$21,267	15.5%
Veolia <sup>1</sup>			15.5%
Northeast sub-regional	\$27,329	\$31,565	15.5%
Southwest sub-regional	\$29,564	\$34,146	15.5%
Helensville	\$34,835	\$40,234	15.5%
Wellsford	\$29,289	\$33,829	15.5%
Beachlands & Maraetai <sup>2</sup>	\$12,439	\$14,367	15.5%
Kawakawa Bay <sup>2</sup>	\$43,566	\$50,319	15.5%
Omaha, Matakana & Point Wells <sup>2</sup>	\$12,071	\$13,942	15.5%
Waiheke (Owhanake) <sup>2</sup>	\$39,982	\$46,179	15.5%
Weighted Average Price	<b>\$18,576</b>	<b>\$21,453</b>	<b>15.5%</b>
Charter Requirement			<b>≥15.5%</b>

Notes: 1 Veolia is redacted. 2 Wastewater only

## 1.3 Rebalancing forecast revenue

*Clause 22 (1) Watercare must prepare a report on the following matters for each of the 2026–28 financial years:*

- *22 (1) (c) how Watercare is rebalancing its forecast revenue for that year- away from charges for water services provided; and towards IGCs.*

The higher unit price increase for IGCs (15.5%) versus revenue from prices (7.2%) indicates a rebalancing. The IGC policy review and redesign required under the Charter (**clause 19**) will further inform this rebalancing.

## Section 2: Calculations – clauses 22(2), 22(3) and 22(5)

This section shows the detailed calculations of Watercare’s forecast revenue from pricing and IGC revenues, including the forecast volumes and units of demand. This section addresses the reporting requirements as per the Clause 22(2)(a)(b)(c)(d) and Clause 22(3)(5).

### 2.1 Details of the MAR calculation for FY26, clause 22(2)(a)(i)

*Clause 22 (2) Without limiting subclause (1)(a), the report must include:*

- *(i) Watercare’s calculations under the **Schedule***
- *(ii) all forecast units of demand, in relation to both revenue from prices (see **clause 14(3)**) and revenue from IGCs that Watercare used in making those calculations.*

As illustrated in Table 4, Watercare has calculated its forecast revenue by increasing the 2025 prices by 7.2% and multiplying this by the forecasted 2026 volumes.

Table 4 shows the financial years 2025 and 2026 prices, forecast volumes for the financial year 2026 and the resultant revenue forecast. Customer meters are read bi-monthly, and invoice estimate reads on the in-between months. If the estimate is different, the next actual read will adjust the bill accordingly. These estimation adjustments are referred to as “account estimation credits”. Account estimation credits of \$14.7 million are included in the calculation of revenue from prices for the 2026 financial year.

*Clause 14 (3)* and the schedule refer to AAR (actual allowable revenue) and wash-up revenue. As FY26 is the first year of the charter, wash-up revenue is not applicable.



Table 4: FY26 water services revenue with 7.2% price increase over FY25 published prices

Main revenue source	Customer	Revenue subcategory	FY25 Published Price	FY25 Projected Volume	FY25 Projected Revenue (\$million)	FY26 Forecast Price (FY25 + 7.2%)	FY26 Forecast Volume	FY26 Forecast Revenue (\$million)
Water	Residential	Retail	\$1.863	128.1 GL	\$238.6	\$1.997	130.4 GL	\$260.3
		Tanker	\$4.990	0.3 GL	\$1.7	\$5.349	0.3 GL	\$1.9
	Wholesale	Wholesale <sup>1</sup>	\$0.731	9.8 GL	\$7.2	\$0.784	10.1 GL	\$7.9
Vol WW	Residential	Residential	\$3.240	72.8 GL	\$235.9	\$3.473	74.0 GL	\$257.1
	Commercial	Low	\$6.060	8.6 GL	\$52.0	\$6.496	8.7 GL	\$56.7
		Moderate	\$5.750	7.8 GL	\$44.6	\$6.164	7.9 GL	\$48.6
		High	\$4.880	6.6 GL	\$32.4	\$5.231	6.8 GL	\$35.4
		Industrial	\$3.790	3.3 GL	\$12.6	\$4.063	3.4 GL	\$13.7
	Wholesale	Wholesale <sup>1</sup>	\$1.940	10.5 GL	\$20.3	\$2.084	10.8 GL	\$22.4
	Fixed WW	Residential	Residential	\$270	423,849	\$114.3	\$289	432,636
Unmetered			\$828	8,939	\$7.4	\$887	9,036	\$8.0
Commercial		Low	\$270	29,350	\$7.9	\$289	29,670	\$8.6
		Moderate	\$676	3,840	\$2.6	\$725	3,881	\$2.8
		High	\$9,566	661	\$6.3	\$10,255	669	\$6.9
		Industrial	\$102,649	40	\$4.1	\$110,040	40	\$4.4
Wholesale		Wholesale <sup>1</sup>	\$103,696	1	\$0.1	\$111,162	1	\$0.1
Total Water revenue before account estimation credits					\$788.0			\$859.8
Less: Account Estimation Credits								(\$14.7)
FY26 Revenue Forecast								\$845.1

Note: 1 Wholesale includes Veolia and Waikato District Council wholesale agreements.

## 2.2 Details of IGC revenue calculation for the financial year 2026, clause 22 (2)(a)(ii)

Forecast IGC revenue for financial year 2026 has been calculated by applying a 15.5% price increase to 2025 rates by geographic area as per Table 3. Table 5 below includes the forecast units of demand and pricing by zone.

Volumes of DUEs (units of demand) are calculated using Auckland Council consent data for new developments and IGC pricing geographic areas remain unchanged for the financial year 2026.

IGC revenue is recognised on a cash basis (when payment is received). Watercare's revenue forecast of \$179.9million is after recognising the impact of a price lag of \$6.2million, which is due to IGC applications completed and billed in FY25 but not paid until FY26. Developers have three months to pay for the IGCs once full compliance is achieved and approved by WSL.

**Table 5: FY26 IGC revenue forecast pricing, forecast Development Unit Equivalent (DUEs) and IGC revenue**

IGC Zone	FY25 - Published Prices			FY26 - Published Prices 15.5% Increase			Qty	Revenue (\$million)
	Water	WW	Water & WW	Water	WW	Water & WW		
Metropolitan <sup>1</sup>	\$9,206	\$9,206	\$18,413	\$10,633	\$10,633	\$21,267	8,461	\$179.7
Northeast sub-regional	\$8,745	\$18,583	\$27,329	\$10,100	\$21,463	\$31,565	97	\$3.1
Southwest sub-regional	\$9,165	\$20,400	\$29,564	\$10,586	\$23,562	\$34,146	29	\$1.0
Helensville	\$17,417	\$17,417	\$34,835	\$20,117	\$20,117	\$40,234	31	\$1.2
Wellsford	\$12,593	\$16,694	\$29,289	\$14,545	\$19,282	\$33,829	1	\$0.0
Beachlands & Maraetai <sup>2</sup>	-	\$12,439	\$12,439	-	\$14,367	\$14,367	29	\$0.4
Kawakawa Bay <sup>2</sup>	-	\$43,566	\$43,566	-	\$50,319	\$50,319	10	\$0.5
Omaha, Matakana & Point Wells <sup>2</sup>	-	\$12,071	\$12,071	-	\$13,942	\$13,942	17	\$0.2
Waiheke (Owhanake) <sup>3</sup>	-	\$39,982	\$39,982	-	\$46,179	\$46,179	-	-
<b>Total Gross</b>							<b>8,675</b>	<b>\$186.1</b>
<b>Price lag Impact</b>								<b>(\$6.2)</b>
<b>Realised Revenue forecast (on a cash receipt basis)</b>								<b>\$179.9</b>

Notes:

1. The Metropolitan quantity and total figures include Veolia. Their pricing information is available on their [website](#).
2. Wastewater-only group.
3. Wastewater-only: currently no available capacity.

## 2.3 Average combined water supply and wastewater services bill calculation and increase in financial year 2026 compared to financial year 2025, clauses 22(2)(b)(c)(d) and 22(5).

Clauses 22(2)(b)(c)(d) and 22(5) relate to forecast average bill calculation for revenue from prices and requires Watercare to compare the average bill with the prior financial year and explain any variances.

Clause 22 (2) Without limiting subclause (1)(a), the report must:

- (b) demonstrate how the forecast average combined water supply and wastewater services bill for each financial year compares with the corresponding forecast average for the previous financial year; and
- (c) demonstrate how the comparisons demonstrated under paragraph (b) compare with the following:
  - a 7.2% increase for the 2026 financial year;
  - a 7.2% increase for the 2027 financial year;
  - a 5.5% increase for the 2028 financial year; and
- (d) analyse any differences identified under paragraph (c) by identifying the key drivers of changes to the average combined water supply and wastewater services bill, including by considering units of demand (for revenue from prices and revenue from IGCs) and wash-up amounts.
- (5) In this clause, **average combined water supply and wastewater services bill** means the ratio of revenue from prices (see clause 14(3)) to the number of water supply and wastewater connections for the financial year.

Watercare has complied with the Charter report requirements of Clauses 22(2)(b)(c)(d) and 22(5) as explained in the paragraphs below. Note 22(d) includes reference to IGC but refers to clause 22(c) which relates to revenue from prices increase. Watercare has interpreted the intent of clause 22(d) to only apply to revenue from prices.

**Clause 22 (2)(b) compliance:** As shown in Table 6 below, Watercare has calculated the average combined water supply and wastewater services bill for the financial year 2026 as per Clause 22(b) and 22(5) and compared this with the 2025 average calculation.

*Table 6: Forecast average bill for financial year 2026 and comparison to financial year 2025*

	FY25	FY26	%
Revenue from prices as shown in Table 9 (\$ millions)	\$751.1	\$819.5	
Average Billed Monthly Connections (ABMC)	457,739	466,896	
Average water and wastewater bill \$ per ABMC	<b>\$1,640.90</b>	<b>\$1,755.20</b>	<b>7.0%</b>

**Clause 22(2)(c)(d) compliance:** As shown in Table 6 above, the average bill is forecasted to increase from \$1,640.90 in the financial year 2025 to \$1,755.20 in the financial year 2026, representing a 7.0% increase. The average bill increase is below 7.2% due to the forecasted reduction in water consumption per ABMC from 496,400 litres to 495,100 litres. As shown in Table 7 below, this represents a decrease of 0.2% or 1,221 litres per ABMC or \$4 per bill when multiplied by the forecast volumetric revenue per 1,000 litres. The forecast water consumption recognises the base assumption that the prevailing weather conditions in FY26 will be normal, compared to FY25 which was a drier year.

Table 7: Reduction in water consumption in financial year 2026

Reduction in water usage	FY25	FY26	%
Water and wastewater volume (as per FY25 and FY26 Forecasts in Table 4)	227.2 GL	231.2 GL	
Average Billed Monthly Connections (ABMC)	457,739	466,896	
Water usage per ABMC per year (1000L)	<b>496.4</b>	<b>495.1</b>	<b>-0.2%</b>

Therefore, as required by Clause 22(2)(d), the key driver of the variance to the 7.2% increase is the forecasted reduction in consumption per bill.

Table 8: Impact of reduction in water and wastewater consumption on the average bill

	FY25	FY26	%
Average bill as shown in Table 6	\$1,640.90	\$1,755.20	7.0%
Add back: Impact on average bill due to reduction in consumption		\$4.00	0.2%
Average bill increase with consumption comparable to FY25	<b>\$1,640.90</b>	<b>\$1,759.20</b>	<b>7.2%</b>

To calculate the average bill, the revenue from wholesale, tanker, and unmetered wastewater connections is subtracted from prices of \$845.1 million because they are not standard metered connections; and account estimation credits are added back.

Table 9: Revenue from prices used in the average bill calculation

\$ millions	FY25	FY26
Revenue from prices	\$769.3	\$845.1
Less: Revenue from wholesale, tanker and unmetered connections	(\$36.9)	(\$40.3)
Add back: Account estimation credits	\$18.7	\$14.7
Revenue from prices used in the average bill calculation	<b>\$751.1</b>	<b>\$819.5</b>



## Section 3: Demonstrably reasonable – clause 31

**Clause 31 of the Charter requires that all Watercare forecasts are demonstrably reasonable. This section outlines the key assumptions underlying the revenue forecast, which are founded on trends in actuals.**

*Clause 31: Forecasts and estimates in reports:*

- *Watercare must ensure that all forecasts and estimates of matters contained in reports under clauses 20 to 30 are demonstrably reasonable.*

To evidence that forecasts and estimates are demonstrably reasonable, Watercare has outlined the underlying assumptions and trends. Section 3 outlines the assumptions, with detailed data and trends provided in the appendices.

### Section 3.1: Revenue from prices

Watercare's revenue from prices forecast is based on a volume x price calculation. Volumes are based on a number of key assumptions which are updated to reflect recent trends and are the key focus in this section. Definitions of key inputs/assumptions used in calculating revenue from prices are provided in the table below.

*Table 10: Summary of key volume and price assumptions, aligned with Appendix 1.*

	Inputs used	Vol	Input description
Volume related assumptions	Total BSP Supply	166.6GL	Based on March production plan as per Watercare's volume forecast process – reflects water supply volume available to bulk supply points before deductions for wholesale customers, tanker supply, operational usage. The production plan includes assumption on items as population, weather, water efficiency plan impact.
	Net retail water	130.4GL	Total BSP Supply less wholesale customers, tanker supply, Mangere Wastewater Treatment plant operational usage and retail losses. This forms the basis of forecasted volumes billed to customers.
	Retail wastewater	100.8GL	Wastewater billed is 77.3% of water billed – this ratio represents rolling 12 months to end May 2025.
	Wholesale water volume	10.1GL	Wholesale includes water supplied to WDC and Veolia under two separate contracts. <ul style="list-style-type: none"><li>• FY26 volume forecast to WDC includes an increase of 2.4% (for population growth as per WDC LTP) over the latest FY25 forecast.</li><li>• FY26 volume forecast to Veolia is based on FY25 YTD share of metro water production applied to FY26 volumes (as per March production plan).</li></ul>
	Wholesale wastewater	10.8GL	WDC wastewater volume = same as FY26 water volume assumptions above Veolia wastewater volume = same as FY26 water volume assumptions above

Table 10 continued	Inputs used	Vol	Input description
	Retail losses	25.2GL (16.2%)	Water losses on retail network volumes that Watercare cannot bill. This is 16.2% and is based on rolling 12 months to January 2025. This reflects leaks, theft and other minor operational usage such as flushing.
	Mangere Wastewater Treatment Plant	0.6GL	Water use at the Mangere Wastewater Treatment Plant as part of treatment process equates to 0.44% of net retail water volume.
	Tanker volume	0.3GL	This is based on rolling 12 months of actuals and is 0.25% of net retail water volume.
	Average Billed Monthly Connections		Average water meters connected to the Watercare retail network that are billed for fixed wastewater charges. FY26 forecast is based on FY25 forecast (average rolling 12 month) and forecast new connections to June 2026.
	Commercial user type		The activity occurring at the property includes operating a business. This includes the business of providing commercial accommodation at the property. Commercial customers have a tiered fixed and volumetric pricing structure aligned with their annual usage. Low usage rates apply up to 1,309KL, moderate users 1,309KL to 10,195KL, high users 10,195 to 85,701 and Industry plans 85,701kL or more. Historic average volumes for each category have been applied in determining Watercare's revenue from prices.
	Account estimation credits		Watercare's process is to read customer meters bi-monthly and estimate the read on the in-between months. If the estimate is different to actual consumption, the next actual read will adjust the bill accordingly. This reflects where an estimated reading was higher than actual.
	IGC		FY26 IGC revenue forecast volumes are based on actual and forecast building consent data from Auckland Council.
Price related assumptions	Water		Annual price increase of 7.2% as per Charter.
	Wastewater		Annual price increase of 7.2% as per Charter.
	IGC		Aligns to Charter minimum of 15.5%.

Forecast volumes for water and wastewater for financial year 2026 start with the production volume forecasts completed in March 2025 as part of the standard quarterly production planning cycle. This is reflected as total BSP supply included in the appendix.

Wholesale volumes, tanker supply volumes and Mangere Wastewater Treatment Plant volumes are deducted from the total BSP supply value in order to derive the gross retail supply. Retail losses (between bulk supply points and customer connections) are then deducted to arrive at the net retail water volume, which forms the basis of consumption volumes billed to customers.

FY26 forecast volumes of wastewater are estimated at 77.3% of water volume, in line with recent billed wastewater percentages. This is applied to the net retail water volume to derive the wastewater volumes.

## Section 3.2: IGC revenues

FY26 IGC revenue forecast volumes are based on actual and forecast building consent data from Auckland Council which is included in appendix 2.

Each DUE is forecast based on location and floor area (in line with Watercare's IGC [charging policy](#)) to provide the most accurate forecast of both IGC price and volume (DUE).

IGC revenue is recognised on a cash basis (when payment is received). Watercare's revenue forecast of \$179.9million is after recognising the impact of a price lag of \$6.2 million, which is due to IGC applications completed and billed in FY25 but not paid until FY26. Developers have three months to pay for the IGCs once full compliance is achieved and approved by Watercare. The price lag of \$6.2million has been calculated based on historic data and volumes of IGCs paid in July to September for applications completed in prior years.

## Approvals

### Management approvals

Prepared by:

Angela Neeson – Chief Financial Officer

  
\_\_\_\_\_

Approved by:

Jamie Sinclair – Chief Executive Officer

  
\_\_\_\_\_

### Board approvals

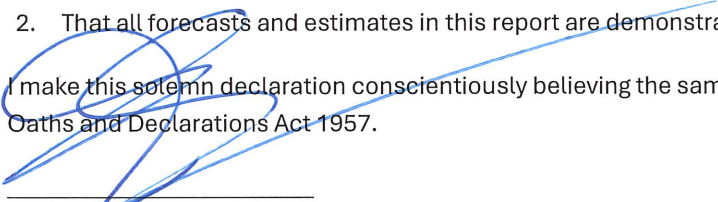
Approved by the board on 24 June 2025.

### 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.

  
\_\_\_\_\_

Geoff Hunt

Declared at Auckland, 26 June 2025

Before me:

  
\_\_\_\_\_

Name of official witness:

Tracey Carter  
Barrister and Solicitor of the High Court of New Zealand



## Appendices

### Revenue from prices key assumption data

#### FY26 volumes by month

	Jul 25	Aug 25	Sept 25	Oct 25	Nov 25	Dec 25	Jan 26	Feb 26	Mar 26	Apr 26	May 26	Jun 26	FY26
<b>Water</b>													
<b>Total BSP Supply</b>	<b>13.5 GL</b>	<b>13.5 GL</b>	<b>13.1 GL</b>	<b>13.5 GL</b>	<b>13.4 GL</b>	<b>14.2 GL</b>	<b>14.8 GL</b>	<b>14.4 GL</b>	<b>15.0 GL</b>	<b>13.7 GL</b>	<b>14.1 GL</b>	<b>13.4 GL</b>	<b>166.6 GL</b>
Veolia	0.7 GL	0.7 GL	0.7 GL	0.7 GL	0.7 GL	0.8 GL	0.8 GL	0.8 GL	0.8 GL	0.7 GL	0.8 GL	0.7 GL	<b>9.0 GL</b>
WDC	0.1 GL	0.1 GL	0.1 GL	0.1 GL	0.1 GL	0.1 GL	0.1 GL	0.1 GL	0.1 GL	0.1 GL	0.1 GL	0.1 GL	<b>1.1 GL</b>
<b>Wholesale</b>	<b>0.8 GL</b>	<b>0.8 GL</b>	<b>0.8 GL</b>	<b>0.8 GL</b>	<b>0.8 GL</b>	<b>0.9 GL</b>	<b>0.9 GL</b>	<b>0.9 GL</b>	<b>0.9 GL</b>	<b>0.8 GL</b>	<b>0.9 GL</b>	<b>0.8 GL</b>	<b>10.1 GL</b>
Tanker Supply	0.01 GL	0.02 GL	0.01 GL	0.02 GL	0.03 GL	0.03 GL	0.03 GL	0.06 GL	0.04 GL	0.03 GL	0.02 GL	0.01 GL	<b>0.3 GL</b>
Mangere WWTP	0.05 GL	0.05 GL	0.05 GL	0.05 GL	0.05 GL	0.05 GL	0.05 GL	0.05 GL	0.05 GL	0.05 GL	0.05 GL	0.05 GL	<b>0.6 GL</b>
<b>Non Retail Water</b>	<b>0.9 GL</b>	<b>0.9 GL</b>	<b>0.9 GL</b>	<b>0.9 GL</b>	<b>0.9 GL</b>	<b>0.9 GL</b>	<b>1.0 GL</b>	<b>1.0 GL</b>	<b>1.0 GL</b>	<b>0.9 GL</b>	<b>0.9 GL</b>	<b>0.9 GL</b>	<b>11.0 GL</b>
Gross Retail Supply	12.6 GL	12.6 GL	12.2 GL	12.6 GL	12.5 GL	13.2 GL	13.9 GL	13.4 GL	14.0 GL	12.8 GL	13.2 GL	12.5 GL	<b>155.6 GL</b>
Retail Losses	2.0 GL	2.0 GL	2.0 GL	2.0 GL	2.0 GL	2.1 GL	2.2 GL	2.2 GL	2.3 GL	2.1 GL	2.1 GL	2.0 GL	<b>25.2 GL</b>
<b>Net Retail Water</b>	<b>10.6 GL</b>	<b>10.6 GL</b>	<b>10.3 GL</b>	<b>10.6 GL</b>	<b>10.5 GL</b>	<b>11.1 GL</b>	<b>11.6 GL</b>	<b>11.3 GL</b>	<b>11.7 GL</b>	<b>10.7 GL</b>	<b>11.1 GL</b>	<b>10.5 GL</b>	<b>130.4 GL</b>
<b>Volumetric Wastewater</b>													
Residential	6.0 GL	6.0 GL	5.8 GL	6.0 GL	6.0 GL	6.3 GL	6.6 GL	6.4 GL	6.7 GL	6.1 GL	6.3 GL	6.0 GL	<b>74.0 GL</b>
Low	0.7 GL	0.7 GL	0.7 GL	0.7 GL	0.7 GL	0.7 GL	0.8 GL	0.8 GL	0.8 GL	0.7 GL	0.7 GL	0.7 GL	<b>8.7 GL</b>
Moderate	0.6 GL	0.6 GL	0.6 GL	0.6 GL	0.6 GL	0.7 GL	0.7 GL	0.7 GL	0.7 GL	0.6 GL	0.7 GL	0.6 GL	<b>7.9 GL</b>
High	0.5 GL	0.5 GL	0.5 GL	0.5 GL	0.5 GL	0.6 GL	0.6 GL	0.6 GL	0.6 GL	0.6 GL	0.6 GL	0.5 GL	<b>6.8 GL</b>
Industrial	0.3 GL	0.3 GL	0.3 GL	0.3 GL	0.3 GL	0.3 GL	0.3 GL	0.3 GL	0.3 GL	0.3 GL	0.3 GL	0.3 GL	<b>3.4 GL</b>
<b>Total Retail Vol WW</b>	<b>8.1 GL</b>	<b>8.1 GL</b>	<b>7.9 GL</b>	<b>8.2 GL</b>	<b>8.1 GL</b>	<b>8.6 GL</b>	<b>9.0 GL</b>	<b>8.7 GL</b>	<b>9.1 GL</b>	<b>8.3 GL</b>	<b>8.6 GL</b>	<b>8.1 GL</b>	<b>100.8 GL</b>
Veolia	0.7 GL	0.7 GL	0.7 GL	0.7 GL	0.7 GL	0.8 GL	0.8 GL	0.8 GL	0.8 GL	0.7 GL	0.8 GL	0.7 GL	<b>9.0 GL</b>
WDC	0.1 GL	0.2 GL	0.2 GL	0.2 GL	0.1 GL	0.1 GL	0.1 GL	0.1 GL	0.2 GL	0.2 GL	0.2 GL	0.2 GL	<b>1.8 GL</b>
<b>Wholesale</b>	<b>0.9 GL</b>	<b>0.9 GL</b>	<b>0.9 GL</b>	<b>0.9 GL</b>	<b>0.9 GL</b>	<b>0.9 GL</b>	<b>0.9 GL</b>	<b>0.9 GL</b>	<b>1.0 GL</b>	<b>0.9 GL</b>	<b>0.9 GL</b>	<b>0.9 GL</b>	<b>10.8 GL</b>

## Retail water loss percentage

Retail losses are the water losses that occur between bulk supply points and customer connections on the retail network that Watercare cannot bill. This is currently 16.2% based on rolling 12 months data to January 2025. This reflects leaks, theft and other minor operational usage such as flushing. January data is used as we allow three months to ensure a high proportion of actual read data is used in the calculation.

Rolling 12 month Retail Losses			
Month	Gross Retail Supply GL	Retail Revenue Water GL	Retail Loss %
Feb-24	146.86	123.14	16.2%
Mar-24	147.34	123.74	16.0%
Apr-24	148.01	124.34	16.0%
May-24	148.50	124.78	16.0%
Jun-24	148.80	124.95	16.0%
Jul-24	149.36	124.93	16.4%
Aug-24	149.52	124.74	16.6%
Sept-24	149.72	124.60	16.8%
Oct-24	149.83	124.46	16.9%
Nov-24	150.04	125.13	16.6%
Dec-24	149.98	125.09	16.6%
Jan-25	149.72	125.50	16.2%

As outlined, there are many complex assumptions prior to determining forecast retail losses which together with challenges in meter reading at both a bulk and retail level drives variation in the retail loss percent, making it difficult to predict. From a sensitivity perspective 0.1% equates to +/-~\$0.8million in revenue, 1% is +/-~\$8million in revenue which at 1% of MAR is within tolerance. The variance in actuals to this forecast will form part of the FY26 washup in FY27.

## Wastewater percentage

Wastewater revenue is billed as a percentage of water meter volumes, the standard rate being 78.5%. This can vary month to month due to consumption by those customers who only have a water connection for example irrigation customers and our 12-month rolling average rate is currently tracking at 77.3% as highlighted in the tables below.

Rolling 12 Month WW Percentage			
Month	Recognised Water GL	Recognised WW GL	Average Ratio
Jun 24	121.76	93.71	77.0%
Jul 24	124.18	95.66	77.0%
Aug 24	124.16	95.56	77.0%
Sept 24	125.08	96.60	77.2%
Oct 24	126.14	97.29	77.1%
Nov 24	125.92	97.21	77.2%
Dec 24	125.99	97.76	77.6%
Jan 25	125.87	97.39	77.4%
Feb 25	126.33	97.42	77.1%
Mar 25	126.53	98.00	77.5%
Apr 25	125.69	97.41	77.5%
May 25	125.26	97.15	77.6%
Average WW % for last 12 months			77.3%

Similar to the retail water loss % this ratio can fluctuate. 0.1% equates to +/-~\$0.53million in revenue, 1% is +/-~\$5.3million in revenue which at 0.6% of MAR is within tolerance. Any variance in actuals to this forecast will from part of the FY26 washup in FY27.

### 12-month average billed monthly connections

The average billed monthly connections data reflects the average connection information from our billing system for FY25. The FY26 data is based on FY25 data plus expected additional connections.

Average Metered Connections	FY25	FY26
Residential	423,849	432,636
Low	29,350	29,670
Moderate	3,840	3,881
High	661	669
Industrial	40	40
Total Average Metered Connections	457,740	466,896
Additional Connections	7,741	9,156

### Account estimation credits

Watercare read customer meters bi-monthly and estimate the read on the in-between months. If an estimate is different to actual consumption, the next actual read will adjust the bill accordingly. The account estimation credits reflects where an estimated reading was higher than actual. The values applied to the revenue from prices assumptions is the year-to-date average based on volumes credited.

**Wastewater Estimation Credits**

Month	WW Vol Charge	WW Vol Credit Units	WW Credit %
Jul 24	8,315,136	238,610	2.79%
Aug 24	8,402,095	252,615	2.92%
Sept 24	7,871,189	187,476	2.33%
Oct 24	8,392,099	209,257	2.43%
Nov 24	8,387,044	149,052	1.75%
Dec 24	8,408,114	165,001	1.92%
Jan 25	8,793,849	141,224	1.58%
Feb 25	8,432,138	164,155	1.91%
Mar 25	8,197,961	150,546	1.80%
<b>YTD Average</b>	<b>75,199,626</b>	<b>1,657,935</b>	<b>2.16%</b>

**Water Estimation Credits**

Month	WA Vol Charges	WA Vol Credit Units	WA Credit %
Jul 24	10,610,742	333,214	3.04%
Aug 24	10,708,788	353,250	3.19%
Sept 24	9,934,646	239,224	2.35%
Oct 24	10,715,089	277,691	2.53%
Nov 24	10,613,395	189,171	1.75%
Dec 24	10,913,795	218,139	1.96%
Jan 25	11,577,245	202,737	1.72%
Feb 25	11,237,977	219,257	1.91%
Mar 25	10,808,363	199,420	1.81%
<b>YTD Average</b>	<b>97,120,040</b>	<b>2,232,103</b>	<b>2.25%</b>



## IGC key assumptions data

Council provided consent data.

Forecast DUE FY26													
	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY26
Metropolitan <sup>1</sup>	1,697.7	713.3	599.6	430.3	562.1	455.7	337.0	785.5	796.1	528.6	787.4	767.3	8,460.6
Northeast sub-regional	19.5	8.2	6.9	4.9	6.5	5.2	3.9	9.0	9.1	6.1	9.0	8.8	97.1
Southwest sub-regional	5.8	2.5	2.1	1.5	1.9	1.6	1.2	2.7	2.7	1.8	2.7	2.6	29.1
Helensville	6.2	2.6	2.2	1.6	2.1	1.7	1.2	2.9	2.9	1.9	2.9	2.8	31.0
Wellsford	0.2	0.1	0.1	-	0.1	-	-	0.1	0.1	0.1	0.1	0.1	1.0
Beachlands & Maraetai <sup>2</sup>	5.8	2.4	2.0	1.4	2.0	1.6	1.2	2.6	2.8	1.8	2.6	2.6	28.8
Kawakawa Bay <sup>2</sup>	2.0	0.8	0.8	0.6	0.6	0.6	0.4	1.0	1.0	0.6	1.0	1.0	10.4
Omaha, Matakana & Point Wells	3.4	1.4	1.2	0.8	1.0	0.8	0.6	1.6	1.6	1.0	1.6	1.6	16.6
<b>Total Full (WA &amp; WW) DUE</b>	<b>1,740.6</b>	<b>731.3</b>	<b>614.9</b>	<b>441.1</b>	<b>576.3</b>	<b>467.2</b>	<b>345.5</b>	<b>805.4</b>	<b>816.3</b>	<b>541.9</b>	<b>807.3</b>	<b>786.8</b>	<b>8,674.6</b>
Full Price Revenue (\$m)													
	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY26
Metropolitan <sup>1</sup>	\$36.0	\$15.1	\$12.7	\$9.1	\$11.9	\$9.7	\$7.2	\$16.7	\$16.9	\$11.2	\$16.7	\$16.3	\$179.7
Northeast sub-regional	\$0.6	\$0.3	\$0.2	\$0.2	\$0.2	\$0.2	\$0.1	\$0.3	\$0.3	\$0.2	\$0.3	\$0.3	\$3.1
Southwest sub-regional	\$0.2	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.0	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$1.0
Helensville	\$0.2	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.0	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$1.2
Wellsford	\$0.0	\$0.0	\$0.0	-	\$0.0	-	-	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Beachlands & Maraetai <sup>2</sup>	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.4
Kawakawa Bay <sup>2</sup>	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.1	\$0.1	\$0.0	\$0.1	\$0.1	\$0.5
Omaha, Matakana & Point Wells	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.2
<b>Total Full Price Revenue</b>	<b>\$37.3</b>	<b>\$15.7</b>	<b>\$13.2</b>	<b>\$9.5</b>	<b>\$12.4</b>	<b>\$10.0</b>	<b>\$7.4</b>	<b>\$17.3</b>	<b>\$17.5</b>	<b>\$11.6</b>	<b>\$17.3</b>	<b>\$16.9</b>	<b>\$186.1</b>
Price Lag Revenue (\$m)													
	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY26
Metropolitan <sup>1</sup>	\$31.5	\$14.1	\$12.3	\$9.1	\$11.9	\$9.7	\$7.2	\$16.7	\$16.9	\$11.2	\$16.7	\$16.3	\$173.6
Northeast sub-regional	\$0.5	\$0.2	\$0.2	\$0.2	\$0.2	\$0.2	\$0.1	\$0.3	\$0.3	\$0.2	\$0.3	\$0.3	\$3.0
Southwest sub-regional	\$0.2	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.0	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$1.0
Helensville	\$0.2	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.0	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$1.2
Wellsford	\$0.0	\$0.0	\$0.0	-	\$0.0	-	-	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Beachlands & Maraetai <sup>2</sup>	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.4
Kawakawa Bay <sup>2</sup>	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.1	\$0.1	\$0.0	\$0.1	\$0.1	\$0.5
Omaha, Matakana & Point Wells	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.2
<b>Total Full Price Revenue</b>	<b>\$32.7</b>	<b>\$14.6</b>	<b>\$12.7</b>	<b>\$9.5</b>	<b>\$12.4</b>	<b>\$10.0</b>	<b>\$7.4</b>	<b>\$17.3</b>	<b>\$17.5</b>	<b>\$11.6</b>	<b>\$17.3</b>	<b>\$16.9</b>	<b>\$179.9</b>
Price Lag Impact (\$m)													
	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY26
Metropolitan <sup>1</sup>	(\$4.5)	(\$1.1)	(\$0.4)	-	-	-	-	-	-	-	-	-	(\$6.0)
Northeast sub-regional	(\$0.1)	(\$0.0)	(\$0.0)	-	-	-	-	-	-	-	-	-	(\$0.1)
Southwest sub-regional	(\$0.0)	(\$0.0)	(\$0.0)	-	-	-	-	-	-	-	-	-	(\$0.0)
Helensville	(\$0.0)	(\$0.0)	(\$0.0)	-	-	-	-	-	-	-	-	-	(\$0.0)
Wellsford	(\$0.0)	\$0.0	(\$0.0)	-	-	-	-	-	-	-	-	-	\$0.0
Beachlands & Maraetai <sup>2</sup>	(\$0.0)	(\$0.0)	(\$0.0)	-	-	-	-	-	-	-	-	-	(\$0.0)
Kawakawa Bay <sup>2</sup>	(\$0.0)	(\$0.0)	(\$0.0)	-	-	-	-	-	-	-	-	-	(\$0.0)
Omaha, Matakana & Point Wells	(\$0.0)	(\$0.0)	(\$0.0)	-	-	-	-	-	-	-	-	-	(\$0.0)
<b>Total Full Price Revenue</b>	<b>(\$4.7)</b>	<b>(\$1.1)</b>	<b>(\$0.5)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(\$6.2)</b>

1. The Metropolitan quantity and total figures include Veolia. Their pricing information is available on their [website](#).

2. Wastewater-only group.

## Version control

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Status:	Ready for Board approval (24 June 2025)
Owner:	Angela Neeson
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## Glossary

<b>AAR</b>	Actual allowable revenue: MAR plus any wash-up from previous financial years as defined in the schedule of the Charter. This is only applicable for the 2027 and 2028 financial years.
<b>ABMC</b>	Average billed monthly connection value: Connection numbers utilised to drive and fixed wastewater charges.
<b>Account estimation credits</b>	Watercare's process is to read customer meters bi-monthly and estimate the read on the in-between months. If the estimate is different to actual consumption, the next actual read will adjust the bill accordingly. This reflects where an estimated reading was higher than actual.
<b>BSP</b>	Bulk supply point.
<b>Charter</b>	Refers to Local Government (Water Services Preliminary Arrangements) (Watercare Charter) Order 2025.
<b>CMC</b>	Consumption per metered connection.
<b>DUE</b>	Development unit equivalent. It is a unit of volume measurement used to calculate and allocate infrastructure growth charges.
<b>Fixed WW</b>	Fixed wastewater charges applied per connection.
<b>FY25</b>	Watercare financial year (1 July 24 to 30 June 25).
<b>FY26</b>	Watercare financial year (1 July 25 to 30 June 26).
<b>GL</b>	Giga litres (1 billion litres).
<b>IGC</b>	Infrastructure growth charges: fees levied to fund the capital investment in bulk infrastructure.
<b>IGC pricing group</b>	Categorisation of areas for IGC pricing, e.g. metropolitan, northeast sub-regional, etc.
<b>KL</b>	Kilolitre (1000 litres).
<b>LTP</b>	Long term plan.
<b>ML</b>	Mega litres (1 thousand litres).
<b>MAR</b>	Maximum allowable revenue: the revenue cap set for revenue from prices under <i>clause 14</i> of the Charter.
<b>Retail losses</b>	Water produced but not billed. This can be due to leaks, bursts, illegal connections, metering inaccuracies, firefighting, mains flushing or other operational purposes.
<b>Revenue from prices</b>	Revenue from prices that Watercare charge consumers including revenue that Watercare foregoes due to leak remission credits. Excludes revenue from IGCs and other revenue.
<b>Vol WW</b>	Volumetric wastewater charges based on usage.
<b>WDC</b>	Waikato District Council.
<b>WSL</b>	Watercare Services Limited.
<b>WW</b>	Wastewater.
<b>WWTP</b>	Wastewater Treatment Plant