

WELLINGTON WATER LIMITED



HALF-YEAR REPORT TO 31 DECEMBER 2025

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Foreword

Welcome to our 2025/26 Half Year Report.

Over the past six months, we have kept up the momentum by continuing to respond to recommendations for improvements and embedding the changes we know are needed to uplift our organisational maturity. With six months to go until our transition to Tiaki Wai, these changes are being implemented with the view of standing us in good stead for the future water entity and ensuring the organisation is ready for the shift. The intense work effort required to make these changes, and the other challenges that have impacted us, mean that we need to take a realistic approach to how much can be delivered.

Transition to the new entity Tiaki Wai

Ensuring Tiaki Wai is operational on day one is our top priority. From our dedicated Transition Team who work closely with Tiaki Wai's Establishment Team, to those leading transition workstreams and sharing expertise as Subject Matter Experts (SMEs) in areas such as due diligence and legal transfer, the whole organisation is playing a part in ensuring a seamless shift. In doing so, we make sure that through this significant change we can keep serving our people, stakeholders, and communities.

Technology Systems Investment programme

The Technology Systems Investment programme has continued to be a big focus for the organisation. The right technological systems are the cornerstone of our, and any water entity's, ability to be an effective business and asset manager. However, the technology we depend on currently is either at the end of its life or owned by shareholder councils or contractors. Change is urgently needed, and many of our people have dedicated a significant amount of time to support the Requests for Proposals (RFP) process and evaluation over the past few months. Although the technology we are procuring will not be ready by the transition date of 1 July 2026, it will be central to the day-to-day operations and success of Tiaki Wai.

Delivering Business-as-usual

We remain focused on our core business of running the plants, delivering the capital and operating programme and managing the day-to-day risks. This has been overlaid by a new company-wide procurement model to allow the company to achieve greater value for stakeholders and the community. These changes required a capability shift and have necessarily slowed delivery in order to ramp up in time, but we are still working to deliver as much of the total programme as we can. While we are forecasting to exceed our lower target of 75% of the programme, this will be challenging to achieve and is made more difficult by the recent events.

Moa Point Wastewater Treatment Plant Failure

The recent failure at Moa Point Wastewater Treatment Plant on Wednesday 4 February 2026 is devastating. We deeply regret the impact this has had on communities and the environment. We want to acknowledge our people for the initial response to the incident, and those who gave up their time to

ensure that public health was protected first and foremost. Our focus is to restore plant operations as quickly and safely as possible. We will be cooperating to the fullest extent with the Crown Teams Review, so that everyone can have clear, authoritative answers about what went wrong, why it occurred, and what lessons must be learned. Although this event occurred outside of the timeframes that this document covers, it will have a profound impact on Wellington Water’s final six months of operation before being absorbed by Tiaki Wai.

Board Chair

We also acknowledge the significant contribution made by previous board Chair Nick Leggett, who stepped down on 16 February 2026. In doing so, Nick noted that strong organisation’s improve when those in leadership roles are prepared to stand up in difficult moments. Nick led the Board as it identified that things needed to change at Wellington Water, and has been instrumental in putting in place the programme of change that will ultimately set Wellington Water and its successor, Tiaki Wai, on course to being the water service provider that the region needs and deserves.



Bill Bayfield

Board Chair



Pat Dougherty

Chief Executive

About Wellington Water

Wellington Water exists so people in the Wellington Region have safe, reliable, compliant, affordable drinking water, stormwater, and wastewater services. Our job is to provide safe and healthy drinking water, collect and treat wastewater, and ensure the stormwater network is well managed.

Wellington Water is a council-controlled organisation owned by Wellington City Council, Hutt City Council, Porirua City Council, Upper Hutt City Council, Greater Wellington Regional Council, and South Wairarapa District Council.

Councils own the water assets in the region and set the level of funding and investment provided. They then task Wellington Water to manage the infrastructure and deliver water services to communities based on the level of funding provided.

This report has been prepared in the context of ongoing work to transition to the new water services entity, Tiaki Wai, by 1 July 2026. As part of this transition, ownership arrangements will change, with South Wairarapa District Council opting to join a separate water entity serving the Wairarapa region.

This Half-Year Report covers the period July 1 2025 to December 31 2025 and sets out our progress against the goals set in *Our Water and Our Future (Wellington Water's 2025–28 Statement of Intent)*.

This report will be published on our website and our councils' websites, in line with the Local Government Act.

Heightened regulation and delivering against these

On 12 August 2025 Wellington Water became subject to Foundational Information Disclosure (ID) empowered under the Local Government (Water Services Preliminary Arrangements) Act (WSPA Act) 2024 and an Order in Council. The Commerce Commission describe foundational ID as a light-handed form of economic regulation, where the Commission in their role of economic regulator for water sets disclosure requirements and monitors performance. These requirements include detailed disclosures on the network, maintenance spending, fault data, and other service performance metrics.

We have submitted two tranches of disclosures, on 31 October and 26 November 2025. These are published on the Wellington Water website - <https://www.wellingtonwater.co.nz/performance-reporting/performance-reporting-disclosures>.

Foundational ID will be replaced by the enduring ID requirements which are currently being developed by the Commerce Commission. These will be announced in February 2026 and come into effect on 1 July 2026.

Strategic Focus

Our purpose statement sets the foundation of our work:

Wellington Water exists so that people in the Wellington Region have safe, reliable, compliant and affordable drinking water, stormwater and wastewater services.

This purpose drives our commitment to achieving our four strategic outcomes:

1. Communities receive *reliable* three water services; By ensuring reliable services, we fulfill our goal of delivery of services to the community.
2. Services delivered by Wellington Water are *compliant*; Compliance with regulatory standards ensures the safety of the services we provide
3. Water services are *affordable* and provide value; ensuring our services are accessible and affordable
4. Wellington Water is a strong and *capable* organisation ready to fold into a new asset-owning entity. Building an organisation that prepares us for future transitions and challenges.

To achieve these outcomes we use the Wellington Water Committee's strategic priorities to orient our work:

- Looking after existing infrastructure, to ensure the reliability of our services
- Supporting growth; aligns with our outcome of providing reliable services to a growing population
- Ensuring sustainable water supply for the future; addresses both current and future needs, supporting our purpose of reliability and affordability
- Improving water quality of our rivers, streams and harbour; this directly impacts the health and safety of our environment, te mana o te wai, community, and aligns with our compliance and reliability outcomes
- Reducing our carbon emissions and adapting to the impacts of climate change reflects our commitment to sustainability and long-term affordability

Through this alignment, we can create a cohesive approach to the delivery of water services.

Technology Systems Investment Programme

Technology Systems Investment (TSI) aims to ensure Wellington Water has the core technology it needs to deliver efficient, effective, and compliant three water services now and into the future. The technology we depend on currently is not fit-for-purpose, being either at the end of its life or owned by our shareholding councils or contractors. Multiple external reviews of Wellington Water, and in particular the 'Culture and Value for Money' reviews, have cited inadequate technology capability as a causal factor in constraining Wellington Water's ability to operate optimally. In recognition of this, Greater Wellington Regional Council (GWRC) provided \$13.8 million in funding for the 2025/26 financial year to support initial phase of this essential transformation. We will be able to achieve the planned programme phases this year well within this budget.

The Technology Systems Investment (TSI) Programme is on track with delivery to commence in the second half of 2026, by which time Tiaki Wai will be in operation. Two major procurement steps have so far been completed:

1. Information Management System: Implementation is underway with go-live planned for 1 July 2026.
2. Core Business Systems: Vendors for asset management, finance, project management, H&S, CRM, billing, HR, and payroll were selected in December 2025. The programme is now negotiating Phase Zero to establish integrated planning and contracts for full delivery.

To manage the programme's scale and complexity, Wellington Water is engaging specialist resources and partnering with suppliers experienced in the utilities sector. The programme is also coordinating with other key change initiatives, including the Tiaki Wai Transition and Metering Programme, to ensure integrated planning and effective resource management.

Despite progress made since the beginning of financial year, the TSI Programme still requires significant resource investment to develop Wellington Water's technology and asset management systems that support effective and efficient operations of our business. The TSI Programme's key risks centre on sustaining progress amid organisational shifts, achieving timely governance decisions, and ensuring the availability of critical subject-matter expertise.

Transition to Tiaki Wai

The announcement of the Tiaki Wai CEO and initial Board-to-Board engagement in December has established the platform for collaboration as Day 1 approaches on 1 July 2026. Increased resourcing within the Tiaki Wai Establishment Team and the completion of the draft Establishment Plan have accelerated the workload for Wellington Water.

Activity has ramped up across multiple workstreams, supported by an expanded core Transition team. Planning efforts are clarifying what is needed from the Establishment Team to ensure service continuity on Day 1. Wellington Water has met key deliverables, including the legal transfer questionnaire, contracts register consolidation, resource consents stocktake, asset valuations, and HR requirements, and has contributed substantially to due-diligence interviews and the draft Water Services Strategy.

The key priority going forward is to focus on the Minimum Viable Product (MVP) requirements for Day 1 and ensure Wellington Water can provide the necessary inputs without impacting business as usual operations. An early quarter three review will assess the importance of current Wellington Water transition activities and formally initiate any new transition work.

We will continue working closely with the Establishment Team to ensure Wellington Water has sufficient lead-in time to contribute to priority work. As we balance the significant demands on the organisation preparing for a smooth transition to Tiaki Wai while continuing to deliver critical business-as-usual activities, our focus is on delivery in a way that maximises value and remains within our financial resources.

Implementing the Culture and Value for Money Improvement Plan

The Wellington Water Committee endorsed the delivery of a consolidated improvement plan in May 2025. There are 26 Improvement Plan actions that are oriented around nine outcomes, which focus on enhancing organisational capability, strengthening important aspects of the way we work along with our systems and controls, and embedding a value-for-money approach.

Service reliability has improved through a new Asset Management Framework, Investment Delivery Executive Oversight (IDEO) Committee, added asset management resourcing, and progress on technology system procurement, alongside strengthened financial, governance, and assurance processes. Internal audits and clearer accountability now support more consistent delivery. Next steps include embedding Asset Management Engineers, continuing IDEO oversight, and advancing assurance and regulatory maturity, supported by Protected Disclosures training and refined committee structures. Key challenges include managing ongoing change with low maturity systems and data, maintaining assurance quality, and ensuring leaders promote early issue raising as Wellington Water transitions into Tiaki Wai.

Strengthened treatment plant reporting, active consent management, capital renewals, and clearer governance, supported by updated delegations, financial controls, and a growing project management capability have been introduced. Odour treatment upgrades are in progress, and enhanced breach processes are improving accountability. Next steps include completing procurement, transferring projects to Capital Delivery, and progressing ultra-violet (UV) renewals at Seaview and Western wastewater treatment plants. Key challenges involve managing heavy project workloads, addressing ongoing non-compliance at metro plants (Moa Point in particular) and sequencing long-term capital investment while navigating resourcing and recruitment constraints.

Projects and contracts continue to be delivered with strong commercial discipline, supported by open tendering and improved data processes that enhance procurement visibility. Internal governance reporting is embedded, and updated procurement thresholds and KPI development are strengthening value for money. Next steps include finalising performance tracking systems, embedding new thresholds, commencing January 2026 procurement training, and developing 2026/27 portfolios and Alliance performance metrics. Key challenges include sustaining momentum while implementing new processes, ensuring capability uplift matches system changes, and maintaining strong governance as the organisation transitions toward the 30 June 2026 goal.

Business-As-Usual Recap

- We have delivered \$80.1 million in capital projects year-to-date at a regional level, which is only 57% of year-to-date budget. In addition, the programme is heavily backloaded, which will make full year results within target range difficult to achieve. In-year prioritisation has occurred to make additional projects delivery ready along with other mitigations to ensure a consistent and high rate of spend month on month to the end of year. As already noted, recent events such as Moa Point will add to the challenge.
- We completed a major improvement in regional water supply resilience through construction of the Whakawhirinaki bridge and bulk watermain crossing Te Awa Kairangi at Silverstream. This project replaces a vulnerable and poor condition bulk watermain on the existing Silverstream road bridge with a new resilient pipeline crossing both Te Awa Mairangi and the Wellington Fault.
- We continue to manage compliance challenges in the wastewater treatment space, mainly due to aging assets needing improvement and further investment, but also while maintenance and capital projects are being carried out at plants. We received two infringement notices for Seaview Wastewater Treatment Plant for non-compliant effluent quality discharging to the coastal marine area. Maintenance activities required fluoride to be turned off at Wainuiomata Water Treatment plant for a period meaning we didn't meet the Ministry of Health recommended levels for a period at that plant. All other plants met the 95% threshold.
- In July 2025, the backlog of leaks across the Wellington metropolitan region (Wellington City, Porirua, Lower Hutt, and Upper Hutt) reached its lowest level in four years, with fewer than 300 reported leaks remaining on the public network. This achievement demonstrates the effectiveness of sustained Council investment, ongoing process improvements, and the commitment of our operations teams.
- Customer satisfaction peaked at 71% in quarter one and dipped slightly across quarter two to 64%. Resolution times remain a key driver of lower satisfaction, and the summer peak impacted the backlog, extending end-to-end processing timeframes. Historically, longer resolution times have been strongly correlated with declines in customer satisfaction.
- In September 2024, Wellington Water was selected as part of the Chief Ombudsman's regular programme of audits into Local Government Official Information and Meetings Act (LGOIMA) practices and compliance within local authorities. The Ombudsman's report, received in August 2025, identified 27 actions to further strengthen our LGOIMA processes. While the findings were broadly anticipated, they reaffirmed the need for ongoing improvements to our systems, processes, and organisational culture. The report also underscored the importance of modern technology and information systems, which are the key components of our ongoing TSI change programme. We accepted all of the Ombudsman's recommendations and are actively implementing the required changes to enhance the consistency, timeliness, and quality of our LGOIMA practices. Overall, the report was complimentary of Wellington Water's growing culture of openness and transparency with its shareholders, stakeholders, partners, and the public.

Spotlight on Major Projects

Major Projects are complex, high risk, and present significant value to the region, Wellington Water, and our client Councils. Each of the projects are critical for the resilience, improvement, and/or growth of the region's three waters infrastructure.

Over the six months since July 2025, the following projects have achieved construction completion:

Te Mārua Water Treatment Plant Capacity Optimisation (Greater Wellington Regional Council)

Since July 2025, the Te Mārua Water Treatment Plant project completed commissioning of the full Dissolved Air Flotation system and all support systems, boosting capacity by 20 million litres per day (MLD) and improving our resilience ahead of summer demand. The programme has been completed on schedule. Key milestones included final physical works and operational readiness supporting infrastructure, delivering improved reliability and efficiencies for the region's water supply.

Wellington Central Business District (CBD) Wastewater Programme (Wellington City Council)

The programme renews and upgrades critical CBD wastewater mains and pump stations to reduce overflows to Wellington Harbour and improve network resilience. The programme includes six projects, delivering increased capacity, improved redundancy, and reducing the risk of overflows. Two projects, the Taranaki Rising Main and new pump station, have already been completed, with three additional projects in construction this financial year.

- **Wakefield Street Wastewater Rising Main:** Delivered a new rising main linking Kent Terrace to Taranaki Street, providing redundancy in the CBD wastewater network. Construction was completed more than two months ahead of programme and \$2 million under budget. Benefits include reduced overflow risk and improved network reliability.
- **Pump Stations 1–7 Upgrades – Package 1 (Pump Stations 5 & 7):** Upgraded two key CBD pump stations to improve capacity and operational performance. Construction was completed to programme and approximately \$0.5 million under contract value. The work reduces failure risk and lowers future maintenance requirements, with remaining packages planned for 2026.
- **Victoria Street Wastewater Rising Main:** Stages 1 and 2 (Willerton Street to Taranaki Street) has made significant progress. Works are tracking ahead of programme and approximately \$0.8 million under budget, with completion forecast for May 2026. Early progress has reduced delivery risk across the wider CBD programme, with the replacement of the pipe in the poorest condition with a history of high-profile bursts and overflows into the harbour.

Seaview Wastewater Treatment Plant (WWTP) – Odour Control Renewal Stage 2 (Hutt City Council)

- Stage 2 works of the Odour Control project were completed at Seaview WWTP.

- The works included design and construction of a new Odour Control Unit for the Milliscreen Building, replacement of milliscreen odour ducting, seals and repairs to external ducting and replacement of four odour extraction fans.
- The work was subject to an abatement notice requiring completion by 1 December 2025. Works were completed 12 days late, but a week earlier than forecast. The new equipment is improving conditions for operators and reducing the risk of fugitive odour for the community.
- The abatement notice also included a requirement to install odour treatment for the dryer building. This was successfully challenged as odour modelling showed that the dryer building improvements would not make a meaningful impact on odour beyond the plant boundary. This resulted in approximately a \$1.8 million reduction in project costs.

Whakawhirinaki – Relocate main at Silverstream Bridge (Greater Wellington Regional Council)

- This project involved renewing the large-diameter bulk water pipeline that previously crossed the Silverstream Bridge in Upper Hutt. The works included the installation of 1.2 km of 1000 mm diameter underground pipeline and a 200 m long aerial pipeline supported by a new bridge crossing Te Awa Mairangi / Hutt River at Silverstream. The project commenced in 2017, with the bridge pipeline successfully passing pressure testing on 8 September 2025 and achieving practical completion on 14 October 2025. A formal opening ceremony and karakia were held on 12 November 2025.
- Value for money was achieved during construction through a review of the aerial pipeline design and construction methodology. This resulted in an \$8 million saving identified through contractor tender submissions via an alternative bridge design, as well as early procurement undertaken in 2022, which reduced exposure to cost escalation and inflation during the COVID-19 period.
- Whakawhirinaki is an essential asset for the bulk water supply to Porirua City and north Wellington, and completion of this project significantly improves the resilience of the bulk water supply network to 100% of Porirua City and approximately 40% to Wellington City.

Statements of Service Performance

Our Statement of Intent 2025-28 outlines 17 performance measures focusing on delivering core services.

Summary of performance measure results

As at 31 December 2025, 65% (11) of measures were on track, 17.5% (3) of measures were at risk, and 17.5% (3) were not achieved or off track. The following table provides a consolidated view of our progress against the 17 performance measures.

Green = On track

Orange = At risk

Red = Off track

#	Purpose	Measure	Target	Status	Result as at 31 December
01	We deliver a level of service that our councils and customers expect	Customers rate their experience of our performance as 'Satisfied' or better	Satisfaction is >= 55%)	Green	Customer satisfaction is sitting at 64%. While the result remains positive against target, two recurring themes underperformed: responsiveness and advised of works communication. Resolution times remain one of the primary drivers of satisfaction scores, and the recent increase in backlog has impacted end-to-end timeframes.
02	The yearly average level of fluoride leaving each Water Treatment Plant is within the Ministry of Health guidelines 95% of the time.	The yearly average level of fluoride leaving each Water Treatment Plant is within the Ministry of Health guidelines (0.7-1.0 parts per million) 95% of the time.	Achieved at all plants	Red	<ul style="list-style-type: none"> Te Marua = 97%, Wainuiomata = 92%, Waterloo = 95%, Gear Island = 95%. <p>Wainuiomata WTP maintenance activities required the fluoride to be turned off for two one-week periods to investigate fluoride transfer issues.</p>

#	Purpose	Measure	Target	Status	Result as at 31 December
03	We will deliver safe drinking water to metro Wellington ¹	We comply with Drinking Water Quality Assurance Rules (Treatment)	Achieve full compliance at all 4 metropolitan water treatment plants every month		The Waterloo Water Treatment Plant is non-compliant with the Drinking Water Quality Assurance rules due to insufficient contact time with chlorine for water for approximately 800 households following a rule change in 2022. A project to resolve the issue is in progress, and the water remains safe to drink. All other treatment plants were compliant.
04	We will deliver safe drinking water to South Wairarapa ²	We comply with Drinking Water Quality Assurance Rules (Treatment)	Compliant 12/12 months		All South Wairarapa Water Treatment Plants were compliant.
05	Our metropolitan wastewater treatment plants (WWTP) will operate as expected	We receive zero abatement notices, infringement notices, enforcement orders or conviction for breaches of consent	Zero, notices, orders and convictions		<ul style="list-style-type: none"> 2 infringement notices received <p>GWRC issued two infringement notices for Seaview Wastewater Treatment Plant on 24 October 2025 for events across June-July 2025. The first infringement notice was issued for non-compliant effluent quality discharging to the coastal marine area, and the second infringement was for breach of abatement notice A1026 for the same discharge.</p>
06	South Wairarapa WWTP will operate as expected.	We receive zero abatement notices, infringement notices, enforcement orders or conviction for breaches of consent.	0 notices, orders and convictions		No notices, orders or convictions received
07	Annual target met	Percentage of targeted pipe replacement/renewal completed	7.2 km of pipes are renewed		Total for half year is 1.8 km against an annual target of 7.2 km. The programme is backloaded with the remaining renewals to be delivered across the next six months.

¹ Measured separately at each water treatment plant. The metro drinking water treatment plants are Gear Island, Te Mārua, Wainuiomata and Waterloo.

² South Wairarapa water treatment plants are Waiohine, Memorial Park, Martinborough and Pirinoa.

#	Purpose	Measure	Target	Status	Result as at 31 December
08	We will deliver our capital programme within the expected range	Total capital delivery is between 75% and 90% of \$362m	Between \$270m and \$325m		Year-to-date delivery totalled \$80.1 million against a budget of \$140.2 million, or 57%. The programme is heavily backloaded which adds to the challenge. Forecasts are to achieve a result within the target range, but confidence in this can be considered low given recent events.
09	Our people remain engaged with our company and its purpose	Our overall engagement score remains stable or increases	Overall engagement greater than 60%		Overall employee engagement increased from 55% to 60%. Action plans will be in place to ensure continuous improvement.
10	We will monitor and address critical health and Safety risks for our people	Health and Safety critical risks will be reviewed, and improvement implemented.	Two or more health and safety critical risks are reviewed.		Validation of risks is underway, and the programme is on track.
11	Give effect to Te Mana o te Wai	Give effect to Te Mana o te Wai by defining what this means for Wellington Water and provide direction on where and how it will be applied to our planning, regulatory and operational activities.	Develop a strategy to give effect to Te Mana o te Wai		Initial work has started on the scope of the Te Mana o te Wai strategy. Initial discussions with our mana whenua partners have been had to ensure the strategy will align with iwi aspirations.
12	To demonstrate our commitment to partnering with mana whenua iwi	We regularly check with Te Rūnanga o Toa Rangatira and Taranaki Whānui that we are honouring our partnership agreements.	Annual hui confirm that we are giving effect to the purpose and values set out in the relationship agreements.		We have continued engagement and hui with our mana whenua partners. Wellington Water meets regularly with Te Rūnanga o Toa Rangatira and Taranaki Whānui and continues to engage in capital and operational matters, ongoing mahi and big projects e.g. Porirua Harbour Accord, Seaview Rōpū.

#	Purpose	Measure	Target	Status	Result as at 31 December
13	To demonstrate our commitment to partnering with mana whenua iwi	We offer partnership agreements to Ngāti Kahungunu ki Wairarapa-Tamaki Nui a Rua and Rangitāne o Wairarapa	Partnership agreements offered to Ngāti Kahungunu ki Wairarapa-Tamaki Nui a Rua Rangitāne o Wairarapa.		We continue to engage with mana whenua iwi in the Wairarapa on operational matters until Tiaki Wai is established on 1 July 2026.
14	There is sufficient water to meet customer needs	Wellington Water and Councils do not implement Level 4 water restrictions	Achieved		Achieved. Water restrictions risk is extremely low this year, with more focus now on the long-term strategic interventions (i.e. introduction of water meters and creation of lake reservoirs).
15	We manage the region's water shortage risk in the medium to long term	Prepare a regionally consistent plan for roll out of residential water meters across our metropolitan council areas.	Procurement commenced, funding agreed, water meter installation has commenced.		First stage business case presented to joint Boards on 15 December 2025. Direction included selecting smart meters, progress planning for procurement phase, and finalising business case for approval by end of Q3.
16	Revisit supply chain to ensure efficiency and value for money	Review key contracting arrangements for maintenance and capital works.	Report Quarterly		The review remains on track, with incremental improvements implemented through threshold changes, capability uplift, and strengthened commercial practice.
17	Lift our organisational capability	Implement actions agreed of the Wellington Water Culture and Value for Money Improvement Plan.	>75% of agreed actions achieved or exceeded		75% of agreed actions were either achieved or exceeded.

Financial Summary

FINANCIAL STATEMENTS

INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2025

Basis of preparation

Wellington Water Limited is a company registered in New Zealand under the Companies Act 1993 and is classified as a Tier 1 Public Benefit Entity (PBE) for financial reporting purposes. These interim financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP) and comply with PBE IAS 34 Interim Financial Reporting.

The accounting policies applied are consistent with those used in the annual financial statements for the year ended 30 June 2025. All amounts are stated exclusive of Goods and Services Tax (GST), except for receivables and payables, which include GST. The net amount of GST recoverable from or payable to the Inland Revenue Department is included within receivables or payables in the statement of financial position.

These financial statements have been prepared on a disestablishment basis, reflecting the planned transition of water services delivery to a new regional water services organisation. The financial statements are presented in New Zealand dollars and rounded to the nearest thousand dollars (\$000), unless otherwise stated. The measurement basis applied is historical cost.

Water services reform and transition to Tiaki Wai

Following the repeal of the Water Services Entities Act 2022 in July 2024, the Government introduced the Local Water Done Well policy in August 2024 to reset the water services system. The reforms were implemented in three stages: repeal of the previous legislation, establishment of a new framework with transitional arrangements, and the development of enduring settings for water services delivery. These reforms were completed with the enactment of the Local Government (Water Services) Act 2025, which received Royal Assent on 26 August 2025.

Under the Act, territorial authorities retain responsibility for ensuring water services are provided within their districts, while having discretion over the delivery model best suited to local circumstances. Councils across the metropolitan Wellington region have agreed to pursue a jointly owned water services provider, with a joint Water Services Delivery Plan submitted to the Department of Internal Affairs on 29 August 2025.

While South Wairarapa District Council (SWDC) is currently a shareholder in Wellington Water, it will instead participate in a jointly owned water services provider for the Wairarapa and Tararua regions which is expected to be operational by July 2027. As a result, SWDC will manage its water services independently for an interim period of approximately one year.

As part of this transition, a new water services organisation, Tiaki Wai, has been established to deliver water services for the metropolitan Wellington region under the new framework. Tiaki Wai has an appointed Chief Executive and Establishment Board, providing governance and strategic leadership for the transition and future operations. Preparations are underway for commencement of operations on 1 July 2026 ("Day One"), including workforce transition and system readiness.

Wellington Water Limited will continue to operate as a council-controlled organisation during the transition period, with all permanent staff expected to transition to Tiaki Wai to support continuity of service delivery and retention of organisational capability.

Statement of compliance

These interim financial statements are for the six-month period ended 31 December 2025 and should be read in conjunction with the annual financial statements for the year ended 30 June 2025. They have been prepared in accordance with the requirements of the Companies Act 1993 and the Local Government Act 2002, and comply with NZ GAAP, Tier 1 PBE accounting standards, and PBE IAS 34 Interim Financial Reporting.

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For the period ended 31 December 2025

	Unaudited 31 Dec 2025 \$000	Unaudited 31 Dec 2024 \$000	Audited 30 June 2025 \$000
Council capex and Council opex programme	140,229	191,404	376,613
Management and advisory services	12,145	11,407	22,814
Other revenue	4,332	1,638	2,998
Total revenue	156,706	204,449	402,425
Salaries and wages	(27,653)	(23,759)	(47,390)
Superannuation	(831)	(697)	(1,417)
Directors fees	(120)	(81)	(169)
Audit fees - financial statements	(97)	(154)	(425)
Council capex and Council opex programme	(140,229)	(191,404)	(376,613)
Operating leases	(1,228)	(1,012)	(2,172)
Other personnel expenditure	(1,309)	(994)	(5,047)
Other operating expenditure	(11,100)	(8,859)	(15,349)
Corporate (Direct) costs charged to capex and opex programme	22,063	22,193	46,828
Total operating expenses	(160,504)	(204,767)	(401,754)
Depreciation and amortisation	(699)	(733)	(1,407)
Surplus/(deficit) before tax	(4,497)	(1,051)	(735)
Tax expense	-	-	322
Total comprehensive revenue and expenses	(4,497)	(1,051)	(413)
Attributable to:			
Wellington City Council	(1,799)	(420)	(165)
Hutt City Council	(899)	(210)	(83)
Greater Wellington Regional Council	(675)	(158)	(62)
Porirua City Council	(540)	(126)	(50)
Upper Hutt City Council	(360)	(84)	(33)
South Wairarapa District Council	(225)	(53)	(21)
Total comprehensive revenue and expenses	(4,497)	(1,051)	(413)

Comparison of results for the six months ended 31 December 2025 to the same period last year

Revenue: Council capex and Council opex programme revenue decreased by \$51.2m mainly driven by capex programme revenue, which decreased by \$48.0m. This variance reflects differences in the timing of programme delivery compared with the same period last year and are directly linked to council programme expenditure.

Overall, net revenue decreased by \$47.7m compared with the same period last year.

Expenses: Wellington Water's expenses decreased by \$44.3m compared with the same period last year, primarily due to the timing of programme delivery. This was partly offset by increases in salaries and wages resulting from higher employee numbers, and increased other operating expenditure, mainly relating to external consultants and information technology programme

costs.

Net Deficit: The net deficit for the half-year ended 31 December 2025 amounted to \$4.5m.

STATEMENT OF CHANGES IN EQUITY

For the period ended 31 December 2025

	Unaudited 31 Dec 2025 \$000	Unaudited 31 Dec 2024 \$000	Audited 30 June 2025 \$000
Surplus/(deficit) for the period	(4,497)	(1,051)	(413)
Equity at the beginning of the period	6,646	7,058	7,058
Total equity	2,148	6,007	6,646

STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Unaudited 31 Dec 2025 \$000	Unaudited 31 Dec 2024 \$000	Audited 30 June 2025 \$000
Cash and cash equivalents	39,741	46,812	52,604
Receivables and prepayments	2,027	7,381	62,115
Tax receivable	849	362	640
Total current assets	42,618	54,555	115,359
Intangible assets	-	1	0
Property, plant and equipment, vehicles	4,507	4,296	4,240
Deferred tax	691	369	691
Total non-current assets	5,198	4,666	4,931
Total assets	47,816	59,221	120,290
Payables and provisions	42,198	50,386	110,825
Employee entitlements	3,447	2,818	2,796
Tax payable	-	-	(0)
Total current liabilities	45,645	53,204	113,621
Employee entitlements-Long-term	22	10	24
Total non-current liabilities	22	10	24
Total liabilities	45,668	53,214	113,645
Net assets	2,148	6,007	6,646
Issued capital	1,000	1,000	1,000
Accumulated comprehensive revenue and expenses	1,148	5,007	5,646
Total equity	2,148	6,007	6,646

Comparison to Statement of Financial Position at 31 December 2024

Current Assets: Current assets were \$11.9m lower compared with 31 December 2024, primarily due to reduced receivables and a lower cash balance. The year-on-year decrease in receivables reflects delays in delivery of the capex programme. Wellington Water invoices the capex programme based on actuals and the current month forecast, and delays in programme delivery have reduced the amounts invoiced.

The lower cash at bank balance reflects reduced cash inflows from operating activities, driven by lower receipts, partly offset by lower supplier payments.

Current Liabilities: Current liabilities were \$7.6m lower compared with 31 December 2024, primarily due to reduced spending on council capex and opex expenditure programmes, as well as lower contract retentions reflecting a higher level of retention payments made during the year. These decreases were partially offset by an increase in the unexpected events reserve balance.

Equity: Total equity decreased by \$3.9m year-on-year, reflecting the operating deficit recorded for the period. Equity at 31 December 2025 incorporates the \$4.5m deficit reported in the statement of comprehensive revenue and expenses, resulting in a closing equity balance of \$2.1m. No other movements in reserves occurred during the year.

STATEMENT OF CASH FLOWS

As at 31 December 2025

	Unaudited 31 Dec 2025 \$000	Unaudited 31 Dec 2024 \$000	Audited 30 June 2025 \$000
Receipts from councils	164,052	245,595	430,343
Interest received	745	1,293	2,286
Employees and suppliers	(176,485)	(234,617)	(413,822)
Tax (paid)/received	(209)	(1,698)	(1,977)
Net cash flow from operating activities	(11,896)	10,573	16,831
Purchase of property, plant and equipment, vehicles	(967)	(477)	(1,111)
Proceeds from the sale of vehicles	-	166	334
Net cash flow from investing activities	(967)	(311)	(777)
Share capital issued	-	-	-
Net cash flow from financing activities	-	-	-
Net cash flow	(12,863)	10,262	16,055
Add: cash at the beginning of the period	52,604	36,550	36,550
Cash at the end of the year	39,741	46,812	52,604
Comprised of:			
Cash at bank and on hand	39,741	46,812	52,604

Comparison to Statement of Cash Flows at 31 December 2024

Net cash flows from operating activities: Net cash flows from operating activities decreased by \$22.5m compared with the same period last year, resulting in an operating cash outflow of \$11.9m for the six months ended 31 December 2025. This movement was primarily driven by significantly lower receipts from councils, reflecting delays in council programme delivery compared with the prior year. The reduction in receipts was partially offset by lower payments to suppliers, consistent with the reduced level of programme activity during the period.

Net cash flows from investing activities: Net cash flows from investing activities resulted in an outflow of \$1.0m, compared with an outflow of \$0.3m in the prior year. This increase was mainly due to higher expenditure on property, plant and equipment, partially offset in the prior year by proceeds from the sale of vehicles.

Net cash flows from financing activities: There were no cash flows from financing activities during the period.

Overall, net cash outflows for the period totalled \$12.9m, compared with net inflows of \$10.3m in the same period last year. Cash at bank decreased by \$7.1m over the period to \$39.7m at 31 December 2025. The decrease reflects lower net operating cash inflows year-on-year, partially offset by a higher opening cash balance at the beginning of the period.