

30 September 2025

Jamie Sinclair, CEO  
Watercare Services Ltd.  
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Newmarket, Auckland, 1050

Tēnā koe Jamie

## Purpose of this letter

1. Interim economic regulation under the Charter started on 1 April 2025.<sup>1</sup> The price-path in the form of a maximum allowable revenue (MAR) for water and wastewater tariff revenue, and a minimum increase in infrastructure growth charges (IGCs) started to apply from 1 July 2025.
2. Under the Charter, in relation to the price-path, Watercare is required to report:
  - before the start of each financial year, how the regulated prices it sets for the upcoming financial year are forecast to comply with the Charter (clause 22); and
  - after each financial year, actual revenues earned from regulated prices (clause 23).
3. In this letter we deal with Watercare's report in relation to clause 22. We are writing to inform you that in our view Watercare has complied with the requirements in clause 22 of the Charter.

## Our assessment of forecast revenue and pricing for the financial year 2026

4. In June Watercare published its report stating how:<sup>2</sup>
  - forecast revenue from water and wastewater tariffs for financial year 2026 complies with the Charter;
  - IGC increases for financial year 2026 comply with the Charter; and
  - Watercare is rebalancing its forecast revenue away from charges for water services provided and towards IGCs.

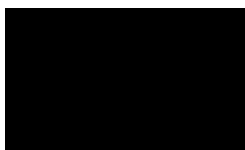
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<sup>1</sup> [Local Government \(Water Services Preliminary Arrangements\) \(Watercare Charter\) Order 2025](#)

<sup>2</sup> Watercare, [Report on the price-quality path: forecast stage](#), Financial year 2026.

5. In our role as Crown monitor to Watercare we have assessed Watercare's disclosed report. We found that Watercare:
  - expects to earn a revenue of \$845.1m from prices for providing water supply and wastewater services for the financial year 2026, which is equal to the Charter maximum allowable revenue amount for that year;<sup>3</sup> and
  - is increasing IGCs by 15.5%, which is equal to the minimum allowable rate of increase under Charter clause 17(2)(a) for the 2026 financial year.
6. As required in clause 22(2), Watercare also demonstrated:
  - what the forecast revenue implies for average combined water supply and wastewater service bills; and
  - how the average bill increase compares to the bill increases that were expected when the Charter maximum allowable revenue was determined (7.2% for the 2026 financial year).
7. Watercare estimates the average combined water supply and wastewater services bill to increase by 7.0%, from \$1,641 in 2025 to \$1,755 in 2026. This increase is somewhat less than the 7.2% increase expected when the revenue for the Charter was determined.<sup>4</sup>
8. We note that if the actual revenue from water and wastewater tariffs Watercare collects in financial year 2026 differs from \$845.1m, under the Charter this difference is 'washed-up' and reflected in tariffs for the following year.
9. If you have any queries about this letter please contact [crown.monitor@comcom.govt.nz](mailto:crown.monitor@comcom.govt.nz).

Nāku noa, nā



Charlotte Reed  
 Head of Water Regulation  
 Commerce Commission, Te Komihana Tauhokohoko

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<sup>3</sup> The Charter, clause 14(3) definition of "maximum allowable revenue or MAR", para (a).

<sup>4</sup> Watercare estimates the average combined water supply and wastewater services bill for a given year as revenue from prices divided by the average billed monthly connections. It states that the somewhat lower average bill increase compared to the Charter reflects updated water consumption forecasts. Watercare, [Report on the price-quality path: forecast stage](#), Financial year 2026, page 10.