Watercare Infrastructure Delivery and Asset Management Improvement Plan (2025–2028)

December 2025

Watercare

Contents

Preface

Watercare's Infrastructure Delivery and Asset Management Improvement Plan (the "Plan") represents the culmination of several months of comprehensive evaluation and external review driven by collaboration between multiple parties. The plan defines how Watercare seeks to elevate itself from its current state to more effectively deliver and manage its infrastructure assets for the benefit of Auckland now, while supporting its future growth.

Following the review of the draft Plan by the Crown monitor (Commerce Commission), supported by findings from the Independent Verifier, Turner & Townsend, Watercare has subsequently incorporated all feedback from both parties in full. We are now pleased to be able to publish this final version of the Plan.

To demonstrate and emphasise the robust and transparent process that has been undertaken to produce this final Plan, the feedback from both parties is included in full as part of this document in Appendices 4 and 5. Further, changes to the draft version of the Plan arising from this feedback has been summarised in a change register.

Overall, feedback from both the Independent Verifier and the Crown monitor is highly supportive of the Plan and the improvements it proposes to deliver. This is reflected in the complementary nature of the feedback that reinforces and enhances the initiatives identified by Watercare to deliver improvement.

An item in the Crown monitor's feedback that warrants explicit attention here relates to the delivery of "*fewer, more significant initiatives to a high-standard than to complete the full Plan at the expense of quality in priority areas"*, with the expectation that Watercare targets "*a level of quality for each initiative that will result in improvements appropriate to Watercare's circumstances*". While we acknowledge the ambition of the Plan, we also highlight that the Plan is deliberate in how it prioritises initiatives in terms of both impact and complexity, with a focus on high impact, low complexity initiatives wherever possible. Further, there is clear alignment between the objectives of the Watercare Charter and Watercare's genuine commitment to continuous improvement, which is evident in the process that was undertaken to develop the Plan and the Plan itself. We consider this demonstrates our clear intentions to embed long-term positive change in how we do things and not just satisfy a 'tick box' approach to the delivery of the Plan.

The implementation phase of the Plan is the vital next step to realising the improvements it seeks to deliver. At the time of publication, we are deep in the process of planning and resourcing this crucial next phase. The importance of regularly reporting our progress against the Plan to the Crown monitor is well understood; a key first step of this implementation phase will be to develop and agree what and how this is done with maximum clarity and greatest effect. We acknowledge that over time the Plan may need to be adapted to respond to new information and challenges, and that any revision to the Plan, or reprioritisation of its initiatives, are clearly communicated to the Crown monitor. Accordingly, this will be accommodated in our progress reporting as a fundamental part of our ongoing collaborative relationship with the Crown monitor.

Document Control

Version Control

Version	Issue Date	Reason For Issue	Approved for Issue
Draft	29/08/2025	For feedback from Crown monitor	Watercare Board
Final	11/12/2026	For publication by Watercare	Watercare Board

Change Register and Commentary

The change register below highlights the changes to the document text from the draft version to the final version of the Improvement Plan following the feedback received from the Independent Verifier (IV) and the Crown monitor. Commentary has also been included throughout the body of the document itself where necessary to highlight areas of specific feedback.

Both the change register and commentary should be read in conjunction with the Crown monitor's feedback letter and the IV's report included in full as Appendices 4 and 5.

Section	Feedback received	Description of change
Preface	Not applicable.	Preface added to provide context around process and outcome with the Crown monitor and Independent Verifier.
3.2	Not applicable.	Grammatical tense updated to reflect transition from draft to final plan.
3.3	Not applicable.	Grammatical tense updated to reflect transition from draft to final plan.
3.4	IV commentary outlined in section 3 of their report.	Additional key areas of opportunity already addressed within the plan have been explicitly included for clarity.
8.1	IV commentary outlined in section 5.4 of their report.	Text updated to remove the risk of misinterpretation regarding direct alignment and compliance with the requirements of ISO31000.
Appendix 1	IV commentary identified gaps in the register in the current state and impact / complexity / timeframe	The Appendix 1 register has been updated to populate the gaps identified by the IV.

Section	Feedback received	Description of change
	columns, specifically Improvement Opportunity 25 under the theme: "*Risk Assessment, Decision-making & Contingency Planning*".	

Executive Summary

Driving real improvements for Auckland's water future

At Watercare, our goal is to build an organisation that reliably meets the commitments to our customers and those set out in clause 24 of the Watercare Charter. This improvement plan takes a close look at every stage of our capital delivery and asset management cycle – from strategic planning through to delivering benefits for our customers – and sets out a clear course for measurable progress over the next three years.

We recognise our current performance is inconsistent. Although we have areas of real strength and dedicated staff, we see significant opportunities for improvement in governance, planning, project delivery, and resource management.

With this plan, we will embed an outcomes-focused mindset across Watercare. Our Strategic Asset Management Plan will be a living document, guiding whole-of-life asset stewardship throughout the business and influencing all business cases and related programmes.

Business cases will follow a consistent framework, making it easier to compare the benefits of different programmes and track those benefits from initial investment to community and environmental outcomes. Formal frameworks for performance, risk, and audit will mean fewer surprises and better contingency planning, with lessons learned driving ongoing improvement.

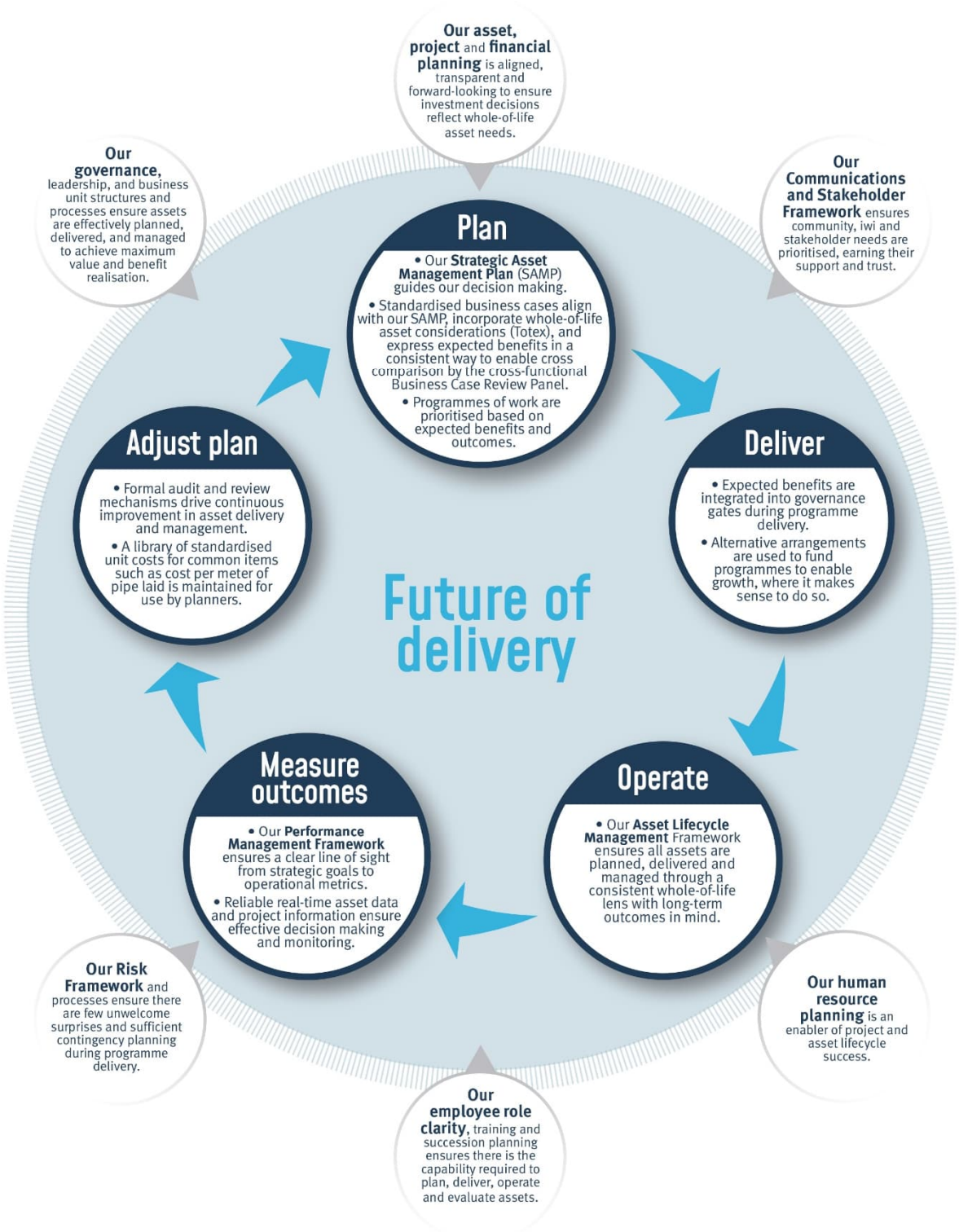
To speed up progress, we will start with several high-impact initiatives, such as introducing a standardised business case framework, integrating asset data systems, and adopting a benefits management approach. These actions will deliver improvements within six to twelve months and help lay the groundwork for lasting change.

A key part of our strategy is to support housing growth where network capacity is restricted. We will look for alternative funding sources, including options under the Infrastructure Funding and Financing Act 2020, to unlock new investment streams. This is about removing barriers and ensuring our infrastructure supports Auckland's development.

Our plan is designed to ensure steady improvement without stretching our resources too thin, so that we are prepared to address the complex water services and infrastructure challenges we have ahead of us. Medium and lower-impact changes will be introduced gradually over the Charter period, underlining our commitment to ongoing improvement in asset management and programme delivery.

The plan is structured to meet the requirements of clause 24 of the Watercare Charter. It was developed under tight time constraints, leveraging an independent assessment of our current state and international good practices. Oversight from the Crown monitor and support from independent verifier will keep us accountable throughout the process.

By 2028, we will be an efficient, effective and affordable water services provider, focused delivering positive outcomes for Auckland.


Our asset, project and financial planning is aligned, transparent and forward-looking to ensure investment decisions reflect whole-of-life asset needs.
Our governance, leadership, and business unit structures and processes ensure assets are effectively planned, delivered, and managed to achieve maximum value and benefit realisation.
Our Communications and Stakeholder Framework ensures community, iwi and stakeholder needs are prioritised, earning their support and trust.
Plan
• Our Strategic Asset Management Plan (SAMP) guides our decision making.
• Standardised business cases align with our SAMP, incorporate whole-of-life asset considerations (Totex), and express expected benefits in a consistent way to enable cross comparison by the cross-functional Business Case Review Panel.
• Programmes of work are prioritised based on expected benefits and outcomes.
Deliver
• Expected benefits are integrated into governance gates during programme delivery.
• Alternative arrangements are used to fund programmes to enable growth, where it makes sense to do so.
Adjust plan
• Formal audit and review mechanisms drive continuous improvement in asset delivery and management.
• A library of standardised unit costs for common items such as cost per meter of pipe laid is maintained for use by planners.
Future of delivery
Operate
• Our Asset Lifecycle Management Framework ensures all assets are planned, delivered and managed through a consistent whole-of-life lens with long-term outcomes in mind.
Measure outcomes
• Our Performance Management Framework ensures a clear line of sight from strategic goals to operational metrics.
• Reliable real-time asset data and project information ensure effective decision making and monitoring.
Our Risk Framework and processes ensure there are few unwelcome surprises and sufficient contingency planning during programme delivery.
Our human resource planning is an enabler of project and asset lifecycle success.
Our employee role clarity, training and succession planning ensures there is the capability required to plan, deliver, operate and evaluate assets.

Section 1.0: Introduction

In 2024, the Local Water Done Well policy saw the introduction of the Watercare Charter, which regulates Watercare on an interim basis from 1 July 2025 to 30 June 2028. As part of these reforms, the Watercare Charter requires us to create an Infrastructure Delivery and Asset Management Improvement Plan. This plan is to drive systematic improvements in how we plan, deliver, and manage water infrastructure to ensure these processes are efficient, outcomes-focused, and fit for future challenges.

Section 2.0: Purpose of the improvement plan

The purpose of this plan is two-fold.

1. It ensures compliance with clause 24 of the Charter, which requires Watercare to identify and undertake specific improvements in service delivery and asset management.

2. It serves as our internal roadmap for good practice and operational excellence by aligning people, processes, data, and investment decisions with our long-term objectives.

In essence, this improvement plan is a blueprint for how we will enhance infrastructure delivery and asset management to provide better customer outcomes, greater network resilience, delivering to support housing growth, and improved efficiency in the use of resources.

Section 3.0: Background and context

3.1 Overview

Clause 24 of the Charter sets clear expectations for this improvement plan. In summary, the plan must include:

a) **Investment prioritisation principles:** The guiding principles we will use to rank and select investments. *(Refer to section 5)*
b) **Planned improvements in infrastructure delivery and asset management:** Specifically, improvements to:
    i. **Linkages between investments and outcomes**: ensuring we understand and track how investments translate into service outcomes (including improved network resilience) and using that understanding to inform asset management decisions. *(Refer to section 6)*
    ii. **Processes for identifying preferred solutions**: establishing how we will identify the best solutions to service needs, including leveraging key inputs like asset health data and criticality modelling in decision-making. *(Refer to section 7)*

iii. **Risk management and reporting programme**: strengthening our programme for identifying, mitigating, and reporting risks across project delivery and asset management activities. *(Refer to section 8)*

iv. **Cost estimation practices**: improving how project and asset lifecycle costs are estimated and managed (for example, developing unit rates for budgeting and forecasting). *(Refer to section 9)*

c) **Timelines for planned improvements:** A schedule outlining when each improvement initiative will be implemented. *(Refer to section 10)*

d) **Enabling housing growth:** Details on how we will enable that infrastructure investments accommodate housing and population growth in areas with constrained network capacity. This includes examining whether alternative funding (for example, financing under the Infrastructure Funding and Financing Act 2020) will be sought to support such growth, and if so, how and when that funding would be utilised. *(Refer to section 11)*

By including these elements, the plan not only addresses internal performance enhancements but also aligns with broader public accountability goals including keeping future water bills reasonable, improving efficiency, and ensuring we support Auckland's growth.

3.2 Role of the Crown monitor

A Crown monitor has been appointed by the Minister of Local Government to oversee our transition under the new arrangements. The Crown monitor plays a critical role in relation to this plan. Under the Charter, we submitted our draft plan to the Crown monitor by 31 August 2025 for feedback. The Crown monitor then reviewed the draft plan, with the aid of an Independent Verifier ("IV"), to ensure its robustness and that it meets the requirements of the Charter. We were required to incorporate the Crown monitor's feedback within 60 working days and then publish the finalised plan. Following publication, and as the plan is implemented, the Crown monitor will track our progress, receiving regular reports (as required by clause 25 the Charter) throughout the Charter period.

3.3 Methodology

The improvement opportunities in this plan were identified through a structured assessment process, supported by expert analysis:

- **Current state assessment**: An Independent Expert ("IE") review, performed by Stantec, evaluated our existing asset management and capital delivery practices. This included workshops and interviews with our teams, and documentation reviews. The assessment highlighted key gaps and opportunities for improvement. For example, it found ambiguity in roles and responsibilities across asset lifecycle stages, isolated decision-making structures, a lack of an integrated planning framework, and other systemic issues impeding efficiency.
- **International benchmarking**: Our performance and practices were benchmarked against industry best practices and similar utility organisations internationally. This provided context on what "good" looks like in areas like asset planning, project delivery, and risk management. It helped in setting aspirational targets (for instance,

adopting ISO 55000 asset management principles and ISO 31000 risk management standards) and learning from the success of overseas peer utilities.

- **Improvement pathway development**: Based on the findings, a set of improvement "pathways" or opportunities was formulated. Each improvement opportunity was defined with a clear objective and scope. Wherever possible, these were aligned to specific Charter clauses (a) to (d) to ensure regulatory compliance. Improvement actions were also mapped against recognised maturity frameworks to ensure they address maturity gaps identified. This formed the basis of the draft improvement plan submitted to the Crown monitor,
- **Independent verification**: The draft improvement plan was reviewed by an Independent Verifier ("IV"), Turner & Townsend, on behalf of the Crown monitor. This independent verification ensured that the recommended actions are credible, prioritised appropriately, and likely to achieve the intended outcomes. The IV's feedback has been used to further refine the plan, ensuring it is realistic and evidence based.
- **Programme timing consideration**: Given the tight timeframe for both developing and implementing the plan, the methodology emphasised identifying easy to implement actions (low-regret actions that could be started immediately) versus more complex, long-term improvements. This phasing is reflected in the implementation schedule.

Overall, the methodology ensured that the plan is grounded in evidence (current state gaps), aligned with good practice (benchmarking and standards), and tailored to our context while meeting the requirements of clause 24 of the Charter.

Table 1 – Compliance statement references from the Watercare Charter (Clause 24) to this plan

Subclause reference	Subclause	Section in this plan
2(a)	Investment prioritisation principles: The guiding principles Watercare will use to rank and select investments.	Section 5.0
2(b)	The infrastructure delivery and asset management improvement plan must contain the following:	
2 (b) i	Its understanding of the linkages between investments and the outcomes (including network resilience) delivered by investments, and how this improved understanding will impact its asset management processes.	Section 6.0
2 (b) ii	Processes for identifying preferred solutions (including key inputs such as asset health and criticality modelling).	Section 7.0
2 (b) iii	Its programme for risk management and reporting.	Section 8.0
2 (b) iv	Cost estimation (such as unit rates for use in budgeting and forecasting).	Section 9.0
2 (c)	Timelines for planned improvements.	Section 10.0

Subclause reference	Subclause	Section in this plan
2 (d)	Details of how Watercare proposes to ensure that investment will enable housing growth in areas with limited network capacity, including:	
2 (d) i	Whether Watercare proposes to seek alternative funding (for example, funding under the Infrastructure Funding and Financing Act 2020) to enable that housing growth.	Section 11.0
2 (d) ii	If Watercare proposes to seek alternative funding of that kind, how it will seek and use that funding.	Section 11.0
2 (d) iii	A timeline for Watercare's proposed actions.	Section 11.0

3.4 Current challenges summary

The IE and IV assessments confirmed that our infrastructure delivery (ID) and asset management (AM) functions have significant strengths (dedicated staff, some good practices) but also critical areas for improvement. Key challenges include:

- **Fragmented governance and accountability**: Roles and accountabilities for infrastructure delivery and asset management were not consistently defined across all lifecycle stages, leading to isolated responsibilities and occasional gaps or overlaps. Our senior leaders' commitment to improvement is evident in principle, but structures to embed that commitment (e.g. through formal governance forums, accountability frameworks) are lacking. This results in variability of practice and isolated decision-making.
- **Gaps in integrated planning**: Our strategic plans, capital investment plans, and operational plans are not fully aligned. Strategic goals are not clearly driving project selection and design. For instance, business cases vary in quality and do not always link back to long-term asset strategy. The absence of a clear planning hierarchy and standardised processes mean teams sometimes work at cross purposes or re-invent processes for each project.
- **Asset management gaps**: The Strategic Asset Management Plan (SAMP), intended as a top-level asset strategy, is in draft form and not yet influencing decision-making across the organisation. Asset data resides in multiple systems with limited integration, making it cumbersome to retrieve holistic information for decision support. Risk-based lifecycle management is in its infancy with maintenance still largely time-based or reactive rather than optimised by asset condition and criticality, and renewal decisions lack consistency. These issues risk suboptimal investment (e.g. under or over-investing in certain assets) and reduced asset performance.
- **Project delivery practices**: While our capital delivery has pockets of excellence, as a whole, it lacks a programmatic approach. Projects tend to be managed individually, rather than as part of coherent programmes with optimised sequencing and resource allocation. Change control, benefits tracking, and post-project evaluations

are not systematically practiced across all projects, meaning lessons learned are not always fed back for continuous improvement. Additionally, risk management in projects is present but not uniform. Tools like RiSOLVE are used to log some risks, but their effectiveness and consistent use need improvement.

- **Supporting capabilities**: Several enabling functions need strengthening. Resource management has been identified as reactive with our company lacking a forward-looking view of resource demand versus capacity for project delivery, and this could become a bottleneck as improvement initiatives ramp-up. Workforce capability development is ad-hoc in areas like asset planning and project management; a more structured competency framework is needed to build necessary skills (especially as new processes and tools are introduced). Stakeholder engagement around projects is also an area to improve. Our small engagement team is over committed, and engagement efforts are inconsistent across projects, risking stakeholder dissatisfaction. Improving how we engage with communities and iwi is important for project success and is addressed in this plan (refer sections 6 and 7).
- **Tight implementation window**: Implementing a wide-ranging improvement programme by 2028 is ambitious. Some initiatives will be complex (e.g. full integration of asset management systems) and may extend beyond the Charter period. This underscores the need for careful prioritisation (doing the most impactful things first) and possibly securing additional support (funding or resources) for successful delivery.

The IV explicitly identified three further key challenge areas that are addressed within the broader activities of the improvement plan, specifically:

- **Project-related technology**: Improving the maturity and integration of tools used across the project lifecycle.
- **Business case and benefits management**: Enhancing consistency and rigour in how business cases are developed, and benefits are tracked.
- **Commercial and procurement strategy**: Continuing to refine procurement practices to better support strategic delivery.

These challenges provide context for the improvement areas discussed next. The targeted actions are mapped to the relevant Charter clause and are designed to produce measurable improvements in our performance.

Section 4.0: Areas for improvement

The improvement opportunities are organised into thematic areas that correspond to the requirements of clause 24 and the key gaps identified. Each area for improvement encompasses one or more initiatives from the consolidated list of 37 opportunities. In the sections below, each section aligns with the relevant sub-clause(s) of clause 24, and the related improvement actions are discussed. We also note the impact rating of initiatives to indicate priority:

- **High impact**: expected to significantly improve outcomes; these are prioritised for early implementation.
- **Medium impact**: important improvements with moderate benefit; scheduled on a medium-term horizon.
- **Low impact**: supporting changes with smaller benefit or dependent on other actions; to be addressed opportunistically or in later phases.

Importantly, many improvements are interrelated and reinforce each other. This plan aims to build a robust cycle: stronger governance and prioritisation (clause 24(2)(a)) leads to better project choices, which combined with improved risk management and cost practices ((b)(iii) & (b)(iv)) leading to more reliable outcomes ((b)(i)), thereby justifying further investment in capability, and so on.

The improvement initiatives under each Charter requirement area are detailed in the following sections.

The complete register of improvement opportunities is attached as Appendix 1.

Section 5.0: Investment prioritisation principles (Clause 24(2)(a))

Purpose: To implement a formal framework to rank and select investment, ensuring every project clearly contributes to strategic objectives and customer outcomes. This includes new criteria aligned with benefits, risk, and whole-of-life value, and a cross-functional governance forum to enforce these criteria.

Clause 24(2)(a) of the Charter requires that this plan specify "the principles that Watercare will use to prioritise investments." In response, we are establishing a clear, transparent investment prioritisation framework. The aim is to ensure that funding is directed to the projects which best achieve our strategic goals (such as resilience, public health, environmental compliance, and growth needs).

5.1 Key improvements and actions

Several actions are focused on creating and embedding these prioritisation principles:

- **Develop standardised prioritisation criteria:** We will develop a tiered business case template and prioritisation criteria that all proposed investments must be evaluated against. This is a high impact need because currently business cases vary

in how well they justify alignment to strategy. *Improvement action 4.3* addresses this by aligning business case processes with formal prioritisation criteria. Every investment proposal will need to articulate its strategic drivers and expected benefits in a consistent way. This creates a common investment language and ensures comparability. *(Impact: high)*

- **Align programmes with strategic outcomes:** Rather than evaluating projects in isolation, we will take a programmatic view of investments. *Improvement action 11.2* calls for collating and maintaining investment needs on a programmatic basis (e.g. by asset category, region, or outcome area). This allows us to prioritise entire programmes of work that deliver on key outcomes (for example, a drought resilience programme or a growth accommodation programme), rather than one-off projects. This is a medium-impact improvement aimed at better long-term planning. *(Impact: medium)*
- **Cross-functional investment review forum:** Our investment governance forum will be enhanced to review and prioritise projects using the agreed principles. This addresses the gap where decision-making has previously been regarded as isolated. *Improvement Action 18.3* proposes establishing cross-functional investment review forums. These forums will bring together finance, asset planning, operations, and capital delivery teams to collectively assess project proposals against the criteria (strategic alignment, risk, cost-benefit, etc.). This collaborative scrutiny will ensure that prioritisation principles are consistently applied. *(Impact: medium)*
- **Integrate risk-reward considerations:** Recognising that purely risk-averse decisions can sometimes impede value creation, we will incorporate risk-reward analysis into our prioritisation. *Improvement Action 25.3* will integrate risk-adjusted value evaluation into investment governance, meaning projects will be ranked not just on raw benefit or cost, but on their return relative to risk exposure. For example, a project with higher risk might still be chosen if its potential benefits (and risk mitigation plans) offer a superior payoff. This encourages smart, value-seeking investments rather than automatically favouring low-risk, low-reward options. *(Impact: medium)*
- **Benefits and outcome focus:** A guiding principle in prioritisation will be the extent to which an investment delivers tangible benefits and outcomes (this is closely tied to Clause 24(2)(b)(i), see next clause). We will explicitly integrate benefits realisation into prioritisation. For instance, *Improvement action 4.3* (discussed above) also ensures alignment with a benefits realisation framework where projects must show how their outcomes will be measured and sustained. Investments that clearly map to desired outcomes (such as reducing overflows, improving water quality, enabling housing development, etc.) will score higher in priority.

By implementing these measures, our investment prioritisation will result in an improved principles-driven discipline. All high-impact initiatives under this area are scheduled for early execution, since they set the foundation for the rest of the improvement programme. Accordingly, the improvement of the prioritisation framework will be an immediate action item in the next 6–12 months. This will ensure that even as other improvements roll out, new projects are being chosen using improved principles from 2025 onward.

We expect these changes to yield more strategic coherence in our capital programme. We should also see a clear line of sight from the corporate strategy through to funded projects which was previously inconsistent. Resources will be allocated to projects that deliver the

greatest customer and community value (for example, addressing critical risks or unlocking new housing areas), rather than on an ad-hoc basis. Over time, this will improve stakeholder confidence that we invest prudently and transparently. It also sets the stage for meeting the Charter's financial constraints, because having strong prioritisation principles is crucial to living within the maximum allowable revenue and efficiency targets set by the Charter's price-quality path.

Section 6.0: Linking investments to outcomes (Clause 24(2)(b)(i))

Purpose: We will implement a benefits management approach to ensure every investment is justified by clear outcomes (e.g. improved service reliability, compliance, network resilience, etc.) and these outcomes are tracked post-implementation. This will establish a clearer connection between financial expenditures and the outcomes achieved for customers and the environment.

Clause 24(2)(b)(i) requires the plan to improve our "understanding of the linkages between investments and the outcomes (including network resilience) delivered by investments, and how this improved understanding will impact Watercare's asset management processes."

In simple terms, we must ensure that we are investing in the right things by clearly tying expenditure to the benefits or outcomes they produce, such as fewer pipe bursts, enhanced water quality, or increased network resilience to outages or droughts. We then need to feed that knowledge back into planning future work. This is about moving from an output-driven culture (where success is measured by delivering a project on time/budget) to an outcome-driven culture (where success is measured by the real-world impact of that project).

6.1 Key improvements and actions

To strengthen the investment-outcome link, it is proposed to implement a robust benefits management framework and associated practices:

- **Adopt a benefits management approach:** We will formalise how we identify, track, and realise benefits from projects and programmes. *Improvement action 16.1* initiates this by adopting a benefits management approach aligned with international best practice (. This high-impact action involves defining benefit criteria (e.g. reliability improvements, cost savings, customer satisfaction gains) and requiring every project/programme to map to these criteria. A benefits register will be used to log expected benefits at a project's outset. *(Impact: high)*
- **Integrate benefits into governance gates:** To ensure benefits do not remain on paper only, we will build benefit checkpoints into project governance. *Improvement Action 16.2* calls for reviewing and updating benefits at every project stage gate. For example, during project initiation, the expected outcomes must be clearly defined; at project completion, a review must compare achieved outcomes to those expected. If a project is not likely to deliver the promised outcomes, it may be

reconsidered or rescoped. This practice tightens the feedback loop and holds project sponsors accountable for outcomes. *(Impact: high)*

- **Assign outcome ownership (project sponsors):** *Improvement Action 16.3* introduces the role of a project/programme sponsor accountable for benefits realisation. This means that for each major investment programme, roles and accountabilities are consistently defined and clear to ensure that outcomes are achieved and sustained through the asset's life. Sponsors will champion the intended benefits during project execution and ensure proper handover to operations so the asset is utilised effectively. *(Impact: medium)*
- **Improve network resilience understanding:** Network resilience (i.e. the ability of our systems to withstand shocks, such as pipe failures or drought) is a key outcome highlighted by the Charter. To link investments to resilience, we will enhance our analytics. For instance, scenario modelling should be used to predict how proposed investments (like building interconnections between water networks or adding storage) will improve overall resilience (e.g., reduce customers affected by a major outage). One tangible improvement is reflected in *Improvement Action 18.1*, which, while categorised under cost optimisation, has a direct resilience benefit: developing a "Totex" value framework leads to decisions that balance cost with service and risk, thereby increasing asset resilience as an outcome. Indeed, expected outcome (b) of Action 18.1 is "greater asset life, resilience, and service value for spend". By quantifying resilience outcomes (such as reduced frequency or duration of service interruptions) for each relevant investment, we can prioritise projects that yield the biggest resilience gains.
- **Performance measures and feedback:** The implementation of this plan will strengthen how results are measured and fed back into planning. *Improvement action 33.5* seeks to align performance management with benefits realisation. This requires us to track metrics (performance indicators) related to each strategic outcome. For example, average interruption frequency, leakage volumes, or compliance metrics, and attribute changes in those metrics back to specific investments or initiatives. Additionally, *Improvement action 31.5* establishes feedback loops from benefit realisation into planning. This means that what is learned from completed projects (i.e. confirmation that the expected outcomes have been delivered) will inform how future projects are selected and scoped. If certain types of projects consistently under-deliver on outcomes, we can then adjust our approach. *(Impact: high)*
- **Programme governance with outcome mandates:** In conjunction with improved benefits tracking, we will refine our governance structures. New programme-level governance groups will oversee portfolios of projects. *Improvement action 35.1 (second occurrence)* introduces programme boards with lifecycle and strategic mandates, giving them the responsibility to ensure their projects deliver on promised benefits like resilience, engagement outcomes, etc. These boards will regularly review outcome metrics and require corrective action if benefits are at risk. *(Impact: high)*

Collectively, these improvements embed an outcome-oriented mindset. Every major investment will have a clear "why" (the outcome it delivers) and a way to measure success. This is a significant shift. Historically, once a project was built and commissioned, the focus moved to the next project, with limited formal examination of whether the project's

objectives were fully met. Now, through benefits realisation practices, we will actively monitor outcomes well after project completion.

6.2 Impacts on asset management processes

The Charter asks how this improved understanding of outcomes will impact asset management processes. Our Asset Management Plan will be updated to explicitly reference outcome targets (e.g. levels of service such as number of interruptions per 1,000 properties or volume of water lost per connection per day). Asset management decisions will then be evaluated by how well they move these metrics. For example, if reducing real water loss is a target outcome, the asset management process will prioritise renewal of pipelines where it yields the biggest drop in leakage (supported by data). In this way, the planning and decision-making criteria in asset management becomes outcome-driven, not just condition-driven.

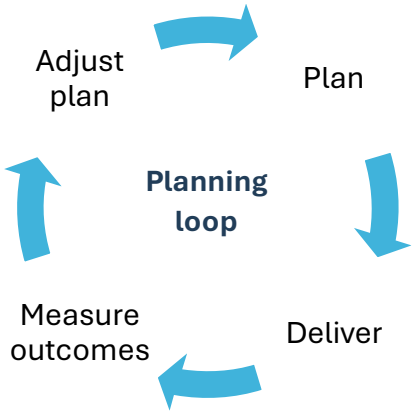
Additionally, understanding outcomes feeds into long-term strategy adjustments. For example, should we learn that certain types of projects consistently deliver strong positive outcomes (or vice versa), we would refine our future investment strategy accordingly. The Strategic Asset Management Plan (SAMP) will no longer be a static document, but a “living” strategy informed by ongoing performance and outcomes data, as emphasised in *Improvement action 3.5* (communicating the SAMP as a living strategy).

6.3 Expected benefits

Strengthening the linkage between investments and outcomes ensures accountability for results. Customers and stakeholders will see that we are not just spending money, but achieving tangible improvements: for instance, fewer sewer overflows, or more reliable supply during droughts. Internally, this drives a culture of performance where teams are motivated to ensure their project truly works (not just gets built) because it will be measured. Over time, we will accumulate a robust knowledge base of what types of investments yield the best value, allowing continuously improving investment decisions. This is key to demonstrating the effectiveness of our management under the new regulatory regime and will be reflected in public reporting as required by the Charter (e.g. quarterly performance measure reports and annual efficiency reports). In summary, our planning loop will be transformed into a continuous improvement cycle: plan – deliver – measure outcomes – adjust plan, thereby closing the gap between investments made and benefits realised.

We recognise that major projects have long lead times (e.g. ~11 years from concept to commissioning for the Central Interceptor), so our benefits tracking will be timed pragmatically. Outcome realisation will be reviewed at key project milestones and after commissioning rather than at every routine meeting. This ensures governance oversight remains effective without creating excessive meetings that could distract project teams. For example, benefits and resilience outcomes will be formally evaluated at stage gates (initiation, mid-project, post-completion), as per our benefits management framework (Improvement action 16.2), to confirm that each project is on track to deliver its intended results. This refined approach links investments to outcomes in a practical manner, avoiding

over-frequent committee reviews while still embedding accountability for long-term benefits.



Section 7.0: Preferred solutions identification (Clause 24(2)(b)(ii))

Purpose: we will improve our processes to ensure the best solutions are chosen for each investment need. This involves requiring a whole-of-life analysis of options in every business case, using data on asset condition and criticality to compare alternatives, and considering both capital and operating cost impacts (Totex) in decision-making. By doing so, we will avoid suboptimal fixes and invest in solutions that offer the greatest long-term value.

Clause 24(2)(b)(ii) focuses on improving "processes for identifying preferred solutions (including key inputs such as asset health and criticality modelling)." In practice, this means we must enhance how we evaluate different options for meeting a service need. For example, when a problem is identified such as frequent pipe breaks in an area, should the preferred solution be to replace the pipe, rehabilitate it, do nothing, or something else? Historically, these decisions may have been made with limited analysis or on a case-by-case basis. The actions in this plan introduce more rigorous, data-driven, and standardised processes so that the optimal solution is chosen, considering the full lifecycle implications.

7.1 Key improvements and actions

Several improvements target the evaluation and selection stage of project planning:

- **Standardise business case and options analysis:** A cornerstone initiative is to implement a standardised business case framework (see *section 5.1*). *Improvement action 4.1* delivers a tiered, standardised business case template. Importantly, this template embeds requirements for option analysis where every business case must document the options considered and why the recommended option is preferred. It explicitly incorporates whole-of-life considerations for each option: capital costs, operational costs, maintenance implications, and end-of-life disposal. By standardising this analysis, we ensure that each project's justification is thorough and comparable. *(Impact: high)*

- **Include asset health and criticality data:** We manage a vast asset base; knowing which assets are in poor condition or critically important to the system is crucial in solution selection. The actions in this plan will ensure we leverage this data systematically. For instance, if a particular pipeline is identified as highly critical (meaning its failure severely impacts service) and its health is poor, the "do nothing" or "patch repair" options would likely be ruled out in favour of more robust solutions. To facilitate this, *Improvement action 19.1* establishes an organisation-wide Asset Lifecycle Management Framework driven by asset health and criticality. Once in place, this framework provides consistent criteria and modelling for how asset condition and criticality inform intervention decisions. Similarly, *Improvement action 19.2* develops core lifecycle planning processes (such as renewal strategies) that incorporate criticality rankings. As a result, when evaluating solutions, teams will factor in: *Is this asset near end-of-life or in good condition? How critical is it to customers?* High-criticality assets might justify more resilient (though possibly costlier) solutions. *(Impact: medium)*
- **Mandate totex (capex+opex) evaluations:** Often the cheapest capital solution can lead to higher ongoing operating costs, and vice versa. To avoid this pitfall, we will mandate that capital and operating cost trade-offs are evaluated for all significant projects. *Improvement action 18.2* specifically requires including capex/opex (totex) evaluation in business cases. For example, the preferred solution for a treatment process upgrade will be chosen not just on construction cost, but on total cost over a longer horizon (including energy, maintenance, and renewals). This ensures that options like spend more now to save later are fairly considered. *(Impact: high)*
- **Develop decision support tools:** Choosing preferred solutions can be complex, especially with multiple criteria (cost, risk, performance, etc.). To aid this, *Improvement action 31.2* tasks us with developing lifecycle costing tools and guidance. These tools might include standardised models or software where planners input different scenarios and get outputs on net present cost, risk exposure, and service levels. Additionally, *Improvement Action 25.2* (complementary to risk-reward above) will provide a structured model to assess return on investment relative to risk for each option. Together, these provide a more quantitative basis for comparing solutions. *(Impact: medium)*
- **Option quality control and panel reviews:** To enforce rigour, we will introduce peer reviews and quality gates for solution selection. *Improvement action 4.4* establishes a business case quality review panel with cross-functional experts to scrutinise the options analysis in major business cases before they go for approval. This panel will challenge any biases or omissions such as: "Have you considered a trenchless rehab method instead of open-cut replacement?" or "What about partnering with another utility to share costs?" By doing so, it raises the quality of preferred solution selection. *(Impact: high)*
- **Innovation and alternative solutions:** Preferred solution processes will encourage looking at non-traditional solutions. For instance, demand management or digital solutions might solve a problem more cost-effectively than building new assets. The framework will prompt teams to consider such alternatives. A cultural shift is underway from "the way we've always done it" to open-minded evaluation. Some improvements in stakeholder engagement (e.g. early collaboration with iwi and

community) via *Improvement action 10.6* can even highlight alternative solutions that are mutually beneficial and become the preferred option.

With these improvements, by the time a project reaches approval stage, our decision-makers can be confident that a robust process was followed to identify the best approach.

Example: frequent sewer overflows in a suburb.

The old approach might quickly gravitate to building a bigger pipe (capex-heavy). Under new ways of working, the team would formally analyse options: repairing or relining pipes (with asset condition data input), installing smart sensors or controls to manage flows (operational solution), building a storage tank, or upsizing pipes. They would compare costs over life, impact on overflow frequencies (outcome), and risks. If relining, plus smart controls, could reduce overflows by 90 per cent, at half the life-cycle cost of a new pipe, then that option might emerge as the preferred solution. The decision would be backed by data instead of instinct acknowledging the need for timely decision-making and the risk of over analysing potential solutions.

7.2 Expected outcomes

Implementing these processes leads to better value for money and avoidance of regretful spend. We will be less likely to invest in a solution that later proves inadequate or overly expensive to operate. Over time, stakeholders should see improved efficiency metrics. For instance, an independent reviewer might note that our project business cases now consistently show evaluation of multiple options and selection of those with highest net benefits, which is a mark of a mature asset manager. Additionally, by using asset health and criticality, we ensure our focus is on interventions that matter most, improving reliability and reducing critical failures. This ties directly into resilience: critical assets will get solutions that minimise downtime and maximise longevity, keeping services running even when under stress.

Section 8.0: Risk management and reporting programme (Clause 24(2)(b)(iii))

Purpose: We will overhaul our risk management practices to create a comprehensive, proactive risk programme spanning enterprise risk, project and programme delivery and asset operation. This includes a refreshed Enterprise Risk Management Framework, standardised risk registers across all functions, upgraded risk analysis tools (RiSOLVE), and regular risk reporting to leadership. Identified risks (e.g. project delays, asset failures) will be systematically mitigated and monitored, and risk information will directly inform investment and maintenance decisions.

Clause 24(2)(b)(iii) mandates improvements to our "programme for risk management and reporting." Effectively, we must ensure that we have a robust system to identify risks (in both project delivery and asset management), mitigate them proactively, and report on risk status to decision-makers. Currently, the approach to risk management within our company is inconsistent. Certain projects manage risk well, but there is no unified, organisation-level view, and risk information is not always feeding into planning decisions. This plan establishes a cohesive risk management programme that aligns with international standards and creates strong linkages between risk and investment decisions.

8.1 Key improvements and actions

The plan outlines multiple initiatives to strengthen risk management at all levels:

- **Refresh organisation risk management framework:** *Improvement opportunity 22* (and its actions 22.1–22.5) focus on the top-level risk framework. *Improvement action 22.1* is to review and refresh our risk management framework to clarify risk domains and ownership. The refreshed framework will seek to incorporate principles and structures informed by recognised international standards (such as ISO 31000), aiming for best practice, where practical. It means we will have a clear policy on risk appetite, risk categories (strategic, operational, asset risks, etc.), and responsibilities for risk at each level. For example, who "owns" asset failure risk versus financial risk will be defined. *(Impact: medium)*
- **Embed risk in decision processes:** Once the framework is updated, *Improvement actions 22.4* and *22.2* will embed and align risk registers across the business. Project-level risk registers (used by project managers) will be linked with programme-level and enterprise-level risk registers so that there is line of sight from a specific project risk (e.g. a contractor delay on a project) up to the enterprise risk level if applicable (e.g. a capital programme delivery risk). By mapping and aligning these, management can see aggregate risk (e.g. multiple projects might have a similar risk that adds up). Moreover, *Improvement action 22.4* embeds risk management into all infrastructure and asset management processes. This means that steps such as risk assessment will be mandatory in planning, options analysis, design, operations planning, etc. This normalisation of risk-thinking ensures potential problems are considered at every stage. *(Impact: medium)*
- **Improve programme/project risk practices:** At the project delivery level, *Improvement opportunity 13* addresses programme-level risk management. *Improvement action 13.1* establishes a standardised risk management process for capital programmes/projects (i.e. setting guidelines for risk identification, evaluation, mitigation, and monitoring). *Improvement action 13.2* considers the introduction of the Association for Project Management (APM) assurance framework (a 10-criteria model for project/programme "health checks") to systematically review projects for risk exposure at key milestones. A key first step for us is to have trained risk champions in each major programme to maintain rigorous risk logs and facilitate risk workshops. *(Impact: high)*
- **Upgrade risk tools (RiSOLVE):** We currently use a risk register system called RiSOLVE for tracking project risks. However, it is used inconsistently, and its functionality is limited. *Improvement opportunity 14* is dedicated to reviewing and enhancing RiSOLVE. *Improvement action 14.1* reviews current usage and

compliance, ensuring all projects use the tool consistently. *Improvement actions 14.3* and *14.4* then work on tailoring or upgrading the software to support both quantitative and qualitative risk analysis (e.g. ability to run simulations for cost/schedule risk). Also, risk fields will be expanded to capture asset impact, cost impact, etc., aligning with the organisation framework. By making the risk system more powerful and user-friendly, we will have better data on risks. *(Impact: medium)*

- **Accountability and reporting:** *Improvement action 14.5* assigns clear accountability for capital delivery risk management within governance structures. For example, each programme governance group will regularly review its risk register and ensure owners are managing top risks. Additionally, *Improvement action 22.3* strengthens governance oversight of systemic and cross-cutting risks where a senior management or Board committee will get routine programme risk reports that roll-up information from projects and assets. We will also develop practical risk templates and tools (Action 22.5) to help in reporting. The end goal is that we can produce a quarterly risk report summarising major risks (e.g. key projects at risk of delay or critical assets at risk of failure) along with mitigation status. This level of reporting is not currently in place.
- **Integrate asset condition risks:** *Improvement opportunity 23* will deliver a notable improvement bridging asset management and risk. It deals with condition-based risk management. *Improvement action 23.2* will establish a condition-based risk classification model. Essentially, we will rank asset segments by combining condition (likelihood of failure) and consequence of failure. This model directly informs risk-based asset renewal prioritisation. For instance, the model may categorise a pipe in very poor condition under a critical bridge as “extreme risk”, prompting immediate action. *Improvement actions 23.3–23.5* embed these assessments into planning and create rules for risk-based funding allocation. This means a portion of budget each year is earmarked specifically to mitigate high risks (e.g. replace assets that exceed a risk threshold). Although these actions were not explicitly labelled under 24(2)(b)(iii) in the internal mapping, they are an integral part of the enhanced risk management programme because they ensure that asset risks (particularly those that threaten outcomes) are systematically addressed. *(Impact: high for 23.2 and 23.3)*
- **Training and culture:** Finally, the risk management programme includes building a risk-aware culture. *Improvement action 23.6* plans to train teams in condition-based risk and mitigation planning by helping engineers and planners internalise the new risk tools and think proactively. Also, *Improvement action 28.5* (from a different improvement area) talks about promoting a safe and constructive improvement culture; part of that is encouraging transparency about risks so that issues are raised and not hidden. While not a technical change, this cultural aspect is key: we want risk management to be seen as a value-adding activity that helps achieve goals, not just paperwork.

Through these measures, our risk management will evolve from reactive to predictive and integrated. For example, instead of discovering a major risk when it materialises as a crisis, we aim to foresee it (e.g. a looming cost overrun; a potential asset failure) and take action before the crisis arises.

8.2 Reporting improvements

With a structured programme, risk reporting will significantly improve. Internally, management will get dashboards showing risk heat maps and risk trends over time. Externally, we will be better positioned to report on risk to stakeholders. Although not directly required by Clause 24, effective risk management will support our other Charter obligations (such as maintaining an investment-grade credit rating and meeting service quality standards), reflecting the dependency of business performance on identifying and controlling risks (financial, operational, reputational).

8.3 Expected outcomes

A strong risk programme will result in fewer surprises and better contingency planning. We expect to see a reduction in adverse outcomes such as project cost overruns, delayed project benefits, safety incidents or sudden asset failures over the Charter period, as risk mitigation plans are put in place. Where risks do materialise, the impact should be less severe due to contingency measures. Moreover, by having risk data integrated with planning, we can justify certain investments or operational expenditures to our stakeholders by pointing to risk reduction (e.g. “We are spending $X to replace this pipeline because it reduces the risk of a catastrophic break, which would cost $X in damages and service interruption”). This improves decision transparency and support. In summary, our decision-making will incorporate a formal risk lens, ensuring resilience and reliability are maintained deliberately by design.

A clear distinction between project-level, programme-level and enterprise-level risk processes, with a clear assignment of risk ownership at each level, is essential. We will specify who is accountable for risks in projects versus programmes versus the enterprise (e.g. project managers for day-to-day project risks, programme managers for aggregated programme risks, the Capital Delivery Chief for portfolio risks, and Executive Leadership/Board for strategic enterprise risks) (Improvement action 22.1). Accordingly, governance committees will focus on material and escalating risks rather than exhaustive risk registers. Project teams will identify, manage and mitigate new risks as they arise (a fundamental project management skill), and only significant changes or high-level risk trends are elevated for committee review. This streamlined reporting approach, consistent with our current effective Board risk reporting, ensures that risk oversight is impactful.

Section 9.0: Cost estimation improvements (Clause 24(2)(b)(iv))

Purpose: To strengthen cost estimation, we will introduce improved tools and practices for whole-of-life costing. This includes developing a library of unit rates and cost benchmarks for planning and budgeting, requiring lifecycle cost analyses in all business cases, and adopting a total expenditure (Totex) approach when comparing options. By forecasting not only the initial capital costs but also future operational and maintenance costs, we can select solutions that minimise total costs over an asset’s life.

Clause 24(2)(b)(iv) calls for improvements in "cost estimation (such as unit rates for use in budgeting and forecasting)." Accurate and realistic cost estimation is critical for both prudent financial management and successful project delivery. Underestimation can lead to budget overruns and funding shortfalls; overestimation might result in worthy projects not progressing, or tie-up funds that could be used for other projects or to reduce funding pressure. Cost estimation is not just about the immediate capital cost – it should encompass the whole-of-life cost of owning and operating an asset. This plan addresses these needs by bolstering our cost estimation capabilities and integrating them into decision-making.

9.1 Key improvements and actions

This plan's key actions to improve cost estimation and financial planning across the asset lifecycle include:

- **Develop unit cost libraries and estimation tools:** A fundamental step is to compile and maintain a set of **unit rates and cost benchmarks** tailored to our works. *Clause 24(2)(b)(iv)* specifically mentions unit rates, and we are acting on this through initiatives such as *Improvement action 31.2*, which involves developing lifecycle costing tools and guidance. This will include standardised unit costs for common items (e.g. cost per meter of pipe laid, cost per pump of a certain capacity, etc.) based on historical data and market trends. Additionally, a cost estimation tool or software will be implemented so that estimators and planners can use consistent methods. These tools will improve budgeting accuracy for both capital projects and long-term asset management plans. *(Impact: medium)*
- **Embed a totex approach to costing in decision gates:** To ensure cost forecasts consider the full lifespan, we will embed whole-of-life cost analysis into approvals. *Improvement action 4.2* requires that the new business case template explicitly include **whole-of-life cost modelling and analysis**. Planners must forecast not only the upfront capital expenditure but also the future operating costs, maintenance costs, and eventual renewal or disposal costs associated with an asset. For example, if we were considering building a new treatment plant, the business case will show 20-year projections of power usage, chemical costs, and scheduled refurbishments. By making this a standard part of cost estimates, decision-makers can compare options on a true cost basis, not just initial price tag. *(Impact: high)*
- **Implement a totex approach:** We will move towards a totex (total expenditure) approach as a best practice in utility management. This approach, emphasised in *Improvement action 18.1*, treats capital and operational expenditures holistically. A totex value management framework is being developed to help determine the optimal mix of capex versus opex solutions. For instance, sometimes investing more capex upfront (such as buying a more efficient pump) saves opex later (lower electricity costs). In other cases, avoiding capex outlay by innovating on operations or maintenance might be smarter. By evaluating total cost, we can optimise value. *Improvement action 18.4* will pilot "whole-of-life optimisation reviews" to validate this structured totex approach, ensuring that the analytical methods yield practical recommendations. These pilots (to be done in the next 6–12 months on select projects) will help refine how we forecast and compare lifetime costs. *(Impact: high)*

- **Align financial and asset planning tools:** *Improvement opportunity 37* includes actions to digitally link asset and financial planning tools (*Improvement action 37.4*) and create integrated planning models. This means our financial model (which forecasts revenues, costs, and funding needs) will be tied in with the asset management system (which forecasts when assets need renewal or upgrade). The benefit is more accurate long-term cost estimation at the aggregate level. For example, if many assets are due for replacement around 2030, the financial plans can reflect that peak. This prevents nasty surprises in funding requirements. *(Impact: medium)*
- **Cost estimation governance:** Similar to risk, we will introduce oversight for cost estimates. Under *Improvement action 4.4*'s Business Case Review, part of the panel's role will be to scrutinise cost estimations in each business case. Are unit rates current? Are contingencies appropriate for the project's stage and complexity? This peer review will improve the reliability of estimates that get approved. Also, by establishing *feedback loops (Improvement action 31.5)*, we will compare estimated versus actual costs post-project, and learn from any deviations. Those lessons (e.g. "we consistently underestimated contractor costs for trenching in urban areas by 15 per cent") will be used to adjust the unit rate library for future estimates.
- **Financial performance monitoring:** Although not directly part of cost estimation, it is worth noting that this plan's emphasis on cost management ties into meeting the Charter's financial performance objectives. For instance, Clause 13 of the Charter sets a target for maintaining an investment-grade credit rating, and Clause 14 caps our allowable revenue increases (essentially capping expenditure growth).

9.2 Expected outcomes

By implementing these actions, we expect to see a significant improvement in the accuracy of our project budgets and financial forecasts. Bids for funding (either internal or through Council/Government avenues) will be on much firmer ground, reducing the risk of funding shortfalls or scope changes later. Projects are less likely to run over budget because contingencies and unit costs used were realistic. In the long run, customers benefit through cost containment; efficient project and asset management costs mean more predictable and affordable water bills, aligning with the Charter's aim of limiting price increases.

Additionally, by incorporating whole-of-life costs, we will tend to choose solutions that might cost a bit more now but save a lot later. This life-cycle mindset should lead to lower total cost of ownership for our assets. For example, investing in higher-quality materials or proactive renewals in critical areas might raise near-term costs but avoid expensive reactive fixes and service disruptions in the future. Over a horizon of decades, this is crucial for financial sustainability. We also anticipate improved communication with stakeholders: we will be able to clearly articulate why a certain investment is the best choice not just technically, but financially over the long term, using the data from these improved cost estimation processes.

Section 10.0: Improvement plan timelines (Clause 24(2)(c))

Clause 24(2)(c) requires this plan to include timelines for planned improvements. This clause emphasises that we must identify what we will do and when we will do it. Given the breadth of initiatives in this plan, scheduling and phasing are critical for successful implementation. Our timeline staggers initiatives over the Charter period (2025–2028), balancing quick wins against longer-term projects, resource availability, and interdependencies between actions.

Actions to implement the improvement opportunities have been mapped out across high-level implementation horizons and included in Appendix 2. These horizons correspond with the Charter period (i.e. 2025 to 2028) however also extend beyond this period to accommodate those actions anticipated to be ongoing, largely where they relate to monitoring outcomes from earlier actions.

A high-level implementation timeline for all improvement opportunities and their corresponding actions is included in Appendix 3.

10.1 Phasing approach

The improvement initiatives have been broadly categorised into:

- **Immediate actions (0–6 months)**: foundational steps, often policy or framework-oriented, that enable later work. For example, setting up governance forums, confirming prioritisation principles, and issuing guidance documents.
- **Short-term actions (6–12 months)**: high-impact initiatives that can reasonably be delivered within a year, often referred to as "quick wins." These include measures such as formalising risk processes (e.g. adopting the ISO 31000 framework), rolling out the standard business case template, establishing key governance groups (Investment Review Forum, Quality Review Panel), and launching the benefits management approach. By the end of FY2026, we expect to have these actions in place.
- **Medium-term actions (1–3 years)**: more complex projects or those requiring gradual implementation. Most improvement actions fall within this timeframe, with target completion by 2027. Examples include implementing new IT tools (asset data portal, integrated planning systems); completing the training programmes and capability frameworks; embedding new processes fully into the organisational culture; and, seeing through multi-year initiatives like the capital programme optimisation (programme management "runways").
- **Long-term actions (3+ years)**: initiatives that either have dependencies or are continuous improvements extending beyond the Charter period. A few identified actions, such as large-scale systems or ingraining a new culture across a large workforce, are recognised as ongoing efforts. Some items marked as 3+ years might not fully conclude by June 2028, but significant progress is anticipated to be made, and they will continue to be implemented and embedded once enduring economic regulation is in place.

10.2 Scheduling priorities

High-impact initiatives are given urgency in the timeline. For instance, those classified as high impact and that can be done quickly are scheduled for first 12 months. Examples include:

- Developing the capability framework (*Improvement action 27.1*) is high impact and required early to guide training plans
- defining the planning hierarchy (*Improvement action 5.1*) is medium impact but it is a prerequisite to many other tasks, scheduled in year 1
- implementing an ERP for resource planning (*Improvement action 29.2*) High impact but complex, scheduled for around year 2 once foundational data is ready.

Conversely, lower impact actions are scheduled later or, if necessary, could be dropped if there are time or resource constraints. Examples include:

- Creating a central register of business improvement opportunities (*Improvement action 28.4*) is identified as low impact and medium complexity. This means it is further down the priority list and will be tackled after more critical items.

10.3 Resource considerations

We have aligned the timeline with resource capacity. There are practical limits to how many major changes we can absorb at once. Our timeline avoids, for example, overloading the IT department with multiple simultaneous system implementations. It also staggers training so that staff are not pulled into numerous improvement projects while doing their day jobs. The resource management improvements (*Improvement opportunity 29*) ensure we map out internal and external resources needed for this plan, smoothing out peaks by hiring contractors or reallocating staff in busy periods. We will establish a dedicated implementation team to ensure that the delivery of improvements remain consistent and continuous. This exercise will be undertaken as an immediate first action once this plan is approved, confirming the necessary resource requirement associated budget requirements.

10.4 Monitoring and adjusting timeline

This plan's timeline will be monitored through the programme governance structure. If certain initiatives progress faster or slower, we can adjust schedules. The Crown monitor will also receive updates via quarterly and annual reports, which include status on improvement initiatives (see Charter Clause 25). This external check will keep the timeline disciplined.

By presenting a clear timeline, we are demonstrating to stakeholders that we have a credible, phased approach to delivering improvements, rather than an open-ended wish list. The timeline is tight but achievable. The implementation of this plan is a priority for our senior management and board and will be resourced appropriately. This involves the establishment of a dedicated implementation team given the typical business-as-usual demands on the company. A point to highlight is that we have front-loaded many critical

improvements in the first half of the period to ensure benefits (such as efficiency gains) start accruing sooner, and to leave buffer time later in case certain tasks slip or need refining.

10.5 Quick wins versus long-term investments

Below are representative short and long-term milestones from our timeline:

- ***By December 2026:*** The Risk Management Framework refresh and roll out training to all project managers on the new risk process will be complete (fulfilling part of Clause 24(2)(b)(iii)). Also, a new standardised business case template will be used for all new capital projects (Clause 24(2)(b)(ii)). This is an essential building block for ongoing positive change. It will ensure higher-quality investment decisions with clear lines of sight to organisational goals as well as more confidence in benefits realisation. We will have started to plan upgrades to our IT systems to improve data sharing and integration, though we note it will take a while to implement. This will ensure teams across Watercare can access relevant, reliable and real-time asset and project information with minimum effort, improving their decision-marking.
- ***By June 2027:*** Cross-functional governance forums (investment prioritisation governance groups, programme governance groups) will be established and the first cycle of prioritising FY27 projects with the new criteria will be complete (Clause 24(2)(a)). This stronger collaboration between business units will improve handover, benefit realisation and long-term asset performance. Also, some operational improvements such as integrating key asset condition data into the planning dashboard will be achieved (a step toward Clause 24(2)(b)(ii) on asset health inputs). Early successes, such as a particularly effective risk mitigation on a pilot project, will be documented as case studies to build momentum.
- ***During 2027 / early 2028:*** Several longer-term improvements will have come to fruition. The Asset Information Portal (*Improvement action 17.3*) will have gone live with users across departments accessing real-time asset data from one source. The Resource Management Framework (*Improvement action 29.1*) will be fully implemented, giving us an organisation-wide view of skills and capacity for the first time. This will enable better planning of who works on what improvement initiative. Our first comprehensive Performance Management Framework (Improvement action 33.1 et seq.) will be operational, allowing tracking of KPIs that tie back to the improvement outcomes. These mid-term deliverables solidify the changes made and help show tangible benefits (for instance, reduced contractor costs because of better project scheduling, or fewer reactive repairs because of earlier interventions predicted by the new risk models).
- ***By late-2028:*** Most improvement actions will be complete. For those few extending beyond this date, we will incorporate them into our next asset management plan cycle or business plans. We will be noticing cultural changes, such as risk-awareness, cross-department collaboration and continuous improvement, indicating that the improvements are embedded and consistently applied across the business.

In summary, the timeline is structured to build momentum with early wins, tackle more challenging reforms in a steady progression, and ensure that by the end of the Charter period, we have substantially met our improvement objectives. The phasing reflects realism

and ambition hand-in-hand: doing as much as possible as soon as possible, but not so much as to jeopardise quality or overwhelm our people.

Section 11.0: Enabling housing growth and alternative funding (Clause 24(2)(d))

Clause 24(2)(d) requires this plan to detail "how Watercare proposes to ensure that investment will enable housing growth in areas with limited network capacity," including whether and how alternative funding will be sought for that growth, and a timeline for those actions. This aspect of the Charter acknowledges a critical external outcome: supporting Auckland's development. We must align our infrastructure improvements with the region's growth needs and do so in a financially sustainable way.

11.1 Context

Our bulk infrastructure programme is planned, funded and sequenced in line with:

- The Auckland Plan 2050
- The Auckland Future Development Strategy 2023-2053
- The Auckland Council Growth Scenario
- Auckland Unitary Plan (Operative in Part).

We have an obligation to prioritise and support areas of growth identified by Auckland Council. We are unable to support water and wastewater connections to out-of-sequence or unanticipated growth if it would jeopardise our ability to provide connections within existing live-zoned land.

Development of future urban zone areas ahead of the completion of bulk infrastructure required to support growth in those areas increases the risk of drinking water quality and quantity issues, adverse environmental impacts and as such, infrastructure capacity limitations.

This issue is complex. Funding alone will not solve the growth challenge. Resourcing, statutory approvals, and construction timeframes are examples of other factors that constrain the ability to bring forward bulk infrastructure.

Co-ordination and funding of infrastructure requirements beyond water and wastewater further exacerbates the complexity.

We are committed to exploring this complex challenge, with work on the funding aspect underway. We continue to work closely with Auckland Council to ensure that we are proactively monitoring and supporting growth in alignment with the Council's goals, objectives and aspirations for Auckland. We are focused on providing solutions, while ensuring that we do not compromise the health and wellbeing of our current and future customers and environment. Striking a balance between short-term economic challenges and ensuring long-term success is complex, however we are seeking to deliver pragmatic solutions.

11.2 Balance sheet capacity and funding alternatives

We secured a strong Aa3 credit rating (Moody's), with a standalone credit rating of baa1 (investment grade). Maintaining these credit ratings is critical to ensure we can access the debt capital markets and at a reasonable cost for our customers. The charter states that we must ensure our credit rating is at least investment grade. The key underlying metric is the funds from operations (FFO)/debt ratio.

We have recently tested balance sheet capacity under hypothetical stress events whilst working on our insurance strategy. We determined it would be prudent to explore off balance sheet funding to create capacity should risk eventuate. Balance sheet capacity is also required to fund the regional biosolids scheme post the completion of the Puketutu Island quarry site restoration which is not included our published AMP.

This highlights that the cost of growth beyond what is currently planned cannot simply be absorbed into our financial plan, and there are competing demands for off-balance-sheet financing.

We are hyperaware that the customer always pays no matter the form of funding and customer affordability is a key consideration for assessing any potential funding solution.

We have assessed a range of alternative funding arrangements including, Infrastructure Funding and Financing Act (IFF), Public Private Partnership (PPP), joint ventures (JV), subordinated debt and developer financing.

IFF was identified as the most suitable alternative funding arrangement to unlock balance sheet capacity, at scale while managing affordability.

IFF

Our work on IFF has two focus areas: creation of balance sheet capacity, and case studies for out of sequence development.

- **Balance sheet capacity:**

  The cost of IFF is slightly higher than traditional balance sheet funding. However, the ability to spread costs over a longer period and reduce the upfront impact is expected to result in a similar cost to customers on a net present value (NPV) basis.

  We initially selected eight projects to potentially explore the IFF opportunity. These were selected across a range of criteria, including:

  - Purpose (growth / renewal)
  - Current funding (in / outside the Asset Management Plan (AMP))
  - Timing (retrospective (Central Interceptor) / future projects)
  - Beneficiaries (all Metro Auckland, region specific)
  - Scale

  Our Economic Regulation Committee selected three projects to explore with National Infrastructure Funding and Financing (NIFF), with initial focus on beneficiary analysis.

- **Case studies**

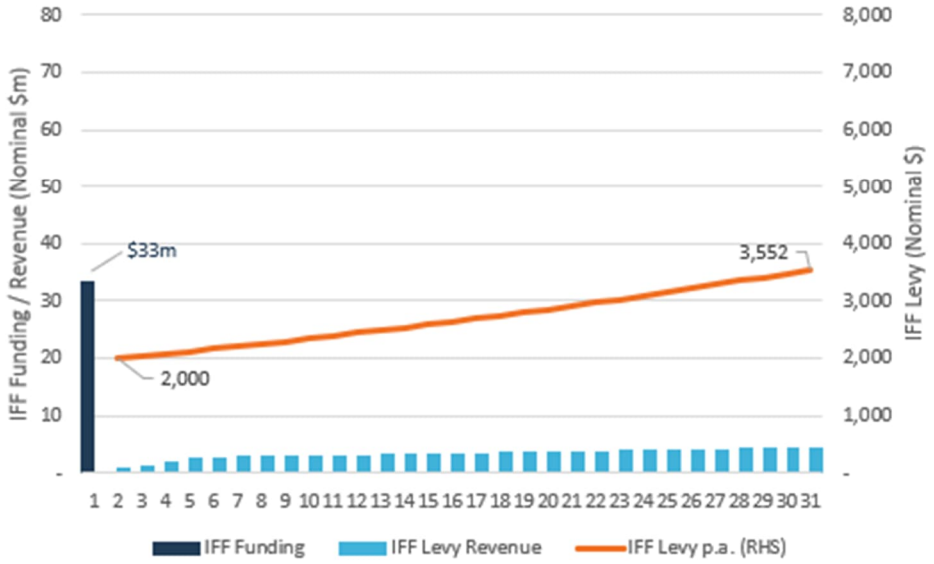
There is the potential to use alternate funding options (such as IFF) to bring development of bulk infrastructure forward, with developers/homeowners paying an IFF levy rather than an ICG (either fully or in part). We have developed case studies to understand what is required to enable success. Key findings to date include:

- The viability of an IFF solution is dependent on the infrastructure required and the number of dwellings it enables
- Several developments would need to be advanced at the same time to support bringing forward the additional investment required, this is also critical to ensure sufficient mass to cover the cost of the investment
- Implementing a growth IFF across multiple developments is more complex and requires more resources to implement compared to a one-off, large, citywide IFF transaction
- The cost per dwelling (under IGCs or IFF) may be material and IFF may not be preferred by developers given the uncertain impact on sale prices
- Developers would bear the risk for payment of the levy if a development is delayed
- Impact on the affordability of a development / potential impact on land price is important. With an IGC, the customer pays the IGC as part of the land purchase (typically customers will use a mortgage to spread the cost over time). The IFF levy is similar in that customers will pay for the infrastructure over time. The price of land should reflect this to ensure customers are not adversely impacted. This is challenging to control.
- There is a risk that, in areas that are not yet enabled, developers opt to build small private schemes that could end up being vested to us (without our oversight of the design and build process). Watercare needs to be protected in this situation.

High level analysis has been undertaken to understand the potential infrastructure that could be supported by a growth IFF levy. We explored two scenarios with 1,250 households to get a sense of what is possible within affordability for a customer. A $2,000 levy per annum (likely affordable) could raise ~$33m and a $4,000 levy per annum (less affordable) could raise ~$67m. The cost of all bulk infrastructure to support a development is likely to be significantly higher than this, reinforcing that sufficient mass is critical to enable growth infrastructure. It is likely that IFF levies will be explored for infrastructure beyond water and wastewater, potentially further challenging affordability and resulting in customers having multiple levies on a bill.

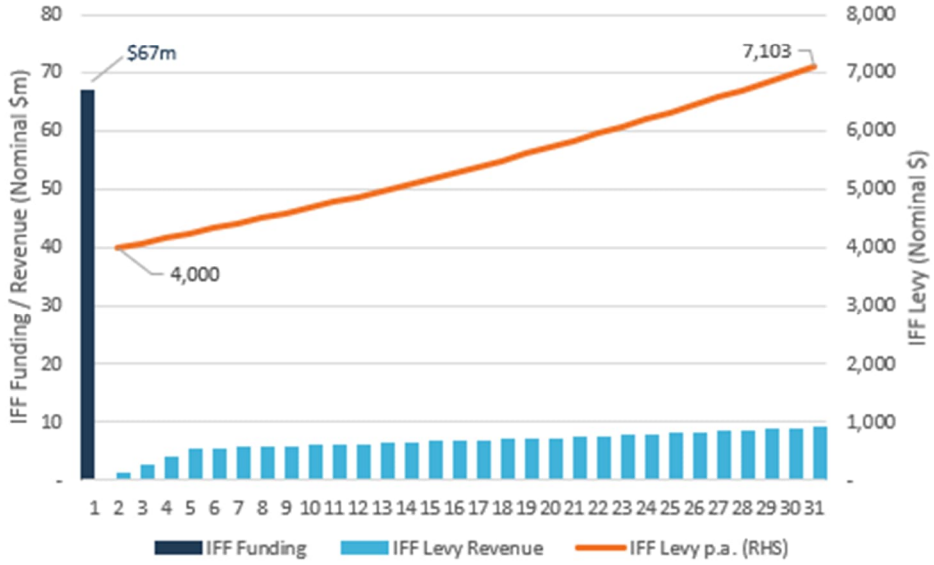
Scenario #1: IFF levy $2,000 per annum

Annual levy	Households	IFF funding
$2,000 incl GST 2% escalation	1,250 4 year ramp	$33m $27,000 per household



Scenario #2: IFF levy $4,000 per annum

Annual levy	Households	IFF funding
$4,000 incl GST 2% escalation	1,250 4 year ramp	$67m $54,000 per household



11.3 Timeline

We intend to advance investigation into alternate funding but cannot confirm a position with regards to any solutions for growth funding until the investigation is complete

By June 2026: Three workstreams will be undertaken in parallel:

- NIFF engagement: Assess the potential for utilising IFF for a range of projects (including citywide and growth case studies). With a focus on identifying the required enabling infrastructure and undertaking beneficiary analysis to identify the preferred project(s)
- Growth projects: Complete case studies for selected areas with limited network capacity or out-of-cycle demand. This will assess the potential to bring forward infrastructure and enable developments earlier, considering a range of potential constraints (e.g. funding, resourcing, statutory approvals, construction, etc).
- Other procurement methods: Assess suitability of procurement methods such as PPPs and JVs including potential iwi involvement for selected projects.

Should the above find viable options, we will move towards execution.

The timeline for this will be based on the results of the investigation.

Section 12.0: Conclusion

This plan is a comprehensive strategy that not only satisfies the regulatory requirements of the Watercare Charter but also positions us for long-term operational excellence. By explicitly aligning initiatives with each sub-clause of Clause 24, this plan provides confidence to stakeholders that all mandated areas (from governance principles to on-the-ground process changes) are being addressed.

Crucially, this plan prioritises high-impact improvements: governance and prioritisation reforms (Clause 24(2)(a)) are front-loaded, as they create the foundation for everything else. Similarly, critical tools and frameworks for risk, cost, and benefits management (Clause 24(2)(b)(i)–(iv)) are expedited to start yielding gains early in the Charter period. This prioritisation by impact ensures that our efforts are directed where it can make the biggest difference, especially under the time and resource constraints.

As this plan is implemented, we will evolve into a company with integrated planning and delivery, where decisions are made holistically considering long-term outcomes, whole-of-life costs, and risks. Customers and the Auckland Council should see tangible improvements: more reliable water and wastewater services (fewer interruptions and overflows) and more efficient spending (helping keep bills in check). Importantly, Auckland's growth will be better supported, with us proactively delivering the infrastructure needed for new housing areas, while leveraging alternative funding arrangements, that strengthen our balance sheet and reduce costs for customers.

Finally, the oversight and reporting mechanisms built into this plan, including the Crown monitor's role and our own performance monitoring, will ensure transparency and accountability. Progress will be continuously tracked, and the plan itself will be a living document. By 2028, we aim to not only meet the Charter's expectations but to have fostered a culture of continuous improvement that endures well beyond this plan, fulfilling our mission to deliver safe, reliable, and efficient water services for Auckland.

Appendix 1: Improvement opportunities register

Appendix 1: Improvement Opportunities & Actions Register

Prepared by Stantec, dated July 2025

Theme	#	Improvement Opportunity	Summary Current State	IAM Domain Alignment	P3M3 Alignment	KA #	Key Actions	Impact	Complexity	Cl.24 Alignment	Est. Timeframe	Expected Outcomes
Strategic Alignment & Leadership	1	Clearly establish roles and responsibilities for infrastructure delivery and asset management (e.g. RACI) to ensure alignment with Watercare's indended service delivery model and operations	a) capital delivery roles and accountabilities are relatively well-structured b) There is ambiguity and inconsistency around roles and responsibilities in other stages of the lifecycle	Leadership, Asset Lifecycle, People & Culture, Governance	Management Control, Organisational Governance, Resource Management	1.1	Ensure alignment of infrastructure delivery and asset management across Watercare	High	High	2(b)	1 - 3 years	a) **Clear ownership and accountability** across all stages of the infrastructure delivery and asset lifecycle management b) Stronger **collaboration** between capital delivery, operations, and asset planning teams c) Improved **handover, benefit management / realisation**, and long-term asset performance d) **A 'One Watercare' approach** to managing infrastructure from cradle to grave.
						1.2	Establish cross-functional RACI matrices across: - Strategic asset planning - Programme and project planning and delivery - Design and delivery - Operations, maintenance and renewals	High	Medium	2(b)	6 - 12 months	
						1.3	Communicate and build capability against roles and interfaces	High	Low	2(b)	6 - 12 months	
						1.4	Align governance and gate reviews	Medium	Medium	2(b)	1 - 3 years	
						1.5	Monitor compliance and performance for management review and continuous improvement	Medium	Low	2(b)	1 - 3 years	
	2	Strengthen governance, accountability and leadership behaviours to drive system improvement and alignment	a) Leadership shows visible and verbal support for improving asset management and project delivery b) No structured governance or leadership accountability framework to embed that intent into practice	Leadership, Governance, People & Culture, Performance	Organisational Governance, Management Control, Resource Management	2.1	Formalise Leadership Roles and Commitments in Governance Structures	High	Medium	2(b)	6 - 12 months	a) Leadership commitment becomes **systemic and visible at all levels**, not episodic or siloed b) Asset and project delivery excellence is **championed with consistency and credibility** c) A cultural shift where leadership actively drives alignment, improvement and integration d) Increased confidence across the organisation that 'leadership walks the talk'
						2.2	Develop a leadership accountability framework	Medium	High	2(b)	6 - 12 months	
						2.3	Strengthen governance with structured oversight and management reviews	Medium	Medium	2(b)	6 - 12 months	
						2.4	Model consistent leadership behaviours	High	Low	2(b)	6 - 12 months	
						2.5	Enable and support leadership capability development	Medium	Medium	2(b)	6 - 12 months	
	3	Develop, publish and embed the Strategic Asset Management Plan (SAMP) - i.e. asset management strategy, to drive asset management system improvements and alignment.	a) the SAMP is in draft - a strong opportunity to define strategic direction b) There is organisational support, but the SAMP is not clearly linked to decisions, project delivery, or outcomes c) Opportunity to embed the SAMP as a core decision-making tool across Watercare	Leadership, Planning, Asset Lifecycle Governance	Organisational Governance, Management Control, Benefits Management	3.1	Clearly define the role of the SAMP in Watercare's Planning Hierarchy	Medium	Low	2(b)	6 - 12 months	a) The SAMP becomes a **central, unifying strategy document that is periodically reviewed and updated** - not a one-off 'sat-on-the-shelf' document b) Decisions, projects and asset plans are **visibly and consistently aligned** to long-term priorities c) Culture shift towards **value-drive, whole lifecycle-focused asset stewardship**
						3.2	Use the SAMP to drive line-of sight and integration	Medium	Low	2(b)	6 - 12 months	
						3.3	Engage leaders in cross-functional teams in the next update of the SAMP	Medium	Medium	2(b)	6 - 12 months	
						3.4	Align governance and delivery assurance with the SAMP	Medium	Low	2(b)	6 - 12 months	
						3.5	Communicate the SAMP as a living, actionable strategy	Medium	Low	2(b)	6 - 12 months	
						3.6	Link SAMP implementation to overall maturity and business improvement goals and objectives	Medium	Medium	2(b)	6 - 12 months	
	4	Implement a standardised business case framework that aligns investment with strategy and overall lifecycle objectives	a) Business cases vary in format, depth, and strategic traceability b) Strategic drivers are not consistently or clearly linked to investment proposals	Planning, Asset Lifecycle, Financial Management, Governance	Business Case, Benefits Management, Organisational Governance	4.1	Develop a tiered and standardised business case template	High	Medium	(2)(b)(ii)	6 - 12 months	a) Every investment proposal speaks a **consistent strategic language** b) Stronger **integration between AMPs, capital plans, and delivery programs** c) Higher-quality investment decisions with **clear line of sight to organisational goals** d) More confidence in **benefits realisation**, lifecycle performance, and community outcomes
						4.2`	Embed asset management principles into the template (whole-of-life cost modelling, operational and maintenance implications, asset condition and performance drivers, and risk alignment)	High	Medium	(2)(b)(iv)	1 - 3 years	
						4.3	Align to programme and benefits realisation frameworks (alignment with prioritisation criteria, etc.)	High	Medium	(2)(a) + (2)(b)(i)	1 - 3 years	
						4.4	Establish a business case Quality Review Panel (alignment pre-approval from key cross-functional team)	High	Medium	2(b)	6 - 12 months	
						4.5	Support with the development and implementation of tools and training	High	Medium	2(b)	1 - 3 years	
			a) asset and project activities			5.1	Define and establish a clear planning hierarchy and framework	Medium	Medium	2(b)	6 - 12 months	a) A **shared, enterprise-wide understanding** of 'why we're doing

Theme	#	Improvement Opportunity	Summary Current State	IAM Domain Alignment	P3M3 Alignment	KA #	Key Actions	Impact	Complexity	Cl.24 Alignment	Est. Timeframe	Expected Outcomes
	5	Build a clear and cascading planning and delivery framework that fully aligns strategy to execution	a) asset and project activities are functionally delivered but not clearly connected to strategy or planning hierarchy b) Planning documents, frameworks, and priorities are not well integrated or communicated	Leadership, Planning, Information, Asset Lifecycle	Organisational Governance, Benefits Management, Management Control	5.2	Establish and ensure alignment between business cases and project briefs	Medium	Medium	(2)(b)(ii)	1 - 3 years	what we're doing' b) Stronger alignment between long-term strategy and day-today-delivery c) Better prioritisation, benefit realisation, and stakeholder confidence d) Empowered teams who understand the **purpose and impact** of their work
						5.3	Communicate the framework across the business	Medium	Low	2(b)	1 - 3 years	
						5.4	Build accountability for alignment through shared visibility of compliance and improvement actions	High	Medium	2(b)	1 - 3 years	
	6	Consider a system (i.e. process and/or digital platform) for capturing, sharing, and applying community / iwi insights, needs and expectations across Watercare	**Consolidated with Improvement Opportunity #9**									
	7	Create a tiered and enabled communications and engagement model to extend reach without overextending resources	a) Watercare's internal Stakeholder Engagement Team is limited in numbers and stretched in scope b) Demand and requirement for communications and engagement is growing across all aspects of Watercare's project and service delivery c) There's a risk of reputational exposure or missed opportunities due to inconsistent stakeholder engagement application e) No centrally defined Stakeholder Engagement strategy, framework, systems, processes or tools available to support consistent stakeholder engagement outcomes across Watercare	People & Culture, Stakeholder & Communication, Leadership, Governance	Stakeholder Management, Organisational Governance, Resource Management	7.1	Establish a tiered engagement delivery and resourcing model	Medium	Low	2(b)	6 - 12 months	a) Stakeholder engagement capacity is **scaled intelligently without needing major headcount increases** b) Teams across Watercare feel **equipped, confident, and consistent** in engagement and comms delivery c) Strategic messaging is protected while lower-risk initiatives are **handles efficiently and consistently**
						7.2	Train and empower 'engagement and comms champions' across Watercare	Medium	Low	2(b)	6 - 12 months	
						7.3	Prioritise high-value and high-risk engagements for specialist, internal engagement SME resourcing	Medium	Low	2(b)	6 - 12 months	
						7.4	Monitor and review compliance to drive continuous improvement	Medium	Low	2(b)	1 - 3 years	
	8	Build stakeholder engagement and communication as a core function and activity of project delivery - not a dependency		**Consolidated with Improvement Opportunity #10**								
Stakeholder Engagement	9	Continue to build on current efforts and design, develop and deploy a scalable communications and engagement capability framework and toolkit		Stakeholder & Communication, People & Culture, Governance	Stakeholder Management, Resource Management, Organisational Governance	9.1	Co-design a Watercare communications and engagement framework	Medium	Low	2(b)	6 - 12 months	a) Communications and engagement **shift from reactive and people-dependent** to **structured, repeatable, and scalable** b) Teams feel **confident and capable** even without direct support from Watercare's Stakeholder Engagement Team c) Watercare builds a **mature, recognisable, and trustworthy engagement identity** across all projects and assets d) Stakeholders - internal and external - experience a **consistent, respectful, and transparent engagement approach**
						9.2	Develop a modular toolkit and appropriate, proportionate resources	Medium	Low	2(b)	6 - 12 months	
						9.3	Build a digital hub or portal for stakeholder engagement, processes, tools, guides and engagement outcomes and insights	Medium	Medium	2(b)	1 - 3 years	
						9.4	Roll-out and establish the resulting communications and engagement framework	Medium	Medium	2(b)	1 - 3 years	
						9.5	Embed the framework through governance arrangements, management reviews and compliance assurance	Medium	Medium	2(b)	1 - 3 years	
	10	Embed community / iwi engagement and considerations across all projects through process integration and positive incentives	a) Engagement and Iwi / community impact are sometimes considered, but not consistently factored into project or business decisions b) Inclusion of stakeholder / Iwi considerations is dependant on who's managing the project, whether Watercare's Stakeholder Engagement Team is involved, and how 'high-profile' the project is c) Iwi and community considerations are often reactive or compliance-driven rather than values-led.	Stakeholder Management, People & Culture	Stakeholder Management, Organisational Governance, Benefits Management	10.1	Integrate stakeholder mapping into project governance and workflow by design	Medium	Low	2(b)	1 - 3 years	a) Every project is **delivered with community and Iwi context front-of-mind**, not as an afterthought b) Project Managers feel **supported, clear, and rewarded** for driving and delivering good engagement outcomes c) Risk of community pushback, cultural missteps, or reputational harm is greatly minimised d) Over time, Watercare builds a **genuine partnership culture** - internally and externally
						10.2	Develop a cultural and engagement risk rating tool to ensure stakeholder risk mitigation, not creation, as a result of project planning and delivery	Medium	Low	2(b)	1 - 3 years	
						10.3	Make engagement and cultural considerations a core Project Manager (PM) accountability	Medium	Low	2(b)	1 - 3 years	
						10.4	Incentivise through recognition, commercial mechanisms, and visibility (reputation)	Medium	Medium	2(b)	1 - 3 years	
						10.6	Collaborate with Iwi early to co-design, incorporate expectations and achieve outcomes	Medium	Medium	2(b)	1 - 3 years	
			a) Delivery is project-by-project with loose alignment into overarching programs b) Scope and benefits are		Management Control	11.1	Define and establish key programme management principles for the adoption bye the business, including the establishment of key roles and responsibilities, business case templates, etc.	Medium	Medium	2(b)	1 - 3 years	a) Projects are grouped and delivered to achieve **common business objectives**

Theme	#	Improvement Opportunity	Summary Current State	IAM Domain Alignment	P3M3 Alignment	KA #	Key Actions	Impact	Complexity	Cl.24 Alignment	Est. Timeframe	Expected Outcomes
Capital Programme Delivery & Governance	11	Adopt a programmatic approach to infrastructure delivery with well defined scope, budget and delivery timelines.	defined at the project level only c) Budget and cost management is fragmented d) Benefits realisation is not aggregated or monitored programmatically e) Resource management and allocation is reactive	Resource Strategy & Management, AM Decision Making, Lifecycle Delivery	Management Control, Organisational Governance, Resource Management, Financial Management	11.2	Collate and maintain investment needs on a programmatical basis (e.g. category management, asset needs / solutions types, geographies / regions, delivery vehicles / supply chain partners, complexity, value, etc.)	Medium	Medium	(2)(a)	1 - 3 years	b) Improves the ability for Watercare to **identify and manage interdependencies** between projects c) Supports **Totex optimisation**, enabling lifecycle focused decision-making.
						11.3	Establish (or adapt current) gated approval and governance arrangements for the delivery of programmes and projects	Medium	Medium	2(b)	1 - 3 years	
	12	Consider an 'advanced' workflow approach to programme management delivery to retain value and optimise delivery	a) Limited standardised workflows or frameworks for managing program-level planning, delivery, or reporting b) Project delivery workflows may exist, but are not scaled to program-level governance or coordination c) Project manager operate with varying degrees and levels of autonomy and capability, but there's low levels of cross-project / cross-business collaboration or optimisation	AM Decision Making, Lifecycle Delivery, Asset Information, Resource Strategy & Management, Supply Chain Management	Organisational Governance, Management Control, Resource Management, Financial Management	12.1	Categorise emerging programmes to establish an appropriate range of 'runways' and proportionate gated workflows - e.g. DMC, simple, medium, complex, major projects	High	Medium	2(b)	1 - 3 years	a) Programmes are designed to **maximise lifecycle value**, rather than just short-term capital delivery outputs b) Improved ability to **reprioritise or reallocate resources** to manage constraints or exploit opportunities within Programmes c) **Less duplication of effort** and rework through controlled sequencing and integration of workstreams.
						12.2	Optimise emerging programmes and projects - e.g. schedule optimisation (utilising standard / historic resource and schedule profiles), technical optimisation (apply systems planning and systems-thinking approaches - totex solution hierarchy, catchment based solutions, etc.) and supply chain optimisation (batching, standardisation, value engineering, geography, etc.)	High	High	2(b)	1 - 3 years	
	13	Improve programme level risk management through reporting and tracking mitigations as outcomes from projects	Risk identification and mitigation occurs at the individual project level with no integrated view of risk at a programme level, meaning cumulative risk exposure, shared risks, or emerging systemic risks are not managed effectively	AM Decision Making, Life Cycle Delivery, Risk & Review	Risk Management	13.1	Establish risk management process and management arrangements	Medium	Medium	(2)(b)(iii)	1 - 3 years	Enhanced visibility and control over cumulative programme risks, leading to more reliable and value-optimised infrastructure delivery outcomes for Watercare
						13.2	Consider the adoption and application of APM programme / project assurance guidance, reviewing projects and programmes using the 10-criteria assurance model	High	Low	(2)(b)(iii)	6 - 12 months	
	14	Review RiSOLVE usage and effectiveness in the development and delivery of the capital delivery programme and revise functionality as necessary	The current RiSOLVE system does not fully meet the needs or requirements of project / programme level risk identification, mitigation or management across Watercare	AM Decision Making, Life Cycle Delivery, Risk & Review	Risk Management	14.1	Review RiSOLVE usage / compliance and effectiveness for infrastructure delivery	Medium	Medium	2(b)	6 - 12 months	a) Capital delivery risks are consistently tracked and visible across the business b) Risks are actively managed throughout delivery c) Risk data becomes a trusted input to investment and operational decisions
						14.2	Ensure RiSOLVE application is aligned to ISO 31000 compliance risk management processes considered in #13.1	Medium	Medium	(2)(b)(iii)	6 - 12 months	
						14.3	Define risk management requirements (business and functional) with capital delivery and asset management teams	Medium	Medium	(2)(b)(iii)	6 - 12 months	
						14.4	Tailor existing software and ensure it supports quantitative and qualitative risk analysis, cost, schedule, and asset impact etc.	Low	Medium	(2)(b)(iii)	6 - 12 months	
						14.5	Align accountability for capital delivery risk management and ownership to existing and established project / programme governance arrangements	Medium	Medium	(2)(b)(iii)	6 - 12 months	
	15	Establish and embed a change management process for changes to programmes and programme schedules and costs, etc.	Project level change processes and practices are sound across Watercare's infrastructure delivery activities.	AM Decision Making, Life Cycle Delivery, Management of Change	Risk & Review	15.1	Aligned with #11.3, establish and implement change management protocols as part of overall programme management gated structure	High	Medium	2(b)	1 - 3 years	Ensure that project level change management successes are realised and applied across a programme management approach for Watercare.
	16	Implement a disciplined approach to benefits management and realisation across the infrastructure delivery programme	a) No clear ownership or accountability for benefit tracking - often left with project sponsors and project managers b) Post-project reviews are irregular and benefits are rarely measured or validated	Lifecycle Value Realisation	Benefits Management	16.1	Adopt a benefits management approach, aligned to OGC MSP practices	High	Medium	(2)(b)(i)	6 - 12 months	a) Infrastructure investments will be better aligned to strategic priorities, with benefits clearly defined, tracked and realised - ensuring that project deliver **tangible outcomes** rather than just outputs b) Consistent measurement of
						16.2	Consider how benefits are being captured and revised at every project and programme governance gate	High	Medium	(2)(b)(i)	1 - 3 years	

Theme	#	Improvement Opportunity	Summary Current State	IAM Domain Alignment	P3M3 Alignment	KA #	Key Actions	Impact	Complexity	Cl.24 Alignment	Est. Timeframe	Expected Outcomes
		programme	against original expectations c) There is no systemic feedback loop to refine future delivery or investment planning based on realised benefits			16.3	Consider the role of 'Project / Programme Sponsor' responsible for the measurement, preservation and recognition through the project / programme lifecycle	Medium	Medium	(2)(b)(i)	1 - 3 years	realised benefits will provide Watercare with reliable data to inform future investment decisions, resource allocation, and improvement planning
Asset Operations & Maintenance	17	Shift from siloed data systems to an integrated, accessible, decision-supporting asset information environment	a) asset and maintenance data is stored across multiple legacy systems b) data is or good quality, but siloed due to lack of integration and historic system architecture c) Requires manual workarounds or specialist knowledge to retrieve and interpret for decision-making	AM Decision Making, Lifecycle Delivery, Asset Information	Management Control, Organisational Governance, Financial Management	17.1	Develop an asset data and information architecture blueprint	High	Medium	2(b)	6 - 12 months	a) Teams across the organisation can access **relevant, reliable, and real-time asset and project information** without friction b) Duplication, rework, and manual effort are reduced c) Decision-making improves - especially in planning, investment and risk-prioritisation d) Watercare moves closer to **digitally enabled asset management and portfolio optimisation**
						17.2	Integrate or federate key business systems across Watercare via interfaces or data services	High	High	2(b)	3+ years	
						17.3	Build a centralised asset information portal or dashboard	High	Medium	2(b)	1 - 3 years	
						17.4	Standardise asset data structures and definitions, linked to functional locations	High	Medium	2(b)	3+ years	
						17.5	Embed data accessibility into roles and processes	Medium	Medium	2(b)	1 - 3 years	
						17.6	Establish information governance and oversight	Medium	Medium	2(b)	6 - 12 months	
	18	Apply systems-thinking to Capex-Opex trade-offs to optimise asset life, service reliability and value on a Totex basis	a) Lifecycle cost and value trade offs aren't consistently undertaken across planning and projects. b) Capex and Opex are considered separately, with Capex dominating decision-making c) Evaluation occurs within functional silos d) An absence of formal, repeatable processes to guide lifecycle and cost optimisation	Capital Investment Decision Making, Operation & Maintenance Decision Making, Lifecycle Value Realisation	Financial Management, Benefits Management, Resource Management	18.1	Develop a Totex solution hierarchy and value management framework (defining optimisation for Watercare across Capex, Opex and lifecycle cost areas - service levels, risk, cost to serve , asset life, etc.)	High	Low	(2)(b)(iv)	6 - 12 months	a) A consistent, cross-functional approach to **optimising lifecycle value** b) Greater asset life, resilience, and service value for spend c) Capital decisions that **balance upfront cost, ongoing impact, and strategic outcomes**
						18.2	Mandate Capex / Opex evaluation in all business cases	High	Medium	(2)(b)(ii)	6 - 12 months	
						18.3	Establish cross-functional investment review forums	Medium	Medium	(2)(a)	1 - 3 years	
						18.4	Pilot whole-of-life optimisation reviews to validate structured Totex approach	High	Medium	(2)(b)(iv)	6 - 12 months	
						18.5	Embed Totex thinking in enabling systems and templates	High	Medium	2(b)	1 - 3 years	
	19	Establish an enterprise-wide Asset Lifecycle Management Framework across all asset classes, that is driven on an asset health and criticality basis	a) Inconsistency of risk-based investment decision-making b) Reactive and time-based maintenance still dominates - but a noticeable commitment and efforts to increased renewals planning and investment outcomes c) Visibility of total asset portfolio health is difficult and inconsistent d) Capex/Opex decisions are not informed by Lifecyle cost trade-offs e) Renewal vs. replacement decisions are inconsistent, but visible efforts to improve	Asset Performance & Health Monitoring	Management Control, Organisational Governance, Benefits Management, Resource Management, Risk Management	19.1	Develop and establish a whole lifecycle management framework for all assets (standardised lifecycle model that applies across all asset types from planning - delivery - operation - maintenance - disposal)	Medium	Medium	2(b)	1 - 3 years	a) All assets are planned, delivered, and managed through a **consistent, value-driven lifecycle lens** b) Decisions across Watercare are made with **long-term performance and outcomes in mind** c) Operational and capital teams are aligned through **shared processes, metrics, and accountabilities** d) Investment becomes **smarter, more transparent, and better aligned** with community needs and financial sustainability.
						19.2	Establish core lifecycle planning and delivery processes for all asset classes (including criticality, condition, and asset class strategies)	Medium	Medium	2(b)	1 - 3 years	
						19.3	Standardise asset performance monitoring across asset systems and classes across Watercare	Medium	Medium	2(b)	6 - 12 months	
						19.4	Embed whole lifecycle management thinking into project and programme delivery and governance (e.g. design to operate, waste management, circular economy)	High	Medium	2(b)	3+ years	
						19.5	Build asset management stewardship mind-set and capability across the enterprise - i.e. Watercare, stakeholders, supply chain, etc.	Medium	Medium	2(b)	3+ years	
	20	Introduce project-to-asset integration processes and ways of working	Disconnect between project delivery and ongoing asset ownership / performance	Lifecycle Delivery, Procurement & Supply Chain Management	Management Control, Organisational Control	20.1	Embed formal handover, commissioning, and asset acceptance criteria into all capital delivery processes	High	Low	2(b)	6 - 12 months	a) Clear organisational expectations for whole-of-life value and performance
						20.2	Ensure asset performance expectations are defined early and tracked post-delivery	High	Medium	2(b)	1 - 3 years	

Theme	#	Improvement Opportunity	Summary Current State	IAM Domain Alignment	P3M3 Alignment	KA #	Key Actions	Impact	Complexity	CI.24 Alignment	Est. Timeframe	Expected Outcomes
	21	Build core knowledge, capability and consistency in lifecycle, and value-based decision making through the implementation of asset class management plans / strategies	Decisions are based primarily on cost, not lifecycle value, outcomes or total cost of ownership	Strategic Planning, Asset Management Planning, AM Decision Making, Lifecycle Value Realisation, Competence Management	Benefits Management, Management Control, Resource Management, Risk Management	21.1	Establish and deliver targeted training for Watercare planners, project managers, finance and deliver staff in: a) Watercare whole-of-life principles b) Capex/Opex trade-offs c) Value optimisation and lifecycle performance	Medium	Medium	2(b)	1 - 3 years	b) Greater visibility into how projects deliver long-term asset benefits c) Stronger alignment between planning, delivery, and operations
Risk Assessment, Decision-Making & Contingency Planning	22	Review the application and embedment of an Enterprise Risk Management Framework at all levels of the organisation (**Aligned to Key Actions in Improvement Opportunity #13)**	a) risk identification and assessment is generally consistent within projects b) alignment of Watercare's risk appetite is evident - but not universal c) Asset / programme / business level risk thinking is not embedded or consistently understood d) gaps exist between functional / project risk registers and broader business risk oversight e) strategic and systemic risks may be under-addressed or siloed	AM Decision Making, Risk & Review	Organisational Governance, Management Control, Risk Management	22.1	Review and refresh Watercare's Risk Management Framework (clarify risk domains relating to infrastructure delivery and asset management and define responsibilities and ownership)	Medium	Medium	2(b)	6 - 12 months	a) Risk management becomes **strategic, repeatable, and cross-cutting** b) Decisions are better aligned with Watercare's **risk appetite and tolerance** c) Risk becomes a **value enabler**, not just a defensive mechanism d) Enables **continuous learning and resilience** through better insight and treatment of systemic risks
						22.2	Map and align risk registers across the business to improve integrated asset and infrastructure decision-making and outcomes	Medium	Medium	2(b)	6 - 12 months	
						22.3	Strengthen existing governance functions and responsibilities to oversee systemic and cross-cutting risks and interdependencies	Medium	Medium	2(b)	1 - 3 years	
						22.4	Embed risk management into all infrastructure delivery and asset management processes (where appropriate)	Medium	Medium	2(b)	1 - 3 years	
						22.5	Develop practical risk tools and templates	Medium	Low	2(b)	6 - 12 months	
	23	Integrate asset performance data and risk considerations to allow for condition-based risk management and decision-making	a) risk mitigations are mostly project-specific b) mitigation efforts do not follow a consistent or defined process c) no formal integration between asset condition data and project risks d) condition-based deterioration or failure risks are potentially underutilised in forward planning	Asset Lifecycle, Risk Management, Information, Planning, Performance	Risk Management, Management Control, Financial Management, Benefits Realisation	23.1	Establish a condition-based risk classification model	High	High	2(b)	1 - 3 years	a) Asset risks are identified earlier and managed more proactively b) Projects are scoped and sequenced based on condition and consequence, not just age or compliance c) Funding is better aligned to risk exposure - improving ROI and service outcomes
						23.2	Embed lifecycle risk assessments into asset planning	High	Medium	2(b)	1 - 3 years	
						23.3	Standardise risk mitigation planning across projects and assets	Medium	Medium	2(b)	1 - 3 years	
						23.4	Establish rules for risk funding allocation	Medium	High	2(b)	1 - 3 years	
						23.5	Train teams in condition-based risk and mitigation planning	Medium	Medium	2(b)	1 - 3 years	
	24	Include a risk management software / capability in the capital delivery program management functions which is monitored and contributed by all business functions (a review of RiSOLVE for effectiveness)	**Consolidated with Improvement Opportunity #14**									
	25	Introduce structured risk-reward analysis into investment governance and prioritisation.	a) risk is a key focus in project level investment decision-making b) risk is often viewed through an avoidance lens, not a strategic 'reward for risk' perspective c) trade-offs between risk, value, cost, and service outcomes are not consistently addressed d) no structured or transparent way to compare investments based on return for risk exposure e) governance forums focus on delivery and compliance risks, not opportunity or portfolio value	Decision-Making, Governance, Risk Management, Performance	Risk Management, Benefits Realisation, Business Case, Portfolio Management, Management Control	25.1	Develop a structured risk-reward assessment model (e.g. to determine return per unit of risk exposure)	Low	High	2(b)	1 - 3 years	a) Investment governance becomes **value-seeking**, not just risk averse b) High-potential opportunities are no longer **automatically rejected due to perceived risk** c) Watercare builds **transparency and defensibility** into decisions. d) Programme and portfolio optimisation improves across **strategic, financial and community outcomes**
						25.2	Embed risk-reward trade-offs into business case and options assessment (align to existing templates and make it scalable)	Low	High	(2)(b)(ii)	6 - 12 months	
						25.3	Integrate risk-reward evaluation into investment governance (risk adjusted return, balance resilience cost and benefit, value creation and risk etc.)	Low	High	(2)(a)	1 - 3 years	
						25.4	Consider programme-level risk-reward dashboards and reporting	Low	Medium	2(b)	6 - 12 months	
						25.5	Build Watercare's capability in strategic risk thinking and maturity	Medium	Medium	2(b)	1 - 3 years	
						25.6	Pilot risk-reward thinking (start small, validate, prove, adjust, then scale)	Low	Medium	2(b)	6 - 12 months	
						25.7	Review and calibrate risk appetite statements	High	Medium	2(b)	6 - 12 months	

Theme	#	Improvement Opportunity	Summary Current State	IAM Domain Alignment	P3M3 Alignment	KA #	Key Actions	Impact	Complexity	Cl.24 Alignment	Est. Timeframe	Expected Outcomes
Capability, Competency & Resource Management	26	Develop and maintain resource management and succession plans to build and retain capability and capacity for delivery across core business functions	a) little or no structured assessment of capability gaps. Competency development is often left to individuals or teams b) No formal succession plans exist; key-person dependency is common and institutional knowledge is lost when staff leave	Organisational Structure, Competence management, Management of Change	Organisational Governance, Resource Management, Risk Management	26.1	Develop and maintain resource management and succession plans to build and retain capability and capacity for delivery across core business functions	Medium	Medium	2(b)	1 - 3 years	a) Watercare will have the right people, with the right skills, in the right roles - when and where they're needed - enabling more consistent and timely delivery of project and asset outcomes b) With succession plans and talent development in place, Watercare will be better positioned to retain institutional knowledge and grow internal capability aligned to long-term priorities
	27	Establish a learning and development framework to support effective and efficient asset management and infrastructure delivery	a) no defined competency framework tied to roles or service expectations (asset management or infrastructure delivery) b) Project / program delivery is receiving some current attention and focus c) Other key service areas (e.g. asset planning, lifecycle management, operations) are not consistently assessed or supported d) capability development is reactive, ad-hoc, or leader dependant e) no consistent way to forecast future capability	People, Leadership, Governance, Planning	Resource Management, Organisational Governance, Management Control	27.1	Develop a Capability and Competency Framework for roles across the whole asset and infrastructure delivery lifecycles	High	High	2(b)	1 - 3 years	a) Competency management shifts from being reactive and fragmented to **systematic, strategic and fit-for-purpose** b) Watercare is better able to deliver **whole-of-life outcomes** with **less reliance on individuals** c) Service delivery and improvement efforts are supported by **role clarity, training, and sustained capability development**
						27.2	Establish a consistent capability assessment process	Medium	High	2(b)	1 - 3 years	
						27.3	Link capability needs to asset management and infrastructure delivery requirements	Medium	Medium	2(b)	6 - 12 months	
						27.4	Embed capability uplift efforts and investment into existing Watercare governance and resourcing forums	High	Medium	2(b)	1 - 3 years	
						27.5	Identify where targeted and supported capability development investment is required	Medium	Medium	2(b)	6 - 12 months	
	28	Embed formal audit and review mechanisms to drive continuous improvement in programme / project delivery, asset management and associated business operations	a) leadership and staff demonstrate an *openness* to change and better ways of working b) Formal internal reviews are rare, inconsistent, or siloed c) No enterprise-level performance / business improvement model exists d) audit is seen as a compliance tool, not as a performance tool	Asset Management System Monitoring, Management Review, Audit & Assurance	Management Control, Organisational Governance, Assurance	28.1	Define an audit and review framework for Watercare	High	Medium	2(b)	1 - 3 years	a) Watercare moves from **ad-hoc improvement to structured, evidence-led improvement** b) Culture becomes **actively supported by systems and routines**, not just goodwill c) Performance improvement is embedded into the **planning, delivery, and evaluation cycle**
						28.2	Identify core service areas and organisational domains for regular review	High	Medium	2(b)	1 - 3 years	
						28.3	Introduce post-initiative and post-investment reviews as standard	Medium	Medium	2(b)	6 - 12 months	
						28.4	Establish a central register of business improvement opportunities across Watercare	Low	Medium	2(b)	6 - 12 months	
						28.5	Promote a safe, constructive improvement culture	Medium	Medium	2(b)	1 - 3 years	
						28.6	Integrate audit and review findings into organisational governance	Medium	Medium	2(b)	1 - 3 years	
	29	Shift from reactive to coordinated and strategic resource management across the asset and project lifecycle	a) inconsistent resourcing practices across projects, programs and asset activities b) limited visibility of business-wide resource demand vs supply c) decisions made in functional or project silos d) resourcing still largely role-based vs. capability or capacity-based	Resource Strategy & Management, Competence Management, Supply Chain Management	Resource Management, Management Control, Organisational Control	29.1	Establish a Resource Management Framework across Watercare	Medium	High	2(b)	1 - 3 years	a) Resourcing becomes **coordinated, visible, and proactive** across Watercare b) Programmes and initiatives are **prioritised based on realistic delivery capacity** c) Teams and staff with the **right capabilities**, not just the right headcount d) Resource planning becomes an **enabler of project and asset lifecycle success**, not a bottleneck
						29.2	Implement Enterprise Resource Planning (ERP) and forecasting tools	High	High	2(b)	1 - 3 years	
						29.3	Establish a central and consistent view of capital and asset delivery resourcing	Medium	High	2(b)	1 - 3 years	
						29.4	Introduce resource-based gate checks for project and programme approvals	Medium	Medium	2(b)	1 - 3 years	
						29.5	Develop and monitor role-based capability profiles and needs	Medium	Medium	2(b)	1 - 3 years	
						29.6	Integrate contractors and delivery partners into resource planning	Medium	Medium	2(b)	1 - 3 years	
						29.7	Link resource data to performance and outcomes	Low	High	2(b)	6 - 12 months	
	30	Leveraging elements of project change management processes and approach, apply change controls and governance more broadly across the business (process safety, network / asset change etc.)	a) Project change control is structured, with defined roles, thresholds, and documentation b) Broader organisational change is not well governed or formally planned c) Organisational change management (people,	Organisation & People, Strategy & Planning, Governance	Management Control, Organisational Governance	30.1	Formalise an Enterprise Change Management Framework for Watercare	Medium	Medium	2(b)	6 - 12 months	a) From **pockets of excellence** in project change control to **coordinated enterprise capability** b) Clear accountability and ownership of change outcomes across the business c) Sustainable, long-term adoption of strategic, cultural, or process
						30.2	Integrate Enterprise Change into governance structures	Low	Medium	2(b)	1 - 3 years	
						30.3	Create a shared change control model across all levels of Watercare - reinforce shared ownership of outcomes beyond just delivery	High	High	2(b)	1 - 3 years	

Theme	#	Improvement Opportunity	Summary Current State	IAM Domain Alignment	P3M3 Alignment	KA #	Key Actions	Impact	Complexity	Cl.24 Alignment	Est. Timeframe	Expected Outcomes
			management (people, process, systems) is siloed and lacks consistent frameworks, ownership, or			30.4	Build internal competency and skills in Organisational Change Management	Low	High	2(b)	1 - 3 years	improvements or changes d) Reduction in resistance, duplication, and project benefit erosion

Theme	#	Improvement Opportunity	Summary Current State	IAM Domain Alignment	P3M3 Alignment	KA #	Key Actions	Impact	Complexity	CI.24 Alignment	Est. Timeframe	Expected Outcomes
			accountability			30.5	Define and track change metrics (e.g. readiness and adoption, stakeholder satisfaction)	Low	Low	2(b)	6 - 12 months	erosion
Performance & Continuous Improvement	31	Integrate whole-of-life costing into project planning, business cases, and benefits realisation processes and decision-making	a) Capital project decisions often focus on initial capital costs only b) Ongoing operational, maintenance, renewal, and disposal costs are not routinely or consistently considered in business case development, options assessment, or benefit realisation approaches. c) Risk that decisions may maximise short-term affordability but compromise long-term asset, value, or customer outcomes	Strategy & Planning, Lifecycle Delivery, Asset Information	Benefits Management, Finance Management, Risk Management	31.1	Embed whole-of-life costing into business case templates and gateway review processes	Medium	High	(2)(b)(ii)	1 - 3 years	a) Business cases are balanced and whole-of-life focussed b) Decision-making is oriented towards long-term value c) Planning outcomes are aligned across lifecycle functions d) Accountability is distributed across asset and service owners for investment decisions e) Tools and processes are integrated across all stages of the lifecycle
						31.2	Develop lifecycle costing tools and guidance artefacts	Medium	High	(2)(b)(iv)	1 - 3 years	
						31.3	Align project and asset management functions (integrated planning process) to drive whole-of-life decisions and outcomes	High	High	2(b)	1 - 3 years	
						31.4	Introduce Totex decision-making approaches (e.g. totex-based value framework)	High	High	2(b)	1 - 3 years	
						31.5	Establish feedback loops from benefit realisation to planning (link and alignment to benefit realisation improvement actions)	High	Medium	(2)(b)(i)	6 - 12 months	
						31.5	Integrate whole-of-life cost principles to the SAMP and broader financial and infrastructure strategies across Watercare	High	Medium	(2)(b)(iv)	6 - 12 months	
	32	Embed continuous improvement across Watercare's programme, project and asset management practices	**Consolidated with Key Action #28.1**									
	33	Establish a connected, transparent, integrated and business-aligned Performance Management Framework across Watercare	a) Performance metrics are reported within silos, not horizontally or business-wide b) Performance is not consistently visible or accessible to staff or decision-makers c) performance metrics and visibility isolated from asset and capital delivery outcomes	Strategy & Planning, Risk & Review, Asset Information, Asset Management Decision-Making	Benefits Management, Organisational Governance, Management Control	33.1	Map and audit existing performance reporting activities and metrics	Medium	Low	2(b)	6 - 12 months	a) Performance across asset management and infrastructure delivery are connected and visible across Watercare b) Performance metrics and reporting are cascaded from strategic to operational levels (clear line of sight) c) Benefits management and realisation is fully integrated into Watercare's performance framework and systems
						33.2	Develop a tiered Performance Management Framework for Watercare	Medium	Medium	2(b)	6 - 12 months	
						33.3	Design common performance templates and standards	Low	Medium	2(b)	6 - 12 months	
						33.4	Establish a common system (digital or otherwise) for reporting of metrics across the organisation	Medium	High	2(b)	1 - 3 years	
						33.5	Align performance management with governance and benefits realisation	Medium	High	(2)(b)(i)	1 - 3 years	
	34	Develop an enterprise-level Change Management Framework and build change management capability	**Consolidated with Improvement Opportunity #30 and Key Action #30.1**									
Integration & Governance	35	Continue to establish enterprise governance arrangements that enable a shift to programme, outcomes, and performance management that sustains change	a) governance structures have gone through recent change (and are still changing and evolving) and are unevenly embedded b) Governance varies in maturity across capital delivery, asset management, and business functions c) there is an acknowledge shift towards programme-level management d) risk of governance fragmentation if roles, structures, and processes aren't stabilised and aligned.	Governance, Leadership, Change Management, Planning	Organisational Governance, Programme Management, Resource Management, Benefits Realisation	35.1	Establish a transitional governance blueprint for Programme Management that aligns project and program tiers and includes transitional arrangements for the move to program-based delivery	High	High	2(b)	1 - 3 years	a) Governance becomes **stable, scalable, and aligned** to Watercare's evolving needs and priorities b) Decision are more strategic, transparent, and **whole-of-life oriented** c) Asset and programme outcomes and initiatives are governed in ways that support **performance, people, and value**
						35.2	Introduce Programme boards with lifecycle and strategic mandates (authority over project initiation, interdependencies, prioritisation, budgeting, risk , performance, engagement, benefits etc)	High	Medium	(2)(b)(i)	6 - 12 months	
						35.3	Formalise roles, delegations and interfaces to ensure appropriate authority and autonomy at all levels of governance and decision-making	Medium	Medium	2(b)	6 - 12 months	
						35.4	Create a governance playbook for consistency and onboarding (defining governance principles, structures, decision frameworks, reporting etc)	Low	Low	2(b)	6 - 12 months	
						35.5	Use the shift to the Programme model as an opportunity to drive change and learning	Low	Low	2(b)	6 - 12 months	
						35.6	Elevate and adapt Watercare's governance model and processes as changes and improvements mature over time (ensure they remain agile and fit-for-purpose)	High	Medium	2(b)	1 - 3 years	

Theme	#	Improvement Opportunity	Summary Current State	IAM Domain Alignment	P3M3 Alignment	KA #	Key Actions	Impact	Complexity	Cl.24 Alignment	Est. Timeframe	Expected Outcomes
	36	Strengthen and align governance across functions to drive consistent and effective decision-making	**There are a number of actions and improvement opportunities that speak to integration and alignment of governance and decision-making across Watercare.**									
	37	Create a consistent and integrated asset, project delivery, and financial planning model across Watercare, supported by enabling systems integration.	a) some alignment between asset planning, capital projects, and financial forecasts b) processes are not consistent across business units, projects or asset types c) risk that budgeting is disconnected from long-term asset strategies d) planning is cyclical, not continuous, and often reactive to funding availability or compliance	Planning, Financial Management, Asset Lifecycle, Governance	Financial Management, Organisational Governance, Portfolio Management	37.1	Establish a common planning framework and cycle	High	Medium	2(b)	1 - 3 years	a) Asset, project and financial planning become **aligned, transparent, and forward looking** b) Investment decisions reflect **real lifecycle needs**, not just available funding c) Resources are allocated more strategically, with better visibility of trade-offs and risks
						37.2	Define standard planning inputs and templates	Medium	Medium	2(b)	6 - 12 months	
						37.3	Create a portfolio integration and prioritisation process (prioritise asset-based needs across portfolios and evaluate proposals based on value, community need, risk, and financial capacity)	High	High	2(b)	6 - 12 months	
						37.4	Digitally link asset and financial planning tools across Watercare	Medium	Medium	2(b)	1 - 3 years	
						37.5	Pilot integration in one business area before broader deployment across Watercare	Medium	Medium	2(b)	6 - 12 months	

Appendix 2: Improvement opportunities implementation horizons

Watercare Improvement Opportunities Horizons 2030

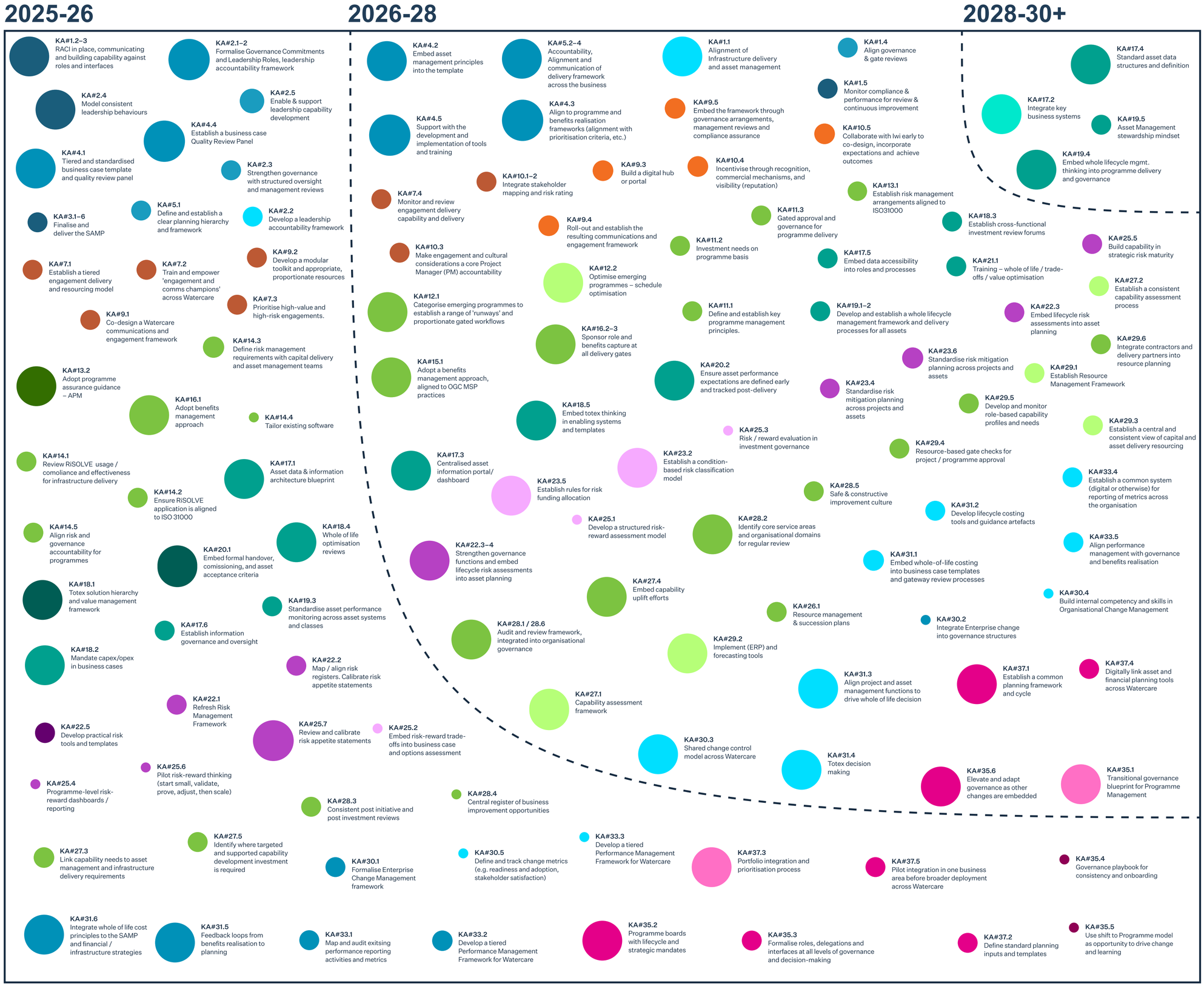
Key

Impact (Size)

Complexity Scale

Themes

- Strategic Alignment & Leadership
- Risk Assessment, Decision-Making & Contingency Planning
- Stakeholder Engagement
- Capability, Competency & Resource Management
- Capital Programme Delivery & Governance
- Performance & Continuous Improvement
- Asset Operations & Maintenance
- Integration & Governance

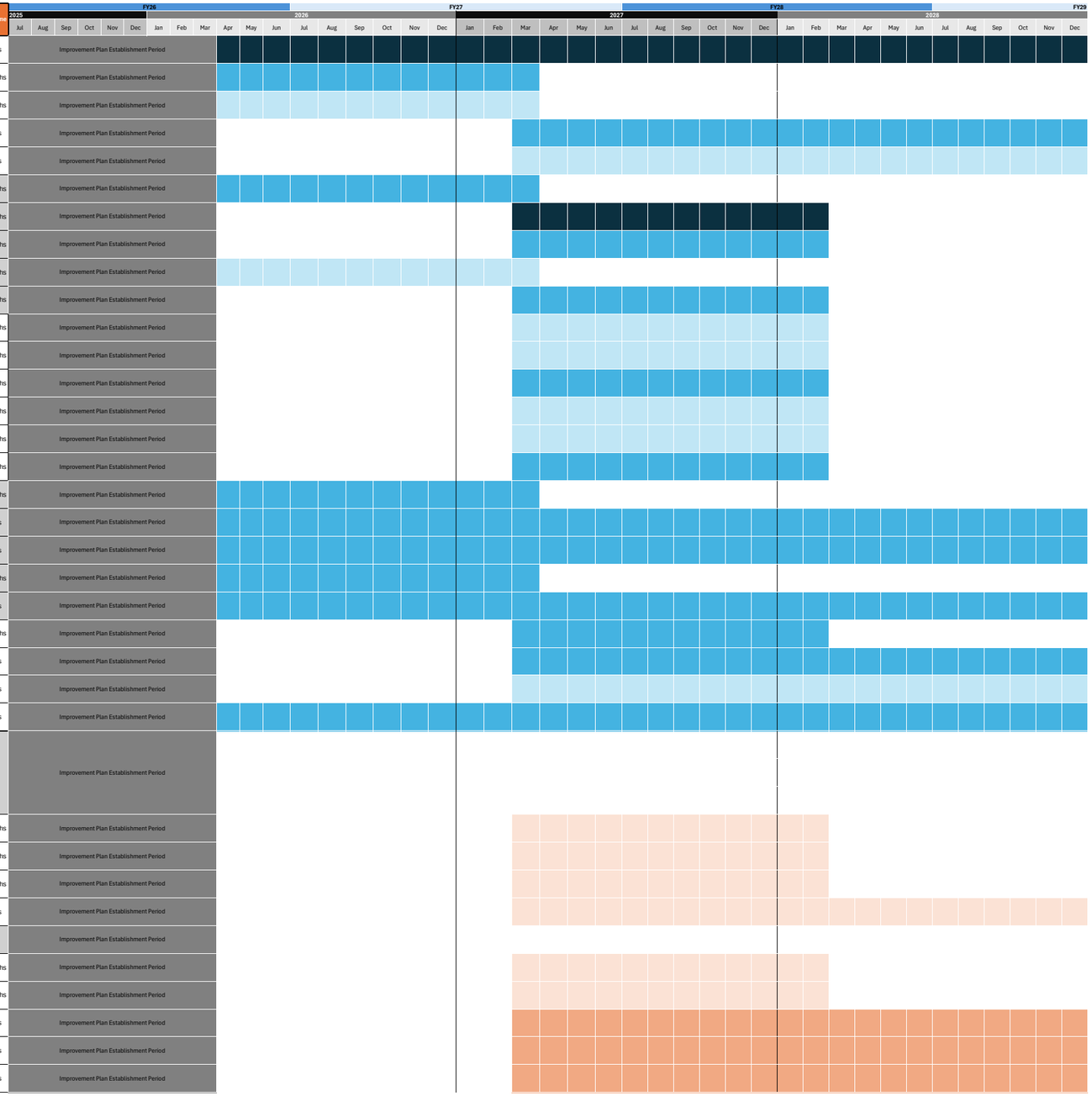


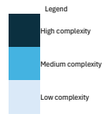
Appendix 3: Improvement opportunities implementation timeline

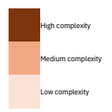
Appendix 3: Improvement Plan Implementation Timeline (Indicative)

Prepared by Watercare, dated August 2025

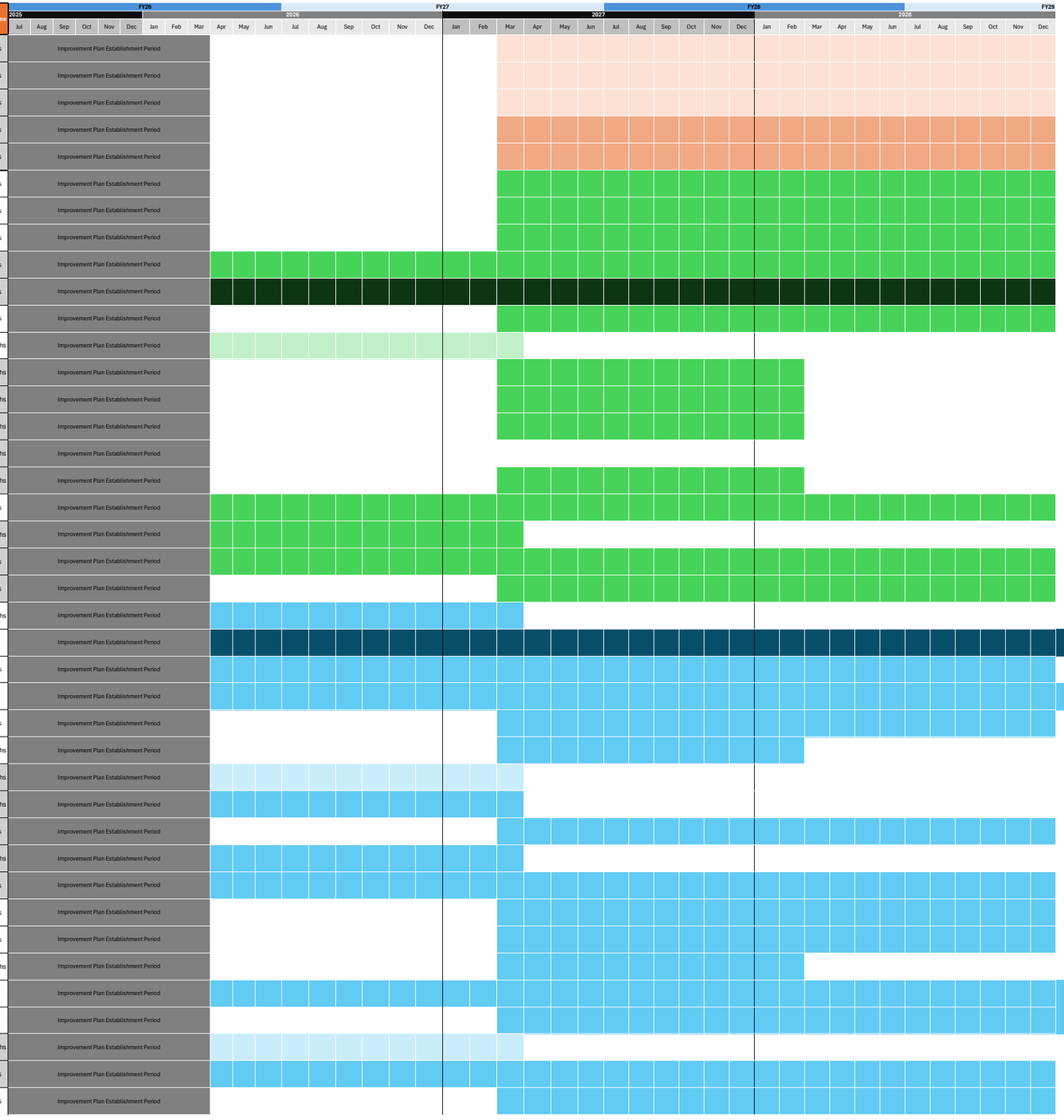
Theme	#	Improvement Opportunity	KA #	Key Actions	Impact	Complexity	Est. Timeframe
Strategic Alignment & Leadership	1	Clearly establish roles and responsibilities for infrastructure delivery and asset management (e.g. RACI) to ensure alignment with Watercare's indended service delivery model and operations	1.1	Ensure alignment of infrastructure delivery and asset management across Watercare	High	High	1 - 3 years
			1.2	Establish cross-functional RACI matrices across: - Strategic asset planning - Programme and project planning and delivery - Design and delivery	High	Medium	6 - 12 months
			1.3	Communicate and build capability against roles and interfaces	High	Low	6 - 12 months
			1.4	Align governance and gate reviews	Medium	Medium	1 - 3 years
			1.5	Monitor compliance and performance for management review and continuous improvement	Medium	Low	1 - 3 years
	2	Strengthen governance, accountability and leadership behaviours to drive system improvement and alignment	2.1	Formalise Leadership Roles and Commitments in Governance Structures	High	Medium	6 - 12 months
			2.2	Develop a leadership accountability framework	Medium	High	6 - 12 months
			2.3	Strengthen governance with structured oversight and management reviews	Medium	Medium	6 - 12 months
			2.4	Model consistent leadership behaviours	High	Low	6 - 12 months
			2.5	Enable and support leadership capability development	Medium	Medium	6 - 12 months
	3	Develop, publish and embed the Strategic Asset Management Plan (SAMP) - i.e. asset management strategy, to drive asset management system improvements and alignment.	3.1	Clearly define the role of the SAMP in Watercare's Planning Hierarchy	Medium	Low	6 - 12 months
			3.2	Use the SAMP to drive line-of sight and integration	Medium	Low	6 - 12 months
			3.3	Engage leaders in cross-functional teams in the next update of the SAMP	Medium	Medium	6 - 12 months
			3.4	Align governance and delivery assurance with the SAMP	Medium	Low	6 - 12 months
			3.5	Communicate the SAMP as a living, actionable strategy	Medium	Low	6 - 12 months
			3.6	Link SAMP implementation to overall maturity and business improvement goals and objectives	Medium	Medium	6 - 12 months
	4	Implement a standardised business case framework that aligns investment with strategy and overall lifecycle objectives	4.1	Develop a tiered and standardised business case template	High	Medium	6 - 12 months
			4.2'	Embed asset management principles into the template (whole-of-life cost modelling, operational and maintenance implications, asset condition and performance drivers, and risk alignment)	High	Medium	1 - 3 years
			4.3	Align to programme and benefits realisation frameworks (alignment with prioritisation criteria, etc.)	High	Medium	1 - 3 years
			4.4	Establish a business case Quality Review Panel (alignment pre-approval from key cross-functional team)	High	Medium	6 - 12 months
			4.5	Support with the development and implementation of tools and training	High	Medium	1 - 3 years
	5	Build a clear and cascading planning and delivery framework that fully aligns strategy to execution	5.1	Define and establish a clear planning hierarchy and framework	Medium	Medium	6 - 12 months
			5.2	Establish and ensure alignment between business cases and project briefs	Medium	Medium	1 - 3 years
			5.3	Communicate the framework across the business	Medium	Low	1 - 3 years
			5.4	Build accountability for alignment through shared visibility of compliance and improvement actions	High	Medium	1 - 3 years
Stakeholder Engagement	6	Consider a system (i.e. process and/or digital platform) for capturing, sharing, and applying community / iwi insights, needs and expectations across Watercare					
	7	Create a tiered and enabled communications and engagement model to extend reach without overextending resources	7.1	Establish a tiered engagement delivery and resourcing model	Medium	Low	6 - 12 months
			7.2	Train and empower 'engagement and comms champions' across Watercare	Medium	Low	6 - 12 months
			7.3	Prioritise high-value and high-risk engagements for specialist, internal engagement SME resourcing	Medium	Low	6 - 12 months
			7.4	Monitor and review compliance to drive continuous improvement	Medium	Low	1 - 3 years
	8	Build stakeholder engagement and communication as a core function and activity of project delivery - not a dependency					
	9	Continue to build on current efforts and design, develop and deploy a scalable communications and engagement capability framework and toolkit	9.1	Co-design a Watercare communications and engagement framework	Medium	Low	6 - 12 months
			9.2	Develop a modular toolkit and appropriate, proportionate resources	Medium	Low	6 - 12 months
			9.3	Build a digital hub or portal for stakeholder engagement, processes, tools, guides and engagement outcomes and insights	Medium	Medium	1 - 3 years
			9.4	Roll-out and establish the resulting communications and engagement framework	Medium	Medium	1 - 3 years
			9.5	Embed the framework through governance arrangements, management reviews and compliance assurance	Medium	Medium	1 - 3 years







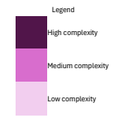
Theme	#	Improvement Opportunity	KA #	Key Actions	Impact	Complexity	Est. Timeframe
	10	Embed community / iwi engagement and considerations across all projects through process integration and positive incentives	10.1	Integrate stakeholder mapping into project governance and workflow by design	Medium	Low	1 - 3 years
			10.2	Develop a cultural and engagement risk rating tool to ensure stakeholder risk mitigation, not creation, as a result of project planning and delivery	Medium	Low	1 - 3 years
			10.3	Make engagement and cultural considerations a core Project Manager (PM) accountability	Medium	Low	1 - 3 years
			10.4	Incentivise through recognition, commercial mechanisms, and visibility (reputation)	Medium	Medium	1 - 3 years
			10.6	Collaborate with Iwi early to co-design, incorporate expectations and achieve outcomes	Medium	Medium	1 - 3 years
Capital Programme Delivery & Governance	11	Adopt a programmatic approach to infrastructure delivery with well defined scope, budget and delivery timelines.	11.1	Define and establish key programme management principles for the adoption bye the business, including the establishment of key roles and responsibilities, business case templates, etc.	Medium	Medium	1 - 3 years
			11.2	Collate and maintain investment needs on a programmatical basis (e.g. category management, asset needs / solutions types, geographies / regions, delivery vehicles / supply chain partners, complexity, value, etc.)	Medium	Medium	1 - 3 years
			11.3	Establish (or adapt current) gated approval and governance arrangements for the delivery of programmes and projects	Medium	Medium	1 - 3 years
	12	Consider an 'advanced' workflow approach to programme management delivery to retain value and optimise delivery	12.1	Categorise emerging programmes to establish an appropriate range of 'runways' and proportionate gated workflows - e.g. DMC, simple, medium, complex, major projects	High	Medium	1 - 3 years
			12.2	Optimise emerging programmes and projects - e.g. schedule optimisation (utilising standard / historic resource and schedule profiles), technical optimisation (apply systems planning and systems-thinking approaches - totex solution hierarchy, catchment based solutions, etc.) and supply chain	High	High	1 - 3 years
	13	Improve programme level risk management through reporting and tracking mitigations as outcomes from projects	13.1	Establish risk management process and management arrangements aligned to ISO31000	Medium	Medium	1 - 3 years
			13.2	Consider the adoption and application of APM programme / project assurance guidance, reviewing projects and programmes using the 10-criteria assurance model	High	Low	6 - 12 months
	14	Review RISOLVE usage and effectiveness in the development and delivery of the capital delivery programme and revise functionality as necessary	14.1	Review RISOLVE usage / compliance and effectiveness for infrastructure delivery	Medium	Medium	6 - 12 months
			14.2	Ensure RISOLVE application is aligned to ISO 31000 compliance risk management processes considered in #13.1	Medium	Medium	6 - 12 months
			14.3	Define risk management requirements (business and functional) with capital delivery and asset management teams	Medium	Medium	6 - 12 months
			14.4	Tailor existing software and ensure it supports quantitative and qualitative risk analysis, cost, schedule, and asset impact etc.	Low	Medium	6 - 12 months
			14.5	Align accountability for capital delivery risk management and ownership to existing and established project / programme governance arrangements	Medium	Medium	6 - 12 months
	15	Establish and embed a change management process for changes to programmes and programme schedules and costs, etc.	15.1	Aligned with #11.3, establish and implement change management protocols as part of overall programme management gated structure	High	Medium	1 - 3 years
	16	Implement a disciplined approach to benefits management and realisation across the infrastructure delivery programme	16.1	Adopt a benefits management approach, aligned to OGC MSP practices	High	Medium	6 - 12 months
			16.2	Consider how benefits are being captured and revised at every project and programme governance gate	High	Medium	1 - 3 years
			16.3	Consider the role of 'Project / Programme Sponsor' responsible for the measurement, preservation and recognition through the project / programme lifecycle	Medium	Medium	1 - 3 years
Asset Operations & Maintenance	17	Shift from siloed data systems to an integrated, accessible, decision-supporting asset information environment	17.1	Develop an asset data and information architecture blueprint	High	Medium	6 - 12 months
			17.2	Integrate or federate key business systems across Watercare via interfaces or data services	High	High	3+ years
			17.3	Build a centralised asset information portal or dashboard	High	Medium	1 - 3 years
			17.4	Standardise asset data structures and definitions, linked to functional locations	High	Medium	3+ years
			17.5	Embed data accessibility into roles and processes	Medium	Medium	1 - 3 years
			17.6	Establish information governance and oversight	Medium	Medium	6 - 12 months
	18	Apply systems-thinking to Capex-Opex trade-offs to optimise asset life, service reliability and value on a Totex basis	18.1	Develop a Totex solution hierarchy and value management framework (defining optimisation for Watercare across Capex, Opex and lifecycle cost areas - service levels, risk, cost to serve , asset life, etc.)	High	Low	6 - 12 months
			18.2	Mandate Capex / Opex evaluation in all business cases	High	Medium	6 - 12 months
			18.3	Establish cross-functional investment review forums	Medium	Medium	1 - 3 years
			18.4	Pilot whole-of-life optimisation reviews to validate structured Totex approach	High	Medium	6 - 12 months
			18.5	Embed Totex thinking in enabling systems and templates	High	Medium	1 - 3 years
	19	Establish an enterprise-wide Asset Lifecycle Management Framework across all asset classes, that is driven on an asset health and criticality basis	19.1	Develop and establish a whole lifecycle management framework for all assets (standardised lifecycle model that applies across all asset types from planning - delivery - operation - maintenance - disposal)	Medium	Medium	1 - 3 years
			19.2	Establish core lifecycle planning and delivery processes for all asset classes (including criticality, condition, and asset class strategies)	Medium	Medium	1 - 3 years
			19.3	Standardise asset performance monitoring across asset systems and classes across Watercare	Medium	Medium	6 - 12 months
			19.4	Embed whole lifecycle management thinking into project and programme delivery and governance (e.g. design to operate, waste management, circular economy)	High	Medium	3+ years
			19.5	Build asset management stewardship mind-set and capability across the enterprise - i.e. Watercare, stakeholders, supply chain, etc.	Medium	Medium	3+ years
	20	Introduce project-to-asset integration processes and ways of working	20.1	Embed formal handover, commissioning, and asset acceptance criteria into all capital delivery processes	High	Low	6 - 12 months
			20.2	Ensure asset performance expectations are defined early and tracked post-delivery	High	Medium	1 - 3 years
	21	Build core knowledge, capability and consistency in lifecycle, and value-based decision making through the implementation of asset class management plans / strategies	21.1	Establish and deliver targeted training for Watercare planners, project managers, finance and deliver staff in: a) Watercare whole-of-life principles b) Capex/Opex trade-offs	Medium	Medium	1 - 3 years

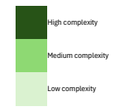


Legend

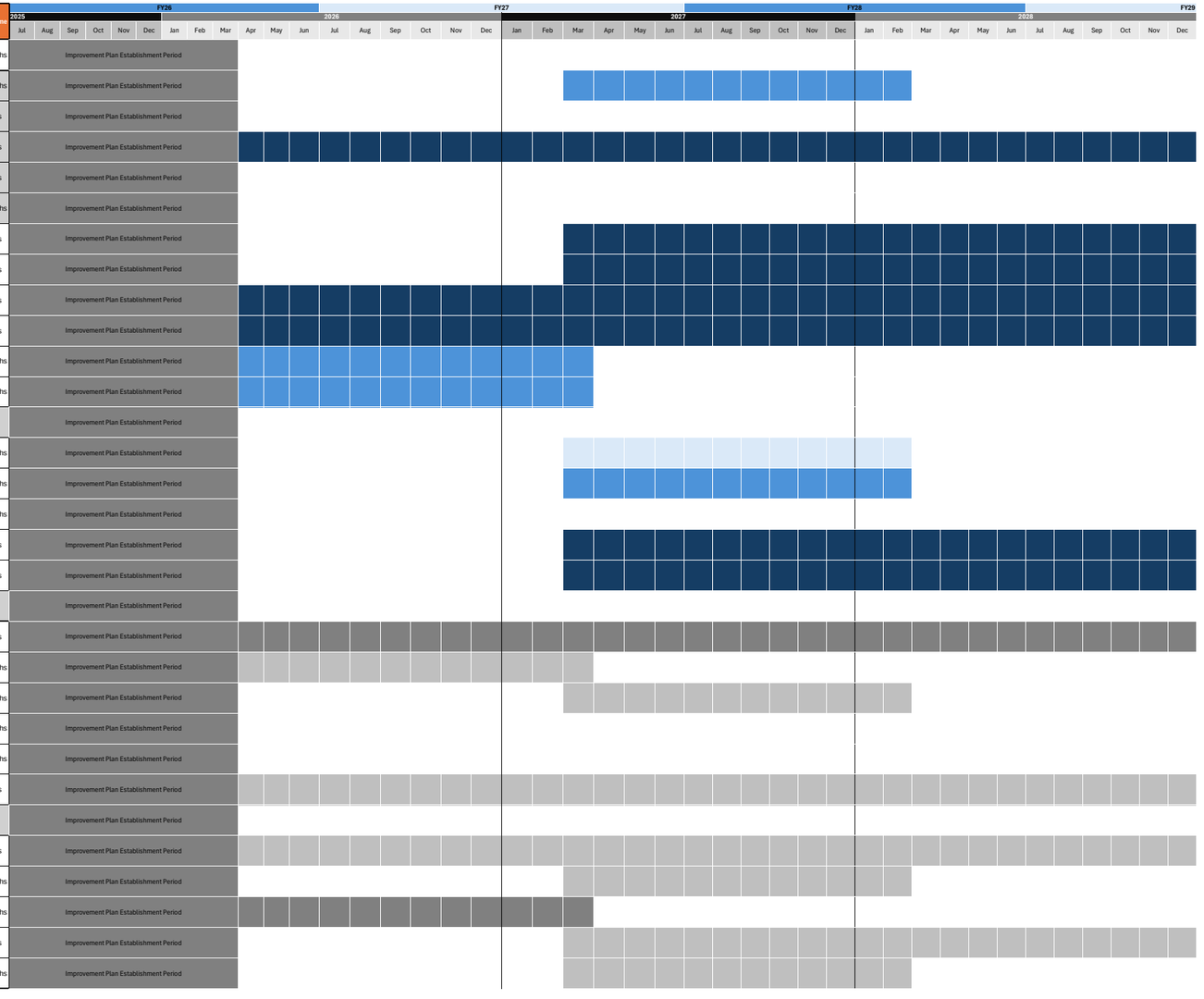
- High complexity
- Medium complexity
- Low complexity

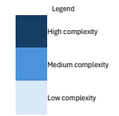
Theme	#	Improvement Opportunity	KA #	Key Actions	Impact	Complexity	Est. Timeframe
Risk Assessment, Decision-Making & Contingency Planning	22	Review the application and embedment of an Enterprise Risk Management Framework at all levels of the organisation (**Aligned to Key Actions in Improvement Opportunity #13**)	22.1	Review and refresh Watercare's Risk Management Framework (clarify risk domains relating to infrastructure delivery and asset management and define responsibilities and ownership)	Medium	Medium	6 - 12 months
			22.2	Map and align risk registers across the business to improve integrated asset and infrastructure decision-making and outcomes	Medium	Medium	6 - 12 months
			22.3	Strengthen existing governance functions and responsibilities to oversee systemic and cross-cutting risks and interdependencies	Medium	Medium	1 - 3 years
			22.4	Embed risk management into all infrastructure delivery and asset management processes (where appropriate)	Medium	Medium	1 - 3 years
			22.5	Develop practical risk tools and templates	Medium	Low	6 - 12 months
	23	Integrate asset performance data and risk considerations to allow for condition-based risk management and decision-making	23.1	Establish a condition-based risk classification model	High	High	1 - 3 years
			23.2	Embed lifecycle risk assessments into asset planning	High	Medium	1 - 3 years
			23.3	Standardise risk mitigation planning across projects and assets	Medium	Medium	1 - 3 years
			23.4	Establish rules for risk funding allocation	Medium	High	1 - 3 years
			23.5	Train teams in condition-based risk and mitigation planning	Medium	Medium	1 - 3 years
	24	Include a risk management software / capability in the capital delivery program management functions which is monitored and contributed by all business functions (a review of RISOLVE for effectiveness)					
	25	Introduce structured risk-reward analysis into investment governance and prioritisation.	25.1	Develop a structured risk-reward assessment model (e.g. to determine return per unit of risk exposure)	Low	High	1 - 3 years
			25.2	Embed risk-reward trade-offs into business case and options assessment (align to existing templates and make it scalable)	Low	High	6 - 12 months
			25.3	Integrate risk-reward evaluation into investment governance (risk adjusted return, balance resilience cost and benefit, value creation and risk etc.)	Low	High	1 - 3 years
			25.4	Consider programme-level risk-reward dashboards and reporting	Low	Medium	6 - 12 months
			25.5	Build Watercare's capability in strategic risk thinking and maturity	Medium	Medium	1 - 3 years
			25.6	Pilot risk-reward thinking (start small, validate, prove, adjust, then scale)	Low	Medium	6 - 12 months
			25.7	Review and calibrate risk appetite statements	High	Medium	6 - 12 months
Capability, Competency & Resource Management	26	Develop and maintain resource management and succession plans to build and retain capability and capacity for delivery across core business functions	26.1	Develop and maintain resource management and succession plans to build and retain capability and capacity for delivery across core business functions	Medium	Medium	1 - 3 years
	27	Establish a learning and development framework to support effective and efficient asset management and infrastructure delivery	27.1	Develop a Capability and Competency Framework for roles across the whole asset and infrastructure delivery lifecycles	High	High	1 - 3 years
			27.2	Establish a consistent capability assessment process	Medium	High	1 - 3 years
			27.3	Link capability needs to asset management and infrastructure delivery requirements	Medium	Medium	6 - 12 months
			27.4	Embed capability uplift efforts and investment into existing Watercare governance and resourcing forums	High	Medium	1 - 3 years
			27.5	Identify where targeted and supported capability development investment is required	Medium	Medium	6 - 12 months
	28	Embed formal audit and review mechanisms to drive continuous improvement in programme / project delivery, asset management and associated business operations	28.1	Define an audit and review framework for Watercare	High	Medium	1 - 3 years
			28.2	Identify core service areas and organisational domains for regular review	High	Medium	1 - 3 years
			28.3	Introduce post-initiative and post-investment reviews as standard	Medium	Medium	6 - 12 months
			28.4	Establish a central register of business improvement opportunities across Watercare	Low	Medium	6 - 12 months
			28.5	Promote a safe, constructive improvement culture	Medium	Medium	1 - 3 years
			28.6	Integrate audit and review findings into organisational governance	Medium	Medium	1 - 3 years
	29	Shift from reactive to coordinated and strategic resource management across the asset and project lifecycle	29.1	Establish a Resource Management Framework across Watercare	Medium	High	1 - 3 years
			29.2	Implement Enterprise Resource Planning (ERP) and forecasting tools	High	High	1 - 3 years
			29.3	Establish a central and consistent view of capital and asset delivery resourcing	Medium	High	1 - 3 years
			29.4	Introduce resource-based gate checks for project and programme approvals	Medium	Medium	1 - 3 years
			29.5	Develop and monitor role-based capability profiles and needs	Medium	Medium	1 - 3 years
			29.6	Integrate contractors and delivery partners into resource planning	Medium	Medium	1 - 3 years

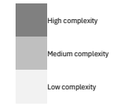




Theme	#	Improvement Opportunity	KA #	Key Actions	Impact	Complexity	Est. Timeframe
			29.7	Link resource data to performance and outcomes	Low	High	6 - 12 months
Performance & Continuous Improvement	30	Leveraging elements of project change management processes and approach, apply change controls and governance more broadly across the business (process safety, network / asset change etc.)	30.1	Formalise an Enterprise Change Management Framework for Watercare	Medium	Medium	6 - 12 months
			30.2	Integrate Enterprise Change into governance structures	Low	Medium	1 - 3 years
			30.3	Create a shared change control model across all levels of Watercare - reinforce shared ownership of outcomes beyond just delivery	High	High	1 - 3 years
			30.4	Build internal competency and skills in Organisational Change Management	Low	High	1 - 3 years
			30.5	Define and track change metrics (e.g. readiness and adoption, stakeholder satisfaction)	Low	Low	6 - 12 months
	31	Integrate whole-of-life costing into project planning, business cases, and benefits realisation processes and decision-making	31.1	Embed whole-of-life costing into business case templates and gateway review processes	Medium	High	1 - 3 years
			31.2	Develop lifecycle costing tools and guidance artefacts	Medium	High	1 - 3 years
			31.3	Align project and asset management functions (integrated planning process) to drive whole-of-life decisions and outcomes	High	High	1 - 3 years
			31.4	Introduce Totex decision-making approaches (e.g. totex-based value framework)	High	High	1 - 3 years
			31.5	Establish feedback loops from benefit realisation to planning (link and alignment to benefit realisation improvement actions)	High	Medium	6 - 12 months
			31.5	Integrate whole-of-life cost principles to the SAMP and broader financial and infrastructure strategies across Watercare	High	Medium	6 - 12 months
	32	Embed continuous improvement across Watercare's programme, project and asset management practices					
	33	Establish a connected, transparent, integrated and business-aligned Performance Management Framework across Watercare	33.1	Map and audit existing performance reporting activities and metrics	Medium	Low	6 - 12 months
			33.2	Develop a tiered Performance Management Framework for Watercare	Medium	Medium	6 - 12 months
			33.3	Design common performance templates and standards	Low	Medium	6 - 12 months
			33.4	Establish a common system (digital or otherwise) for reporting of metrics across the organisation	Medium	High	1 - 3 years
			33.5	Align performance management with governance and benefits realisation	Medium	High	1 - 3 years
	34	Develop an enterprise-level Change Management Framework and build change management capability					
Integration & Governance	35	Continue to establish enterprise governance arrangements that enable a shift to programme, outcomes, and performance management that sustains change	35.1	Establish a transitional governance blueprint for Programme Management that aligns project and program tiers and includes transitional arrangements for the move to program-based delivery	High	High	1 - 3 years
			35.2	Introduce Programme boards with lifecycle and strategic mandates (authority over project initiation, interdependencies, prioritisation, budgeting, risk , performance, engagement, benefits etc)	High	Medium	6 - 12 months
			35.3	Formalise roles, delegations and interfaces to ensure appropriate authority and autonomy at all levels of governance and decision-making	Medium	Medium	6 - 12 months
			35.4	Create a governance playbook for consistency and onboarding (defining governance principles, structures, decision frameworks, reporting etc)	Low	Low	6 - 12 months
			35.5	Use the shift to the Programme model as an opportunity to drive change and learning	Low	Low	6 - 12 months
			35.6	Elevate and adapt Watercare's governance model and processes as changes and improvements mature over time (ensure they remain agile and fit-for-purpose)	High	Medium	1 - 3 years
	36	Strengthen and align governance across functions to drive consistent and effective decision-making					
	37	Create a consistent and integrated asset, project delivery, and financial planning model across Watercare, supported by enabling systems integration.	37.1	Establish a common planning framework and cycle	High	Medium	1 - 3 years
			37.2	Define standard planning inputs and templates	Medium	Medium	6 - 12 months
			37.3	Create a portfolio integration and prioritisation process (prioritise asset-based needs across portfolios and evaluate proposals based on value, community need, risk, and financial capacity)	High	High	6 - 12 months
			37.4	Digitally link asset and financial planning tools across Watercare	Medium	Medium	1 - 3 years
			37.5	Pilot integration in one business area before broader deployment across Watercare	Medium	Medium	6 - 12 months







Appendix 4: Crown monitor feedback on draft Improvement Plan

COMMERCE COMMISSION NEW ZEALAND
Te Komihana Tauhokohoko

WELLINGTON
Level 9, 44 The Terrace
PO Box 2351, Wellington 6140
New Zealand
Tel: +64 4 924 3600

AUCKLAND
Level 12, 55 Shortland Street
PO Box 105-222, Auckland 1143
New Zealand
Tel: +64 4 924 3600

www.comcom.govt.nz

24 November 2025

Jamie Sinclair, CEO
Watercare Services Ltd.
73 Remuera Road
Newmarket, Auckland, 1050
By email: jamie.sinclair@water.co.nz

E te Tumu Whakarae o Watercare, tēnā koe,

Acknowledgement of the document received relating to Charter clause 24

1. Thank you for providing the draft of Watercare's 'infrastructure delivery and asset management improvement plan' (**improvement plan**). We acknowledge that you agreed, on a voluntary basis, to engage Turner & Townsend Pty Ltd (**T&T**) to independently verify the draft improvement plan.

2. We received the draft improvement plan on 31 August 2025, on time and complete as required by the Local Government (Water Services Preliminary Arrangements) (Watercare Charter) Order 2025 (**the Charter**) clause 24(3)(a).

Purpose of this letter

3. Acting in the Commerce Commission's (we, us, our) role as Crown monitor to Watercare, we are writing to provide our feedback on the draft improvement plan within 60 working days, as required by Charter clause 24(3)(b).

4. We expect Watercare to incorporate our feedback into its final improvement plan and publish that plan as required by Charter clause 24(3)(b)(i) and (ii).

5. Our feedback promotes the purpose of the Charter, which in turn is to promote the purposes of Part 4 of the Local Government (Water Services Preliminary Arrangements) Act 2024.[1]

Context

6. Watercare is subject to interim economic regulation under the Charter, which came into force on 1 April 2025.[2] As the economic regulator of water services, we oversee the Charter in our role as Crown monitor.

[1] Local Government (Water Services Preliminary Arrangements) Act 2024, section 70.
[2] Local Government (Water Services Preliminary Arrangements) (Watercare Charter) Order 2025, clause 2.

7. Clause 24 of the Charter requires Watercare to prepare an improvement plan for the (remaining) Charter period. It must provide its draft improvement plan to us for feedback by 31 August 2025.[3] Watercare must publish its final improvement plan, incorporating our feedback, within 60 working days of receiving this letter.[4]

8. To support the development of the improvement plan, we agreed with Watercare to engage T&T to independently verify the draft improvement plan. A tripartite deed in relation to the independent verification was executed by the parties on 28 August 2025. This means that both the Commission and Watercare can rely on the advice of T&T to assist us in our respective roles under the Charter. We received T&T's independent verification report on 9 September 2025.

9. We consider that the independent verification process has been valuable and agree with the findings in the independent verification report. We expect Watercare to incorporate the verifier's feedback, and ours, in its final improvement plan. We expect the final improvement plan to demonstrate how this feedback is incorporated in a transparent and understandable way.

10. This letter sets out our feedback on the draft improvement plan, as required by clause 24 of the Charter. Clause 25 of the Charter requires Watercare to report its progress on the improvement plan, and we signal some of our expectations for this below.[5]

Areas of feedback on the draft improvement plan

Emphasising quality when delivering the plan

11. The improvement plan should drive sustainable long-term change. We consider it is preferable that Watercare delivers fewer, more significant initiatives to a high standard than to complete the full plan at the expense of quality in high priority areas. We expect Watercare to target a level of quality for each initiative that will result in improvements appropriate to Watercare's circumstances.

12. We are encouraged by Watercare's willingness to use the Charter requirements as a catalyst for continuous improvement. This is evident in its process for developing its improvement plan, and the draft plan itself. Watercare has communicated clear intentions for embedding long term positive change. We expect that Watercare carries this intent forward and avoids a 'tick box' approach to delivering the improvement plan. This aligns with the Charter's objective to encourage continuous improvement and an enduring performance uplift.

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3 Local Government (Water Services Preliminary Arrangements) (Watercare Charter) Order 2025, clause 24(3)(a).

4 Local Government (Water Services Preliminary Arrangements) (Watercare Charter) Order 2025, clause 24(3)(b).

5 See Local Government (Water Services Preliminary Arrangements) (Watercare Charter) Order 2025, clause 25, to see the reporting requirements placed on Watercare for its improvement plan.

Managing ambition and retaining accountability

13. As noted in T&T's independent verification report, "*The plan is ambitious but includes mechanisms for prioritisation, monitoring, and adjustment* ". We expect and welcome ambition as a positive signal of intent, and we acknowledge Watercare's commitment to driving meaningful change. This ambition must next be translated into effective implementation, which is where the hard work lies. We expect Watercare to remain focused on delivering the improvements outlined in the improvement plan.

14. Ambition should not be used to justify underperformance. We expect that over time the improvement plan may need to be adapted in response to new information or challenges. Where Watercare reprioritises, we expect it to remain accountable for delivering improvements, and to be transparent about the changes to its improvement plan. The reasons for those changes should be communicated through clear progress reporting.

Ensuring that growth is accounted for

15. Given Auckland's increasing population, we expect Watercare to specifically consider growth in its implementation of the improvement plan. Clause 24(2)(d) of the Charter requires Watercare's improvement plan to include how it "proposes to ensure that investment will enable housing growth in areas with limited network capacity".[6]

16. In an engagement with T&T, we sought specific advice on what areas Watercare should focus on in relation to growth. These are the four key areas that we expect Watercare to consider in relation to growth as it implements its improvement plan:[7]

    16.1 Stakeholder engagement – including meeting with and fostering relationships with developers.

    16.2 Demand analysis – evidenced based decisions to meet demand for additional capacity using both opex and capex solutions.

    16.3 Project prioritisation – using robust information to make good decisions on which projects to proceed with and when.

    16.4 Delivery efficiency – spending the money that is required is especially important in the initial phase of a delivery programme so that Watercare can understand its delivery efficiency and improve on it.

Forward looking expectations on progress reporting

17. Progress reporting (clause 25 of the Charter) is fundamental to understanding Watercare's implementation of its improvement plan. Effective progress reporting

[6] Local Government (Water Services Preliminary Arrangements) (Watercare Charter) Order 2025, clause 24(2)(d).

[7] We note that Watercare has already highlighted some of these areas in its draft improvement plan. Our intention is not to introduce these areas but to ensure that they are focussed on.

will ensure that Watercare remains accountable to its stakeholders (including the Crown monitor) for its stated improvements.

18. We expect Watercare to seek our feedback on its approach to progress reporting against the improvement plan, to ensure reporting supports transparency and accountability. This includes engaging with us on its intended approach to reporting its asset management maturity progress and assessment.

19. In addition to reporting on progress against initiatives in the improvement plan, we expect the reporting to cover:

    19.1 how Watercare will adopt and embed new processes and practices across the whole organisation

    19.2 prioritisation of initiatives, including reasons (e.g. costs/benefits) for prioritisation, and

    19.3 where delivery is off track, why, and next steps.

Contact us

20. If you have any queries about this letter, please contact crown.monitor@comcom.govt.nz.

Nāku noa, nā

Charlotte Reed, Head of Water Regulation

Appendix 5: Independent Verifier feedback on draft Improvement Plan

17 October 2025

Report

Independent Verification Report

Infrastructure Delivery & Asset Management
Commerce Commission New Zealand (Watercare)

making the **difference**

Andrew Wilson
Technical Director

Turner & Townsend Pty Ltd
Plaza Level
41 Shortland Street
Auckland 1010
New Zealand

t: +64 (0)9 363 9561
e: andrew.wilson@turntown.com
w: www.turnerandtownsend.com

Contents

1 Executive Summary

This report is the second phase of Turner & Townsend's independent verification of Watercare's Infrastructure Delivery and Asset Management Improvement Plan (2025–2028), commissioned by the Commerce Commission NZ. It builds on an earlier assessment of Watercare's current maturity and identifies how well the draft plan addresses key challenges.

The review finds the plan to be credible, well-structured, and aligned with global best practices. It targets several critical areas for improvement:

- **Governance & Accountability:** Roles across asset and project lifecycles need clearer definition and stronger oversight.
- **Integrated Planning:** Strategic goals must better guide project selection and design, supported by standardised processes.
- **Asset Management:** Improvements are needed in data integration, lifecycle planning, and risk-based decision-making.
- **Project Delivery:** A more programmatic approach is required, with consistent use of tools, benefits tracking, and lessons learned.
- **Supporting Capabilities:** Workforce planning, stakeholder engagement, and resource management need strengthening.
- **Implementation Timeline:** The plan is ambitious but includes mechanisms for prioritisation, monitoring, and adjustment.

The report also assesses Watercare's alignment with Clause 24 of its Charter, covering investment prioritisation, outcome tracking, solution selection, risk management, cost estimation, and timelines. It highlights the importance of adopting a "whole-of-life" and "TOTEX" (total capital and operating expenditure) approach to decision-making.

2 Overview of our approach

This document represents our independent verification report to meet requirement 3.6 of the terms of reference as part of a tri-partite agreement between the Commerce Commission (Crown Monitor), Watercare and ourselves, the independent verifier (Turner & Townsend).

"3.6 produce an independent verification report that meets the requirements in this TOR."

To ensure we have complied with the terms of reference we have:

- Engaged with Watercare in an independent manner in accordance with the tri-partite deed and maintained that independence through the draft and feedback periods of this report.
- Understood the current state of Watercare's infrastructure delivery and asset management (see appendix 1 for our current state assessment).
- Undertaken a gap analysis (this report) to identify whether Watercare's draft Plan, and key assumptions underpinning the draft Plan, are consistent with:
  - Good water industry practice reflecting the appropriate planning and performance standards for a prudent supplier;
  - the requirements outlined in clause 24 of the Charter.
- Provide recommendations on the draft Plan to aid Watercare in moving toward good water industry practice, if in instances where Watercare's current state is not consistent with good water industry practice,

- Advise the Commerce Commission on key issues and areas the Verifier considers merit the Commerce Commission's focus in drafting its feedback on Watercare's draft Plan.

In completing this independent verification report of the draft Watercare Infrastructure Delivery and Asset Management Improvement Plan (2025-2028) we followed the following steps:

1. We completed a current state assessment of Watercare's Infrastructure Delivery and Asset Management Plan.

   Our assessment used good practice, and industry-aligned frameworks. For Infrastructure Delivery, we used Turner & Townsend's proprietary tool, C6 which includes consideration of global project and program management frameworks. For Asset Management, we assessed Watercare using the Global Forum of Maintenance and Asset Management's (GFMAM) 39 subjects, and the Institute of Asset Management's maturity scale.

   The assessment included reviewing:

   - Watercare's supplied documents as evidence for each of the GFMAM's 39 subjects, and Infrastructure Delivery framework.
   - A set of interview videos, and associated transcripts that were used by an external party to help support Watercare with the development of the draft improvement plan.
   - Excel files that contained individual scoring and commentary by the external party as a result of the above interviews.

2. Undertook a gap analysis (this report) that included reviewing the draft improvement plan, in consideration of our current state assessment, and clause 24 of the charter to identify:

   - Whether the improvement plan followed good practice principles.
   - If the plan helped improve those lower maturity areas identified in our current state assessment.
   - Whether there were any other consideration that the Commerce Commission and Watercare should review before finalising the improvement plan.

This report uses the structure of the plan to complete the review, with particular focus on the current challenges summary, identified areas of improvement, and findings linked to Watercare Charter clause 24.

3 Review of Current challenges summary (section 3.4)

Watercare, and its independent expert has identified the following current challenges and has used them to guide the development of the improvement plan. As part of the initial phase of our independent verification, we also completed a current state assessment which is included as an appendix for a more detailed view of our findings. (please see Appendix A – Current State Summary).

We have used the current state assessment to guide our commentary on the defined current challenges in the tables below:

Fragmented governance and accountability – from Watercare draft Plan section 3.4
Roles and accountabilities for infrastructure delivery and asset management were not consistently defined across all lifecycle stages, leading to isolated responsibilities and occasional gaps or overlaps. Our senior leaders' commitment to improvement is evident in principle, but structures to embed that commitment

(e.g. through formal governance forums, accountability frameworks) are lacking. This results in variability of practice and isolated decision-making.

IV Commentary

The suggested improvement plan provides for the opportunity to clarify roles and strengthen governance throughout the entire asset and project lifecycle. Doing so will help ensure greater accountability, consistency, and more effective decision-making across the organisation. The implementation plan supports the continual improvement of this clarification as maturity grows, and initiatives are completed.

Gaps in integrated planning – from Watercare draft Plan section 3.4

Our strategic plans, capital investment plans, and operational plans are not fully aligned. Strategic goals are not clearly driving project selection and design. For instance, business cases vary in quality and do not always link back to long-term asset strategy. The absence of a clear planning hierarchy and standardised processes mean teams sometimes work at cross purposes or re-invent processes for each project.

IV Commentary

Watercare's experienced team may perceive formal processes as unnecessary. However, the organisation's shift away from structured management systems has created gaps that now need to be addressed through the implementation of the improvement plan. The scale and ambition of the improvement plan highlight the importance of reintroducing standardised processes to ensure consistent delivery and long-term success.

Asset management gaps – from Watercare draft Plan section 3.4

The Strategic Asset Management Plan (SAMP), intended as a top-level asset strategy, is in draft form and not yet influencing decision-making across the organisation. Asset data resides in multiple systems with limited integration, making it cumbersome to retrieve holistic information for decision support. Risk-based lifecycle management is in its infancy with maintenance still largely time-based or reactive rather than optimised by asset condition and criticality, and renewal decisions lack consistency. These issues risk suboptimal investment (e.g. under or over-investing in certain assets) and reduced asset performance.

IV Commentary

Our findings confirm that the most significant opportunities for improvement lie in enhancing asset information and strengthening risk and assurance processes. These areas have been identified and addressed through the inclusion of multiple initiatives within the improvement plan and across several of the key themes.

Project delivery practices – from Watercare draft Plan section 3.4

While our capital delivery has pockets of excellence, as a whole, it lacks a programmatic approach. Projects tend to be managed individually, rather than as part of coherent programmes with optimised sequencing and resource allocation. Change control, benefits tracking, and post-project evaluations DRAFT Watercare Infrastructure Delivery and Asset Management Improvement Plan 2025-2028 10 are not systematically practiced across all projects, meaning lessons learned are not always fed back for

continuous improvement. Additionally, risk management in projects is present but not uniform. Tools like RiSOLVE are used to log some risks, but their effectiveness and consistent use need improvement.

IV Commentary

In addition to the challenges outlined above, we identified three other key areas of opportunity:

- **Project-related technology**: Improving the maturity and integration of tools used across the project lifecycle.
- **Business case and benefits management**: Enhancing consistency and rigour in how cases are developed**,** and benefits are tracked.
- **Commercial and procurement strategy**: Continuing to refine procurement practices to better support strategic delivery.

While these themes weren't explicitly highlighted in the summary, they are addressed within the broader activities of the improvement plan.

Supporting capabilities – from Watercare draft Plan section 3.4

Several enabling functions need strengthening. Resource management has been identified as reactive with our company lacking a forward-looking view of resource demand versus capacity for project delivery, and this could become a bottleneck as improvement initiatives ramp-up. Workforce capability development is ad-hoc in areas like asset planning and project management; a more structured competency framework is needed to build necessary skills (especially as new processes and tools are introduced). Stakeholder engagement around projects is also an area to improve. Our small engagement team is over committed, and engagement efforts are inconsistent across projects, risking stakeholder dissatisfaction. Improving how we engage with communities and iwi is important for project success and is addressed in this plan.

IV Commentary

Our assessment also highlighted the importance of these supporting capabilities, the inclusion of these enabling activities within the improvement plan will help Watercare realise it's desired improved maturity, and allow for further future improvement.

Tight implementation window – from Watercare draft Plan section 3.4

Implementing a wide-ranging improvement programme by 2028 is ambitious. Some initiatives will be complex (e.g. full integration of asset management systems) and may extend beyond the Charter period. This underscores the need for careful prioritisation (doing the most impactful things first) and possibly securing additional support (funding or resources) for successful delivery.

IV Commentary

We acknowledge the ambitious timeline and support Watercare's approach to continuous improvement and benefit-driven prioritisation. As strategies and processes are developed, it will be important to "right-size" each artefact, opting for clear, high-level formats where possible. Simple tools like a one-page strategy or streamlined process can often drive better adoption and outcomes than lengthy, complex documents that risk becoming barriers to progress.

While we see no need to amend the improvement plan to reduce ambition, Watercare should continue to assess effort, and priority as part of its planned reporting activities throughout the improvement plan period.

4 Section 4.0: Areas of Improvement

Watercare's method to complete the draft plan has followed a structured process that included third-party assessment & support, benchmarking against good-practice industry frameworks, independent verification (including this report). The structure of the reporting section of the improvement plan has enabled alignment (and easier cross-checking) with the clause 24 of *the Watercare Charter*.

- **High impact**: expected to significantly improve outcomes; these are prioritised for early implementation.
- **Medium impact**: important improvements with moderate benefit; scheduled on a medium-term horizon.
- **Low impact**: supporting changes with smaller benefit or dependent on other actions; to be addressed opportunistically or in later phases.

We believe the methodology that Watercare has followed to develop the improvement plan, including the use of third parties, follows good practice. Further, by aligning the key improvements and actions with the requirements of clause 24, Watercare has shown how the improvement initiatives meet the needs of the Commerce Commission and help show how many of the activities are interrelated and reinforce each other.

5 Links to Watercare Charter clause 24

The following areas of this report, represent our findings against each of the sections of clause 24. During this draft version of the report, we have not provided commentary on Clause 24 (2)(d). Should this be needed, we can discuss the best method for completing a review during the finalisation process.

5.1 Section 5.0: Investment prioritisation principles – (Clause 24(2)(a))

Purpose – from Watercare draft Plan
To implement a formal framework to rank and select investment, ensuring every project clearly contributes to strategic objectives and customer outcomes. This includes new criteria aligned with benefits, risk, and "whole-of life" value, and a cross-functional governance forum to enforce these criteria.
Improvement Summary – from Watercare draft Plan
▪ Develop standardised prioritisation criteria - (Impact: high) ▪ Align programmes with strategic outcomes - (Impact: medium) ▪ Cross-functional investment review forum - (Impact: medium) ▪ Integrate risk-reward considerations - (Impact: medium) ▪ Benefits and outcome focus - (this is closely tied to Clause 24(2)(b)(i)) – (Impact: high)
IV Commentary
Watercare's proposed introduction of a formal investment prioritisation framework will drive more consistent decision-making and better alignment with Watercare's corporate strategy while meeting the needs of this sub-clause.

As this "value" framework is developed, it will be important to focus on improving data quality from the outset. Taking a continuous improvement approach, starting with areas where strong data already exists, will help accelerate benefits and guide targeted data enhancements where needed.

5.2 Section 6.0: Linking investments to outcomes – (Clause 24(2)(b)(i))

Purpose – from Watercare draft Plan

We will implement a benefits management approach to ensure every investment is justified by clear outcomes (e.g. improved service reliability, compliance, network resilience, etc.) and these outcomes are tracked postimplementation. This will establish a clearer connection between financial expenditures and the outcomes achieved for customers and the environment.

Improvement Summary – from Watercare draft Plan

- Adopt a benefits management approach - (Impact: high)
- Integrate benefits into governance gates - (Impact: high)
- Assign outcome ownership (project sponsors) - (Impact: medium)
- Improve network resilience understanding – (Impact: high)
- Performance measures and feedback - (Impact: high)
- Programme governance with outcome mandates - (Impact: high)

IV Commentary

The proposed improvements will help Watercare make investment decisions with a clear understanding of the purpose and expected outcomes. They also promote stronger alignment across the project lifecycle, enabling better governance, reporting, and programme management.

While we believe the suggested improvements will meet the needs of this sub-clause, as part of implementation, Watercare could consider adopting UK Water's "technical expression" approach. This involves mapping each project's outputs to organisational outcomes and regulatory objectives using a structured outcomes, objectives, and outputs table. This method provides clarity, strengthens strategic alignment, and supports transparent decision-making.

See Scottish Water example here.

5.3 Section 7.0: Preferred solutions identification – (Clause 24(2)(b)(ii))

Purpose – from Watercare draft Plan

We will improve our processes to ensure the best solutions are chosen for each investment need. This involves requiring a whole-of-life analysis of options in every business case, using data on asset condition and criticality to compare alternatives, and considering both capital and operating cost impacts (Totex) in decision-making. By doing so, we will avoid suboptimal fixes and invest in solutions that offer the greatest long-term value.

Improvement Summary – from Watercare draft Plan

- Standardise business case and options analysis - (Impact: high)
- Include asset health and criticality data - (Impact: medium)

- Mandate Totex (Capex + Opex) evaluations - (Impact: high)
- Develop decision support tools - (Impact: medium)
- Option quality control and panel reviews - (Impact: high)
- Innovation and alternative solutions – (impact: high)

IV Commentary

These improvements have been designed to support better decision-making by ensuring all investment options are thoroughly assessed, including both capital and long-term operational costs, which will support achievement of this sub-clause.

This represents a meaningful shift for Watercare staff involved in business case development, and while the initiatives list will achieve the desired outcomes, we recommend involving operations teams early to ensure practical, "whole-of-life" perspectives are embedded.

Further, many of these initiatives depend on the availability of high-quality data. To avoid costly data collection efforts, Watercare should explore enhancing existing business-as-usual activities, such as adding inspection tasks to work orders, to improve data quality. Where separate data collection is necessary, it's important to clearly define what data is needed, how it will be stored, and how it will be maintained.

5.4 Section 8.0: Risk management and reporting programme (Clause 24(2)(b)(iii))

Purpose – from Watercare draft Plan

We will overhaul our risk management practices to create a comprehensive, proactive risk programme spanning enterprise risk, project and programme delivery and asset operation. This includes a refreshed Enterprise Risk Management Framework, standardised risk registers across all functions, upgraded risk analysis tools (RiSOLVE), and regular risk reporting to leadership. Identified risks (e.g. project delays, asset failures) will be systematically mitigated and monitored, and risk information will directly inform investment and maintenance decisions.

Improvement Summary – from Watercare draft Plan

- Refresh organisation risk management framework - (Impact: medium)
- Embed risk in decision processes - (Impact: medium)
- Improve programme/project risk practices - (Impact: high)
- Upgrade risk tools (RiSOLVE) - (Impact: medium)
- Accountability and reporting - (Impact: high)
- Integrate asset condition risks - (Impact: high)
- Training and culture - (Impact: high)

IV Commentary

While formal certification isn't a stated goal for Watercare or the Commerce Commission, several initiatives reference alignment with ISO 31000. In our experience, organisations aiming for ISO alignment often overlook the underlying management system approach required for meaningful implementation. Watercare should carefully assess whether alignment is appropriate, and if so, consider the status of its other management systems to determine whether an integrated approach would simplify implementation and ongoing management.

The planned improvements in understanding and managing different types of risk will also support more effective reporting and escalation, helping Watercare make better-informed decisions across its operations.

5.5 Section 9.0: Cost estimation improvements (Clause 24(2)(b)(iv))

Purpose – from Watercare draft Plan

To strengthen cost estimation, we will introduce improved tools and practices for whole-of-life costing. This includes developing a library of unit rates and cost benchmarks for planning and budgeting, requiring lifecycle cost analyses in all business cases, and adopting a total expenditure (Totex) approach when comparing options. By forecasting not only the initial capital costs but also future operational and maintenance costs, we can select solutions that minimise total costs over an asset's life.

Improvement Summary – from Watercare draft Plan

- Develop unit cost libraries and estimation tools - (Impact: medium)
- Embed a totex approach to costing in decision gates - (Impact: high)
- Implement a totex approach - (Impact: high)
- Align financial and asset planning tools - (Impact: medium)
- Cost estimation governance - (Impact: high)
- Financial performance monitoring - (Impact: high)

IV Commentary

The proposed improvements reinforce key principles of better decision-making, particularly the shift toward "TOTEX" and whole-of-life cost thinking, which help support the achievement of the requirements of this sub-clause.

As with other sub-clauses, many of these suggested initiatives depend on improved data and information. We recommend Watercare avoid costly standalone data collection efforts where possible and instead enhance existing business-as-usual activities—such as integrating data capture into routine work orders—to improve data quality and completeness.

A critical success factor will be aligning the asset hierarchy between physical and financial systems. Since financial reporting often requires less granularity than asset planning, Watercare should refer to ISO 55010 guideline (Guidance on the alignment of financial and non-financial functions in asset management) for practical guidance on achieving this alignment effectively.

5.6 Section 10.0: Improvement plan timelines (Clause 24(2)(c))

Purpose – from Watercare draft Plan

Clause 24(2)(c) requires this plan to include timelines for planned improvements. This clause emphasises that we must identify what we will do and when we will do it.

Timeline Summary – from Watercare draft Plan

- Phasing approach
- Scheduling priorities

- Resource considerations
- Monitoring and adjusting the timelines
- Quick wins versus long-term investments

IV Commentary

In developing its implementation timeline, Watercare has demonstrated thoughtful planning to ensure the improvement program is both achievable and adaptable. Notably, the plan includes mechanisms to monitor progress and respond to evolving needs, supporting a cycle of continuous improvement throughout the delivery period.

We believe the timeline and the approach to deliver against it will support the achievement of the initiatives in a manner that encourages ongoing improvement and communication with the crown's representative.

5.7 **Review of the Appendices** – Improvement opportunities register, horizon, and implementation timeline.

Watercare has adopted the following set of themes to help group the improvement opportunities, which are used across all three appendices.

- Strategic Alignment & Leadership
- Stakeholder Engagement
- Capital Programme Delivery & Governance
- Asset Operations & Maintenance
- Risk Assessment, Decision-Making & Contingency Planning
- Capability, Competency & Resource Management
- Performance & Continuous Improvement
- Integration & Governance

The appendices provide a more detailed view of the proposed improvement opportunities than the main body of the draft plan, which is structured around the Charter's Clause 24. The improvement register links each action to relevant clauses, and outlines its impact, complexity, timeframe, and intended outcomes. However, several gaps remain in the current state and outcomes columns, which should be completed before finalising the plan.

Watercare has presented two implementation views: a visual "Horizons 2030" bubble diagram and a detailed tabular schedule. Both illustrate the scale of the planned actions and reinforce the importance of ongoing progress tracking. The inclusion of mechanisms to adjust priorities, if needed, will allow Watercare to respond to emerging challenges, including the potential need for additional funding or resources.

5.8 Further considerations

For the most part, the themes adopted cover the improvement areas within our current state assessment, and if not within the theme, then the individual improvement opportunities and key actions provide excellent coverage.

The themes and associated opportunities and key actions represent a comprehensive view of how Watercare will meet Clause 24 of the Watercare Charter and align with our current state findings. While we don't believe any specific changes to the improvement plan are necessary, we recommend consideration of the following during the implementation of the plan to help explicitly define Watercare's desired future state and plan to achieve it.

- **Alignment to ISO standards** – Watercare has mentioned alignment to both ISO 55000 (Asset management) and ISO 31000 (risk). However, achieving this is not explicitly called out or described. While this might be helpful to show adoption of good practice, Watercare should consider whether the type of motherhood statements used, leave them open to criticism should each of the standard's clauses be assessed for compliance. E.g. stating they are seeking alignment, but not actually doing it. We recommend that Watercare decide whether adopting a management system approach is the right move for them.

- **Adoption of a maturity state target –** There is an opportunity to use other good practice frameworks to align with that could allow for a maturity target rather than trying to align to ISO standards. For example, in the Asset Management area, the adoption of a maturity score using the Institute of Asset Management's maturity scale might be more appropriate. However, again, any setting of a target should consider the ability to achieve the target and understanding what achieving it means.

- **Information management –** a substantial number of the identified opportunities and key actions relate to the need to improve existing data or information, and the technologies that support them. We recommend the consideration of developing appropriate information strategies (if none exist already) to ensure that Watercare identifies the information it needs to achieve these opportunities and support the development of enabling initiatives alongside the existing activities.

6 Conclusion

As an Independent Verifier, we find the Improvement Plan to be credible, well-structured, and responsive to the identified gaps. It reflects a mature understanding of infrastructure delivery and asset management challenges and proposes globally aligned solutions.

While changes to the plan are not necessary, to maximise its impact during implementation, Watercare should consider:

- Whether it will formally adopt a management system approach or set a maturity target.
- Embed sustainability and carbon considerations.
- How it can support the large volume of data and information improvements.

With consideration of these enhancements, Watercare will be well-positioned to meet its Charter obligations and evolve into a high-performing, resilient, and customer-focused water utility.

Appendix A – Current State Assessment

Watercare
Independent Verification

AMCL+ | Turner & Townsend

Phase 1 Current state assessment

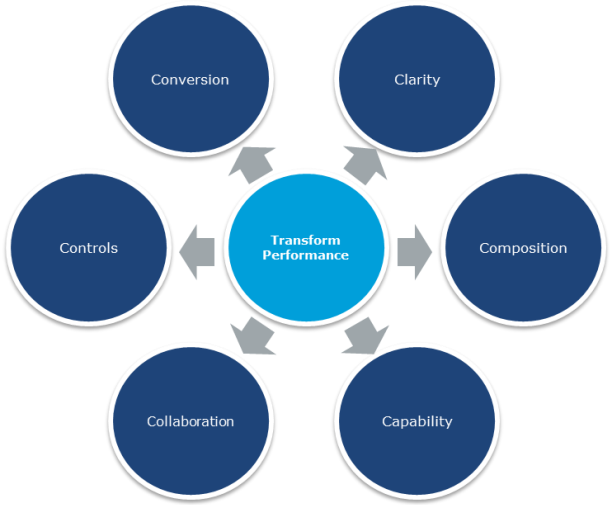
22 August 2025

making the **difference**

Executive Summary

About this Assessment

As part of our role as Independent Verifier during the initial phases of Watercare's move into economic regulation, this report represents our independent assessment of Watercare's current state of infrastructure delivery and asset management planning performance. To ensure we measured against good practice, we used two different frameworks, for Infrastructure Delivery, we applied our proprietary C6 framework, illustrated below and described in more detail on page 7.



To assess Asset Management, we used established good practice frameworks. Specifically, we applied the 39 Subjects of Asset Management—defined by the Global Forum for Maintenance and Asset Management (GFMAM) and outlined on pages 9 & 10—as the reference framework, alongside our Asset Management Excellence Model (AMEM) to complete the assessment.

Assessment Outcomes

Watercare's assessment scores in both infrastructure delivery and asset management are broadly in line with those of other organisations navigating their first regulatory cycle. To support these comparisons, benchmarking graphics have been included on pages 13 and 15.

Infrastructure delivery

Watercare achieved a score of 42% or a "C" on the C6 maturity scale (see page 8 for details) which is consistent with other organisations commencing under economic regulation. Three key themes emerged during the assessment and should be considered during the review of the proposed improvement plan.

- The maturity and integration of project related technology
- The consistency and application of Business Case Development and Benefits Management
- Continuing the improvement of the Commercial and Procurement Strategy

Asset Management

Watercare's current maturity score, assessed against the GFMAM's 39 Subjects, is estimated at 29%. This places the organisation at the upper end of the '**Developing**' level, approaching '**Competent**' on the IAM maturity scale (refer to page 10 for further detail).Among the subject groups, **Lifecycle Delivery** and **Organisation & People** scored comparatively higher, indicating relative strength in these areas. In contrast, **Asset Information** and **Risk & Review** emerged as the most significant opportunities for improvement.

Contents

Introduction

Background

Clause 24 of the Watercare Charter Order 2025 requires Watercare to develop an Infrastructure Delivery and Asset Management Improvement Plan ("the Improvement Plan") aimed at enhancing the efficiency and effectiveness of its capital delivery and asset management processes.

To support this, Watercare has appointed Turner & Townsend as its Independent Verifier ("IV").

As the IV, Turner & Townsend is responsible for conducting an independent review of Watercare's draft Improvement Plan on behalf of the Crown Monitor and the Commerce Commission, and for preparing an Independent Verification Report detailing its findings.

Prior to undertaking this review, we are required to complete an independent assessment of Watercare's current state in both infrastructure delivery and asset management.

Assessment scope

The scope of this review covered Watercare's Infrastructure delivery and Asset Management practices. Turner & Townsend applied the 39 Subjects of Asset Management—defined by the Global Forum for Maintenance and Asset Management (GFMAM)—as the primary good practice framework, supported by our proprietary C6 framework to assess infrastructure delivery.

The review drew on a comprehensive set of evidence provided by Watercare, aligned to the GFMAM framework. This included interview recordings, summary transcripts, and a question-and-scoring spreadsheet compiled by Stantec.

The primary objectives of the assessment were to:

- Provide an independent evaluation of Watercare's current maturity in infrastructure delivery and asset management
- Identify strengths and weaknesses in current practices
- Inform the independent verification of the proposed Improvement Plan
- Support the Commerce Commission in identifying focus areas for regulatory oversight and endorsement of the Improvement Plan

Turner & Townsend

& Our approach

Our Approach

This current state assessment was completed within a short timeframe. To ensure the findings were robust, we applied a structured approach that incorporated both the documentary evidence provided by Watercare and insights from interviews conducted by Stantec. Although these two streams were initially managed separately, we integrated the findings to identify common themes and ensure a cohesive understanding. The assessment approach is outlined below

Our team leveraged its established strengths in asset management and infrastructure delivery to conduct two distinct assessments using our AMEM (page 9) and C6 (page 7) tools. Each team adopted an iterative approach, initially applying the Stantec question set along with interview recordings and transcripts to determine a preliminary score. This score was then tested against the documentation provided by Watercare—mapped to the 39 subjects of the GFMAM—and the separate infrastructure delivery evidence. We tested the following characteristics as part of this assessment:

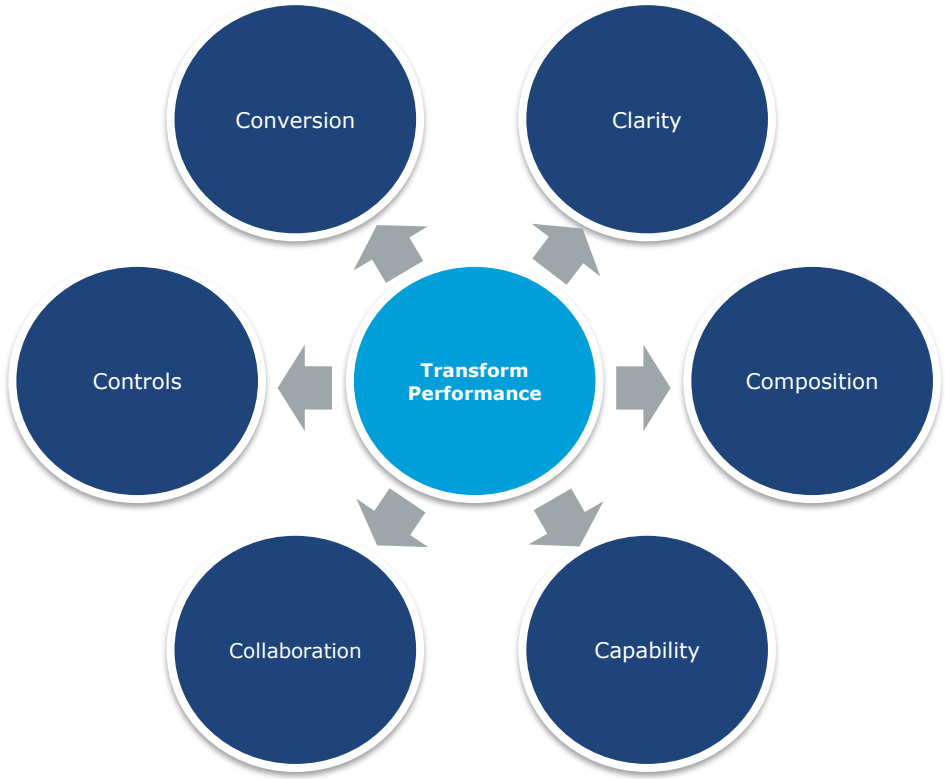
- Existence – does something exist – for example is there a policy, strategy or process and is it current?
- Completeness – is the scope of the policy, strategy or process consistent with good or best practice?
- Effectiveness – is the policy, strategy, or process effectively utilised, and is it having the desired impact?
- Integration – are the organisation's various capabilities aligned with corporate strategy and orchestrated effectively?

Following the individual assessments, both teams convened to discuss shared insights and identify common themes. These discussions will inform the prioritisation of focus areas and guide the review of the draft improvement plan.

Infrastructure delivery

C6 is our proven diagnostic framework for assessing delivery efficiency. We have used the evidence, and associated interviews to understand the perception of current maturity in six areas of program delivery. This approach identifies the highest areas of priority for improvement and builds stakeholder ownership of the outcomes.

- **Clarity (Strategy & Scope) -** Investment needs to deliver a return through a robust business case. This factor considers the clarity of project strategy, scope and the required benefits to be monitored within the project framework.
- **Composition (Governance & Delivery) -** Effective governance, efficient processes and a value-for-money commercial strategy are the foundations for solid project delivery and required for a productive approach.
- **Capability (People & Culture) -** Designing an optimum project delivery organisation structure resourced with the right skills and knowledge is vital for efficient program delivery
- **Collaboration (Procurement & Supply Chain) -** Projects require external support from partners. The supply chain must be robust and DoE need to drive and manage performance whilst being cost effective and sustainable.
- **Controls (Project Controls & Data) -** Underpin robust decision-making with data captured by time, cost, risk and quality controls. Data is key to demonstrating progress to stakeholders.
- **Conversion (Metrics, Targets and Benefits) -** Complete projects with absolute confidence and handover smoothly to maximise benefits realisation. Learn lessons to continually improve.



The latest version of our C6 framework also includes a 7th theme – **Carbon** (C-Zero). This has been omitted from the Watercare review as – for Infrastructure Delivery – there was no evidence that this was assessed as part of the previous interviews and audit undertaken.

A recommendation therefore is that Watercare undertake an assessment of the maturity and efficacy of the drivers, reporting, management and associated controls associated with driving towards Net Zero, in line with corporate strategy and direction in this area.

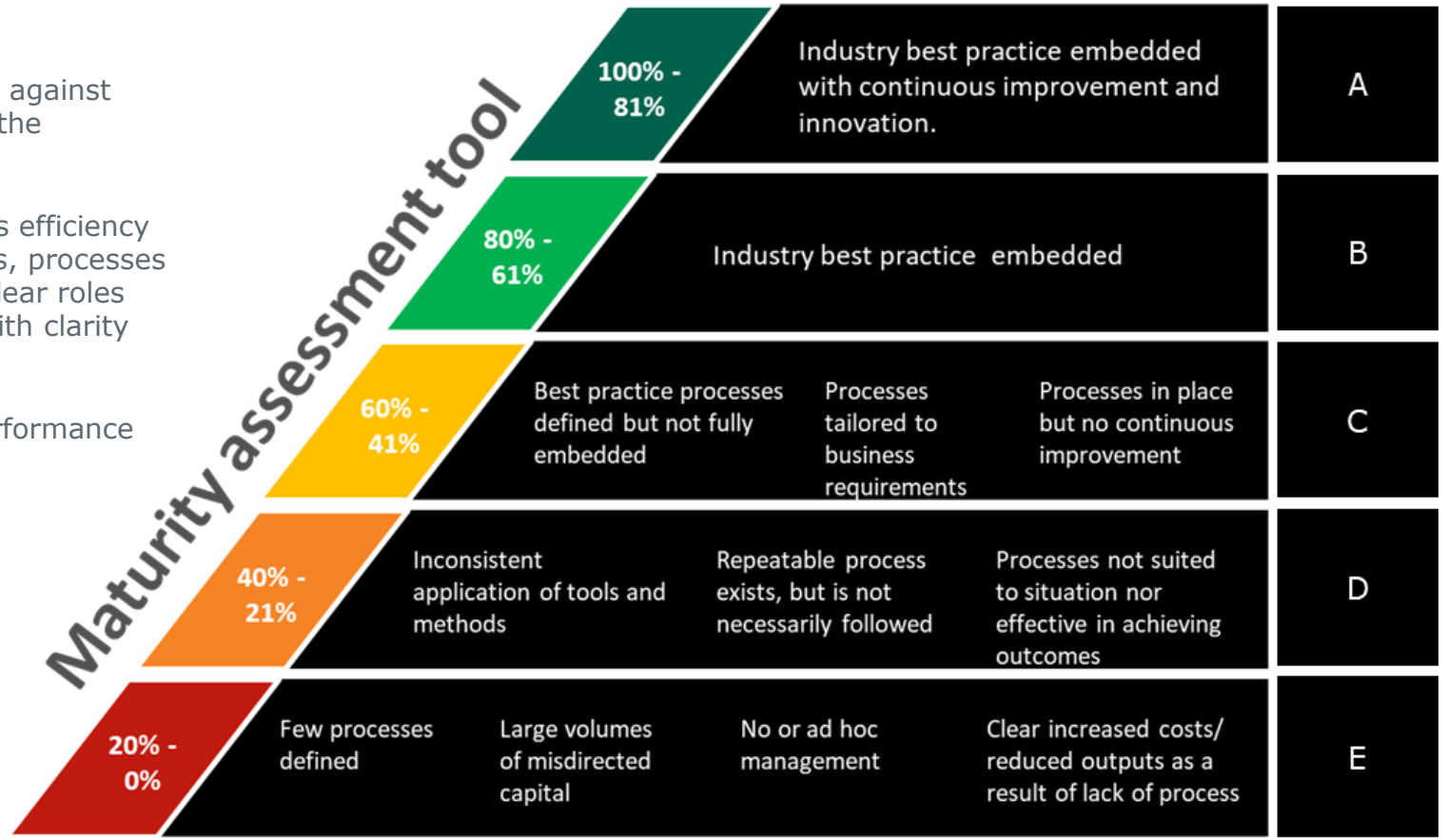
Maturity Rating

Each area of the C6 diagnostic is rated against a maturity rating to understand current performance. This rating is assessed through the stakeholder interviews and reviewed against documentation provided.

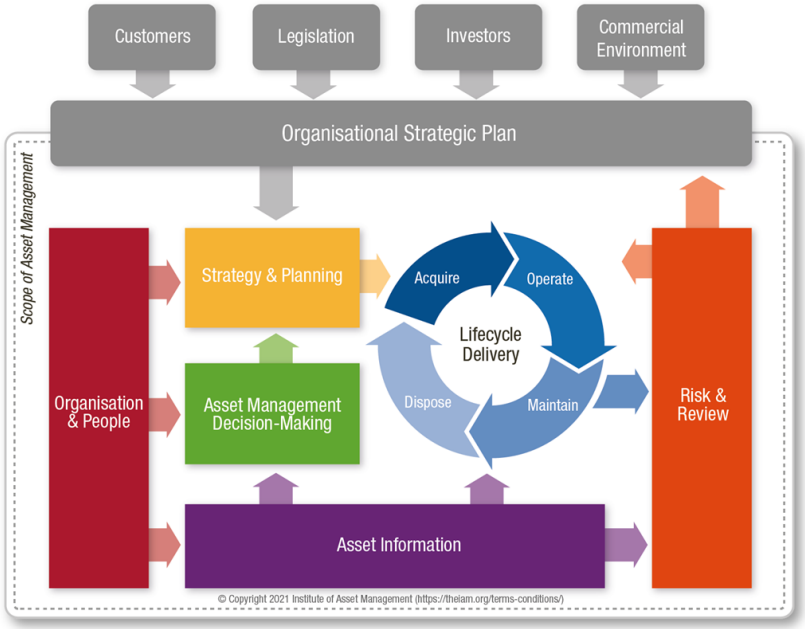
This approach provides the opportunity to benchmark against global, national and sector best practice to accelerate the identification of improvements.

It is recognised that with consistency of process comes efficiency of delivery. Effective project management frameworks, processes and tools support teams to deliver great outcomes. Clear roles and responsibilities enable individuals to collaborate with clarity within a structured governance framework.

Inconsistency leads to frustration, delays and poor performance across projects.



AMCL Asset Management Excellence Model™ (AMEM)



The Institute of Asset Management's (IAM's) Conceptual Model (or the '6-Box Model', shown left) is a high-level framework for understanding the critical areas of activity an organisation needs to be an effective Asset Manager. Each Group of activity supports the main factors that characterise effective Asset Management practice:

- A clear 'Line of Sight' (or alignment in ISO 55001 terminology) between the organisation and its key stakeholders and customers.
- The formulation of strategies and plans, underpinned by risk-based decision-making, which link the needs and requirements of the organisation's stakeholders to the lifecycle delivery activities completed on the asset portfolio.
- A focus on three key enablers – the capability of the organisation to do these activities (both internally and through the supply chain), the provision of information that is fit for purpose, and the consistent management of risk and assurance.

The IAM's Conceptual Model further divides into the 39 Subjects of Asset Management (shown right) which were defined by the Global Forum for Maintenance and Asset Management (GFMAM). Each of these Subjects defines a key area of capability essential to supporting the delivery of the Group to which it belongs and, through effective organisational integration, other Subjects and Groups to which it doesn't belong. This assessment was undertaken using the AMCL Asset Management Excellence Model™ (AMEM). AMEM enabled the assessment team to assess Watercare's Asset Management capability maturity. It is built around 39 subjects that span the technical, organisational and human capabilities needed to achieve world-class Asset Management.

Strategy & Planning
- *01* Asset Management Policy
- *02* Asset Management Strategy & Objectives
- *03* Demand Analysis
- *04* Strategic Planning
- *05* Asset Management Planning

Asset Information
- *22* Asset Information Strategy
- *23* Asset Information Standards
- *24* Asset Information Systems
- *25* Data & Information Management

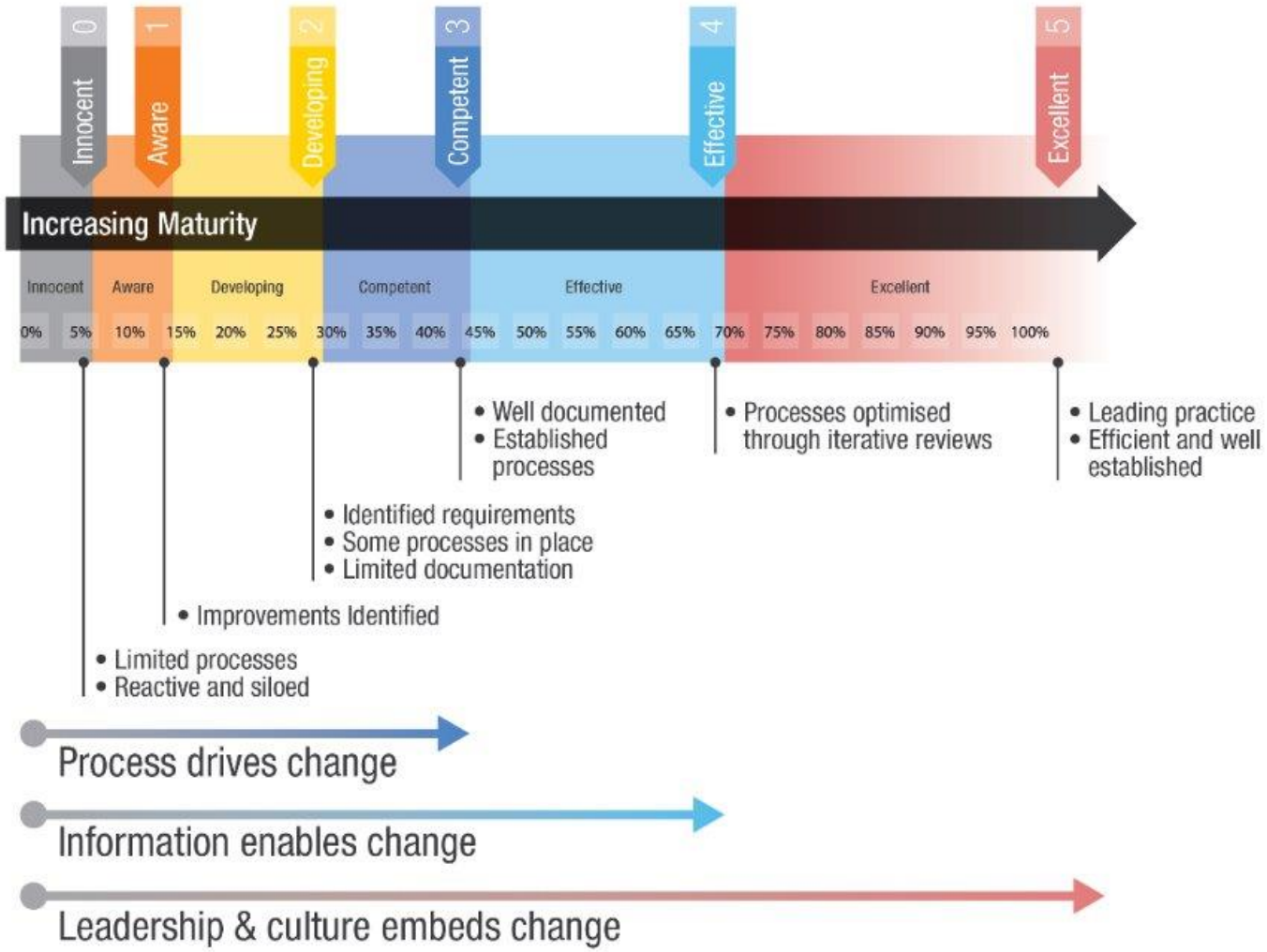
Asset Management Decision-Making
- *06* Capital Investment Decision-Making
- *07* Operations & Maintenance Decision-Making
- *08* Lifecycle Value Realisation
- *09* Resourcing Strategy
- *10* Shutdown & Outage Strategy

Organisation & People
- *26* Procurement & Supply Chain Management
- *27* Asset Management Leadership
- *28* Organisational Structure
- *29* Organisational Culture
- *30* Competence Management

Lifecycle Delivery
- *11* Technical Standards & Legislation
- *12* Asset Creation & Acquisition
- *13* Systems Engineering
- *14* Configuration Management
- *15* Maintenance Delivery
- *16* Reliability Engineering
- *17* Asset Operations
- *18* Resource Management
- *19* Shutdown & Outage Management
- *20* Fault & Incident Response
- *21* Asset Decommissioning & Disposal

Risk & Review
- *31* Risk Assessment & Management
- *32* Contingency Planning & Resilience Analysis
- *33* Sustainable Development
- *34* Management of Change
- *35* Asset Performance & Health Monitoring
- *36* Asset Management System Monitoring
- *37* Management Review, Audit & Assurance
- *38* Asset Costing & Valuation
- *39* Stakeholder Engagement

The Asset Management capability maturity scale



The Asset Management Capability Maturity Scale used by AMCL is aligned to the Asset Management maturity scale defined by the IAM in their 'Maturity Scale and Guidance' document:
IAM - Asset Management Maturity Scale and Guidance (theiam.org)
The maturity scale has six levels of maturity (aligned to the IAM 0 to 5 scale) and six bands of maturity, each describing the typical characteristics of organisations in that band. Typically, organisations rely on three types of drivers for improvements through the bands:

- Process drives improvement up to and including Maturity Level 3 (Competent) – this is broadly equivalent to ISO 55001 compliance.
- Information enables improvements through the Effective band to Maturity Level 4 (Effective) as organisations leverage the baseline process-driven management system.
- Leadership & Culture enable improvements beyond this as all the 'basics' are in place. Improvements increasingly rely on sustainable continual improvement and leading practice based on clear vision, defined objectives and optimised planning, delivery and review.

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Findings summary Infrastructure delivery

Current State Assessment – Infrastructure delivery

Based on a review of the interview transcripts and supporting materials against the C6 framework, Watercare's overall efficiency in infrastructure delivery is rated as a 'C'.
As shown in the benchmarking data (see overleaf), this rating is typical for organisations within the utilities sector and aligns with the level of maturity Turner & Townsend would expect from an organisation at Watercare's current stage—progressing through its first regulatory cycle.
Three consistent themes emerged from the interviews and evidence provided:

Technology Integration and Maturity

- There are notable gaps in the integration and maturity of technology systems (software tools) across the business. These gaps often result in workarounds that impact efficiency and consistency.

Business Case Development and Benefits Management

- There is a lack of consistency in how business cases are developed and approved, as well as in how benefits are managed and tracked post-implementation.

Commercial and Procurement Strategy

- The organisation is in the process of establishing overarching commercial and procurement strategies. These are critical for shaping project delivery decisions and guiding market engagement approaches.

Efficiency Rating	C
	42%
C^1 - Clarity - Defining & Communicating Efficient & Effective Solutions	42%
C^2 - Composition - Setting up to Deliver Efficiently & Effectively	42%
C^3 - Capability - Mobilising an Efficient & Effective Team	43%
C^4 - Collaboration - Engaging an Efficient & Effective Supply-chain	43%
C^5 - Control - Safeguarding Efficient & Effective Delivery	38%
C^6 - Conversion - Managing the transition from construction to operation	48%

Infrastructure delivery - Benchmarking

As noted on the previous page, the rating achieved by Watercare are typical for organisations within the utilities sector. Project Controls, Project Definition and Project Set-up & Management emerged as areas where Watercare is likely to realise the greatest benefits from future investment in capability improvements.

	Utilities				TRANSPORT			NATURAL RESOURCES							
Efficiency Theme	Utility Provider	Power Co	Utility Provider	Utility Provider	Rail Infra	Road Infra	Air Infra	Mining	Mining	Oil & Gas	Oil & Gas	Mining	Oil & Gas	Mining	Watercare
C[1] - Clarity - Project Definition	82%	63%	39%	42%	38%	43%	62%	57%	70%	49%	54%	41%	64%	47%	**42%**
C[2] - Composition - Project Set-Up and Management	67%	53%	36%	47%	40%	60%	87%	56%	64%	53%	47%	39%	67%	43%	**42%**
C[3] - Capability - Organisation Structure and Development	50%	33%	39%	48%	33%	33%	50%	53%	57%	57%	43%	37%	63%	30%	**43%**
C[4] - Collaboration - Project Procurement and Sourcing	60%	33%	43%	51%	33%	43%	77%	50%	40%	55%	30%	40%	73%	15%	**43%**
C[5] - Control - Project Controls	50%	45%	36%	45%	35%	44%	59%	52%	65%	33%	42%	40%	67%	33%	**38%**
C[6] - Conversion - Project Completion and Handover	63%	57%	48%	44%	30%	40%	53%	52%	50%	43%	70%	30%	70%	30%	**48%**
TOTAL SCORE	**62%**	**48%**	**40%**	**46%**	**35%**	**45%**	**67%**	54%	61%	45%	46%	39%	67%	35%	**42%**

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Findings summary Asset Management

Asset Management maturity

This assessment has estimated that the current maturity score of Watercare when compared against the GFMAM 39 Subjects is 29%. This places Watercare at the high end of the 'developing' level, bordering 'competent', and is comparable to many businesses at its stage of Development (see next page for a comparison).

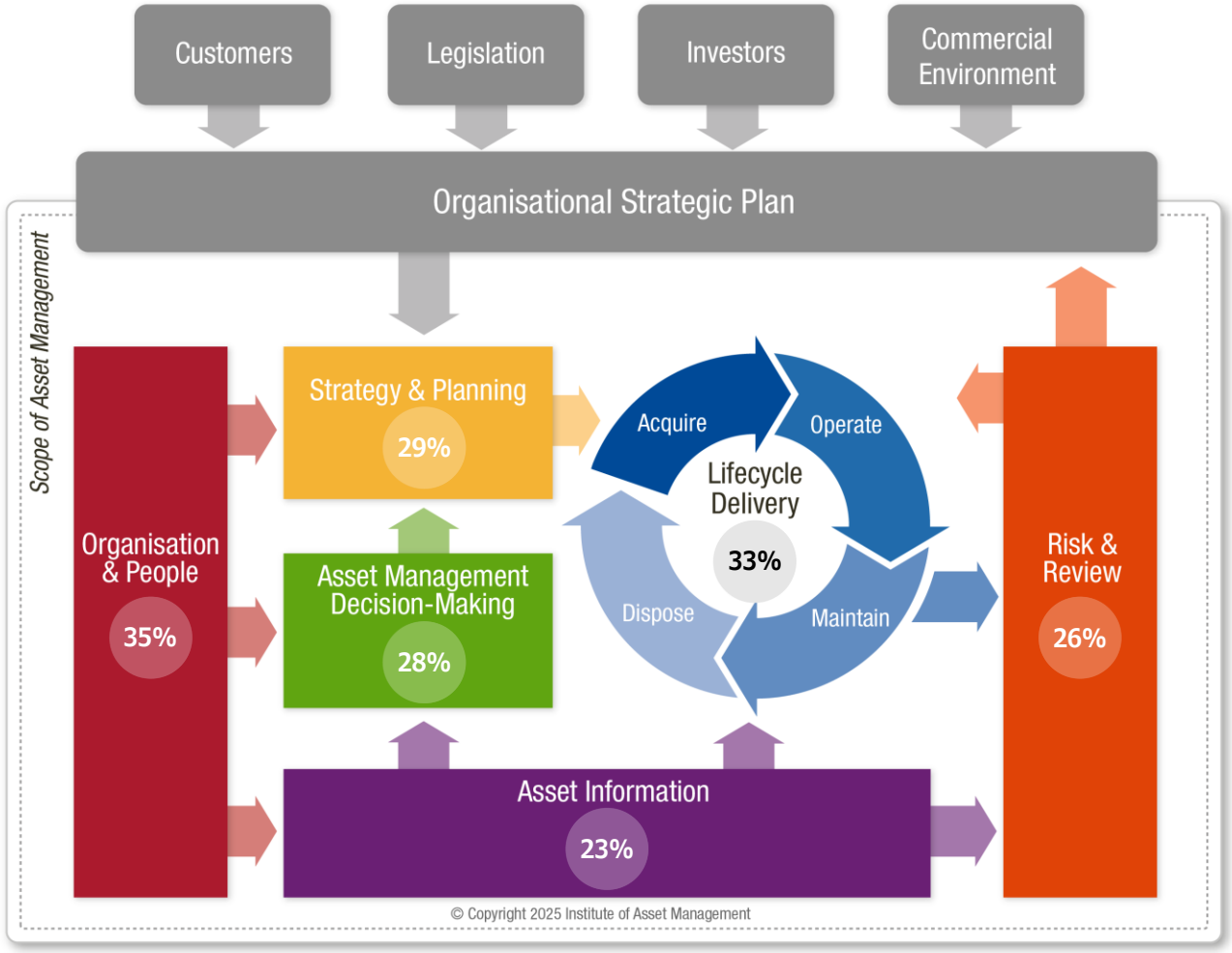
As highlighted by the results of the Infrastructure Delivery assessment, the highest scoring areas were within the 'Lifecycle Delivery' group and the "Organisation & People" (probably driven by scores in Procurement & supply chain), a pattern typical of organisations experiencing significant infrastructure growth and evolving their capabilities to meet those demands.

The greatest opportunities for improvement lie in the "Asset Information" and "Risk & Review" groups, which consistently rank among the lowest scoring areas across our global assessments. Asset information emerged as a recurring theme in interview recordings and transcripts, with challenges around data quality and accessibility for decision-makers noted. This remains a common issue for asset-intensive organisations and should be a key focus in the improvement plan.

The "Risk & Review" group forms part of the "Check" phase in the plan-do-check-act cycle of management systems. Strengthening assurance practices in this area may also be worth consideration.

Subject Group	Score
Overall	29%
Strategy & Planning	29%
Asset Management Decision-Making	28%
Lifecycle Delivery	33%
Asset Information	23%
Organisation & People	35%
Risk & Review	26%

Asset Management maturity – Six box model results

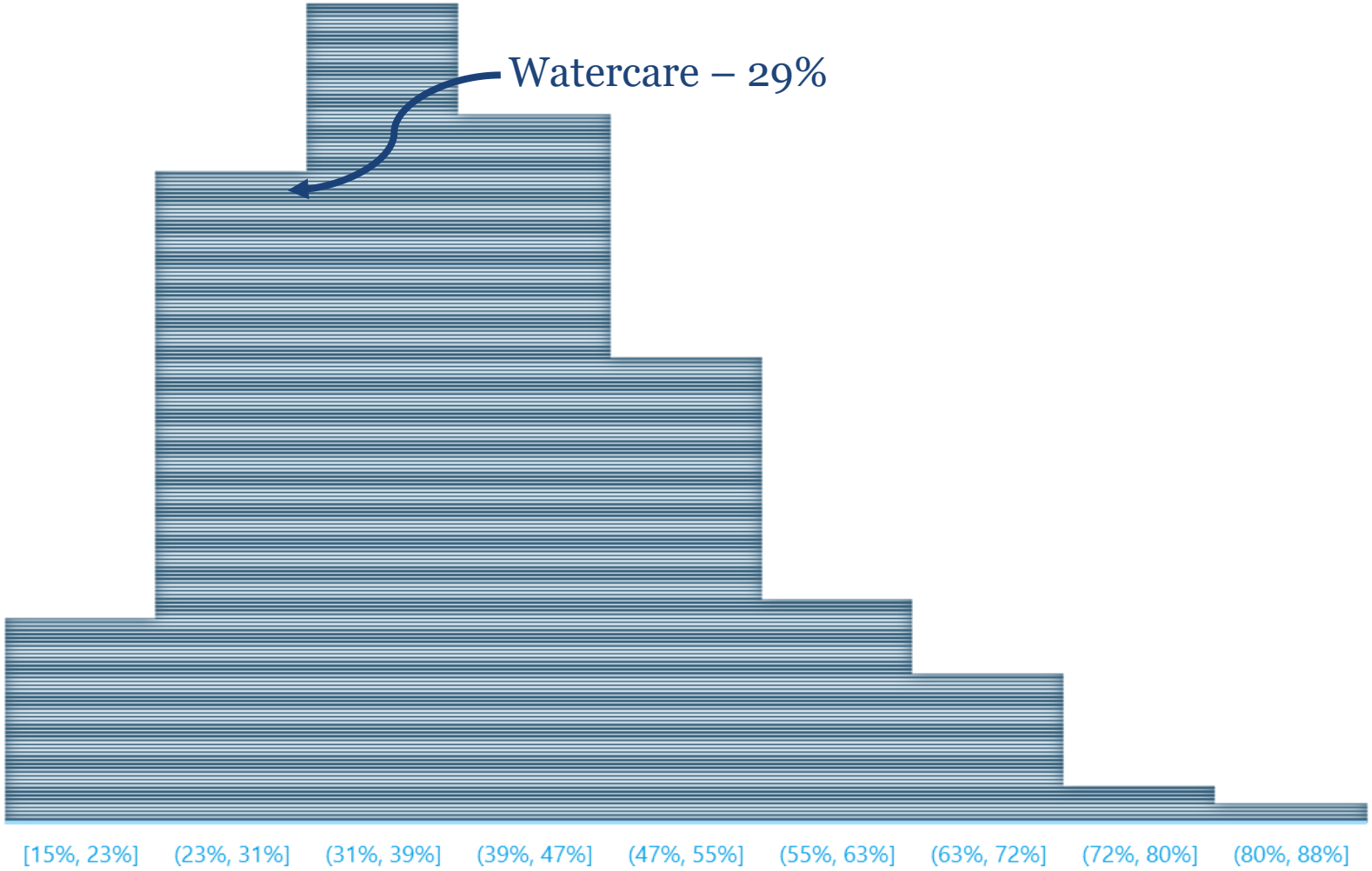


A note on the numbers

The chart to the right shows the overall results from over 200 assessments conducted globally. While Watercare's score may appear lower than anticipated, it is consistent with organisations undergoing their first regulatory cycle and initial assessment.

Given the remote nature of the assessment, the limited timeframe, and reliance on third-party materials, both the overall score and individual subject scores likely reflect the lower end of what might have been observed in a comprehensive on-site review.

Importantly, these results should be viewed as a baseline for improvement. The focus for Watercare should be on the opportunities identified, the improvement plan, and the desired future state, rather than the specific score itself.



Detailed findings: Infrastructure Delivery

Evidence Review: Clarity (Strategy & Scope)

Factor Overview	Maturity Score for Theme
Investment needs to deliver a return through a robust business case. This factor considers the clarity of project strategy, scope and the required benefits to be delivered by projects.	**42%**

Observations & Challenges

- Business case process exists but quality varies. Need for refreshed business case template with benefits linkage.
- Strong emphasis on social licence; stakeholder team leads engagement with drop-in sessions informing decisions.
- Benefits management is weak and lacks outcome tracking. Whole-of-life benefits integration is a 'nut not cracked' with cost integration and benefits tracking not evidenced; focus appears ad hoc; culture of outcomes measurement is limited.
- Stakeholder engagement practices exist but inconsistent. Proactive engagement with the construction market (market briefings, business plan sharing) but no systematic identification/analysis of all project stakeholders.
- Requirements definition and design management to deliver program and project scope clarity were evidenced, but inconsistently. The interviews noted variability in designs (e.g., pump stations) and lack of standardisation; QA/compliance oversight exists but outcomes are inconsistent.
- Dedicated design teams are in place, but no evidence of functional specifications aligned to requirements/VE or performance management of designers.
- No explicit evidence of maintained program/project briefs controlling evolving requirements.
- Strategic risk processes are in place but linkage to AMP is weak.
- Whole-of-life integration into decisions is inconsistent.

Evidence Review: Composition (Governance & Delivery)

Factor Overview	Maturity Score for Theme
Effective governance, efficient processes and a value-for-money commercial strategy are the foundations for solid project delivery and required for a productive approach.	**42%**

Observations & Challenges

- Governance forums and delegated authorities are in place. Formal initiation/approval processes exist with technical governance, executive approvals and reporting to committees/board; embedding and scalability need improvement. Audits performed to enable feedback and continuous improvement but not used systemically for closing gaps.
- Portfolio oversight and assurance are inconsistent.
- Use of partner panels sized by work type/volume, transparent business plan sharing, and allocation approach indicate elements of an overarching commercial strategy.
- Planning consents and obligations are systematically managed.
- Management systems are disparate and poorly integrated. No comprehensive project delivery system; current systems (e.g., M4) are not designed for delivery and rely on workarounds. AM, financial and customer systems exist but integration is weak; workarounds common; visibility of progress vs cost is limited.
- Information and document management practices are weak. Asset/project data is siloed, inconsistent and not integrated; control information is hard to access and often duplicated manually. Risk information is not consistently managed through Resolve platform.
- Data governance and standards are lacking.

Evidence Review: Capability (People & Culture)

Factor Overview	Maturity Score for Theme
Designing an optimum project delivery organisation structure resourced with the right skills and knowledge is vital for efficient program delivery.	**43%**

Observations & Challenges

- Organisational design is clearer post-restructure with defined teams (design, construction, project engineering) and governance roles. Fully embedding the new structure continues. Roles/responsibilities are generally clear (Tier 3 and above); incident roles defined. Well-defined roles are established across Ops, Planning, and Delivery.
- Staff competent at tasks but systems-thinking and balance of risk/value immature; champions not strongly supported. Competence gaps were highlighted in planning/strategy, and in the change management needed to embed strategic change. No evidence of explicit assessment against competency requirements; reliance on internal teams and partners without evidence of systematic skills assessment.
- Limited evidence of systematic organisational development practices. Limited evidence of development pathways linked to Asset Management capabilities. Frameworks exist but inconsistent follow-through on development and lessons learned due to time/capacity constraints.

Evidence Review: Collaboration (Procurement & Supply Chain)

Factor Overview	Maturity Score for Theme
Projects require external support from partners. Strategic thinking regarding procurement is essential. The supply chain must be robust, with Watercare driving and managing performance.	**43%**

Observations & Challenges

- Panel strategy sized by market/discipline, KPI-driven maintenance contracts, market briefings, and forward works visibility support objective procurement to optimise value.
- Interview feedback suggested a more strategic approach to procurement could be taken on occasions.
- Structured market engagement through use of procurement panels and market briefings are used. Use of tenders for local networks maintenance and benchmarking across insourced/outsourced contracts.
- Contractor performance metrics and oversight exist.
- Contract strategy not consistently evidenced across interviews. Documented outcome-driven contract strategy not evidenced.
- Supply-chain segmentation and risk framework in place. Critical supplier list, segmentation by risk, partner allocations by workload; performance linkage implied via KPIs and allocation but not evidenced across sub-tiers.
- Interviews suggested a lack of strategic alignment between contracting strategies and business/delivery strategies.
- Internal QS team and cost database with schedules of prices used to validate contractor pricing; forensic recovery processes not evidenced.

Evidence Review: Controls (Project Controls & Data)

Factor Overview	Maturity Score for Theme
Underpin robust decision-making with data captured by time, cost, risk and quality controls. Data is leveraged into actionable insights on progress and performance for stakeholders.	**48%**

Observations & Challenges

- Asset acceptance and Certificate of Acceptance used to verify constructed assets before connection; indicates structured inspection/testing. Connection to existing networks follows acceptance and CoA checks; readiness verified functionally prior to handover.
- Commissioning practices vary by risk level.
- Operational readiness checks exist.
- Lessons learned and closeout practices are weak, with a recent audit finding no post-project evaluations across 20 projects audited. Lessons discussed but follow-through inconsistent due to time/capacity constraints.
- Limited evidence in the material provided in relation to this theme.

Evidence Review: Conversion (Metrics, Targets and Benefits)

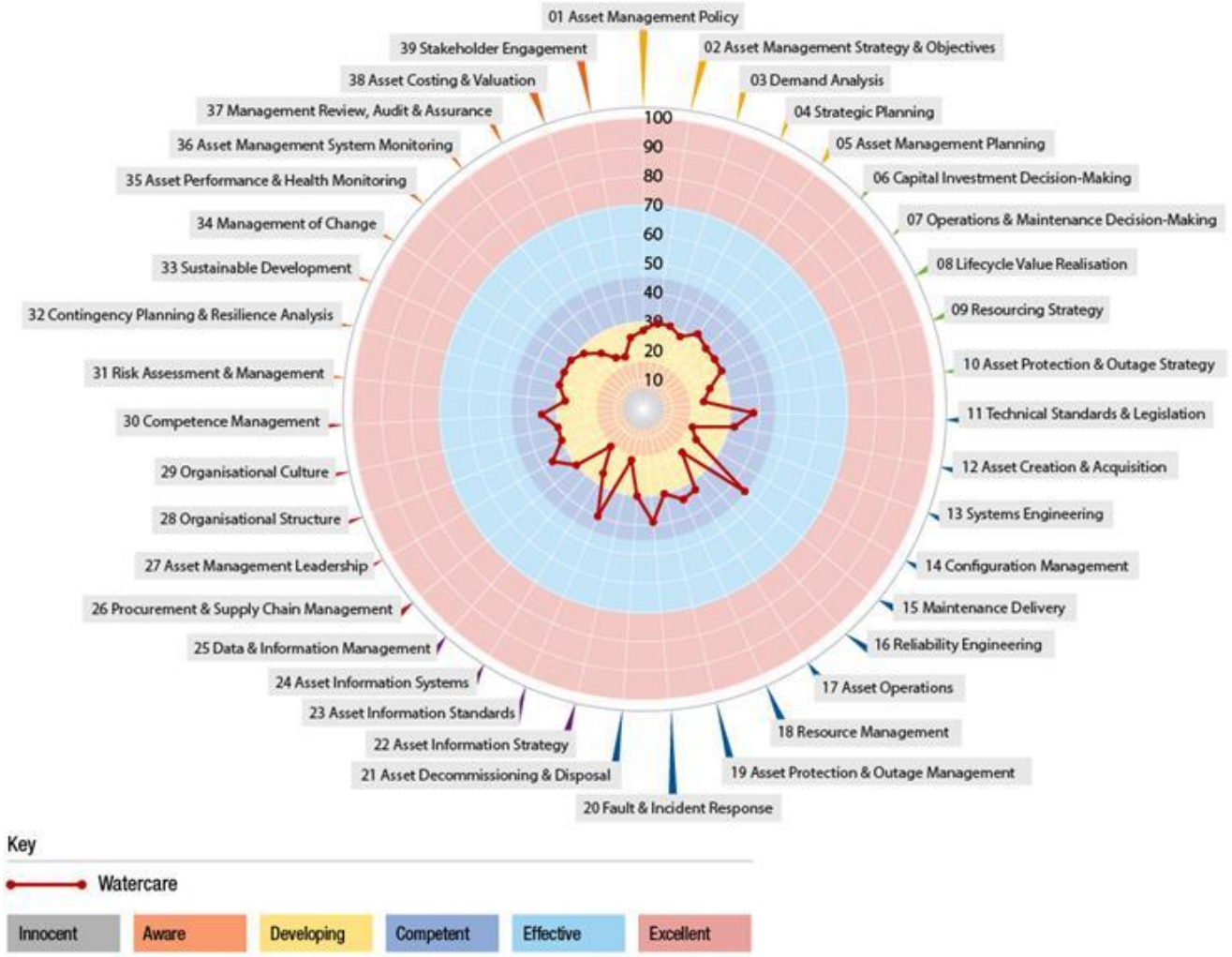
Factor Overview	Maturity Score for Theme
Complete projects with absolute confidence and handover smoothly to maximise benefits realisation. Learn lessons to continually improve.	**29%**

Observations & Challenges

- The commissioning and handover process is not consistently understood within DoE
- As part of the improvement agenda since 2020, ISD has documented and is implementing lessons learned across project planning and delivery. The integration of a lessons learnt process within the project closure stage will improve the capture and communication of continuous improvement ideas to support efficiencies on future projects.
- A standardised approach to the contractor responsibilities and required documentation at project completion & closure would improve efficiency at this stage of a project.
- Final accounting process is undertaken within a process. Adaptation of this process to current project delivery requirements would improve the efficiency and speed of resolving final accounting outcomes.

Detailed findings: Asset Management

Detailed findings



The spider chart to the left shows the individual subjects, mapped against the IAMs maturity scale. Each subject's observations and challenges are described further on the following pages.

Subjects ranked as the most mature:

15. Maintenance Delivery
17. Asset Operations
23. Asset Information Standards
26. Procurement & Supply Chain Management
18. Resource Management
20. Fault & Incident Response

Subjects ranked as the least mature:

25. Data & Information Management
22. Asset Information Strategy
13. System Engineering

Strategy & Planning

#	Subject	Observations & challenges	Score
1	Asset Management Policy	Watercare has an approved Asset Management Policy. However, it is not clear how effectively the policy is communicated in comparison to other organisational policies, e.g. OHS&W. Watercare refers to ISO 55000 as a guide, but how it's applied and how the asset management system relates to other management systems varies. The understanding of asset management and its application is also inconsistent across the organisation, some departments are more advanced in their asset management practices than others.	**27%**
2	Asset Management Strategy & Objectives	Watercare developed a draft Strategic Asset Management Plan (SAMP) several years ago, but it remains in draft form and requires revision to reflect current organisational objectives. There appears to be a disconnect between long-term planning and day-to-day operations, with the goal of managing assets across their full lifecycle not consistently applied in practice. While leadership demonstrates commitment to strategic asset management, the execution lacks clarity, and strategic objectives are not consistently communicated across teams. Several stakeholders have highlighted a misalignment between strategy and delivery, indicating a need for improved integration and coordination.	**30%**
3	Demand Analysis	As demand for services grows, the team is finding it more difficult to respond quickly and plan effectively, particularly in relation to growth. While Watercare undertakes forecasting, the results are not always used to guide asset management strategy and decisions.	**30%**
4	Strategic planning	Efforts to undertake effective strategy and planning are made more challenging by resources focused on reacting to current issues, and the inaccessibility of useable information. Planning efforts are often held back by limited resources and missing data. Strategies are created, but they don't always match what ends up being done.	**28%**
5	Asset Management Planning	Asset Management Plans are in place. However, they're not well connected to risk assessments or business cases. Because of system and data issues, planning tends to be reactive.	**32%**

Asset Management Decision-Making

#	Subject	Observations & challenges	Score
6	Capital Investment Decision-Making	Investment decisions are sometimes guided by risk and value considerations, but this approach isn't applied consistently. Budget constraints can lead to changes in project priorities, which may affect the alignment between planned investments and strategic goal	**30%**
7	Operations & Maintenance Decision-Making	Maintenance activities are generally outsourced for local network assets, while larger systems are managed internally. Operational staff play an active role in planning and commissioning processes, which supports better alignment between technical requirements and delivery. This involvement helps ensure that maintenance strategies are practical and grounded in operational realities.	**30%**
8	Lifecycle Value Realisation	Lifecycle costing is not consistently embedded in planning processes, which can limit the ability to fully assess long-term value and sustainability. However, some major projects, such as the Central Interceptor, have demonstrated some success in incorporating these principles, suggesting progress is being made in certain areas	**30%**
9	Resourcing Strategy	As part of considering its resourcing strategy Watercare has recognised some capability gaps, particularly in early-stage planning and feasibility work. To strengthen this area, the organisation is working to recruit experienced senior staff, aiming to build depth and improve front-end project development..	**24%**
10	Shutdown & Outage Strategy	The evidence provided suggests that there is currently no formal strategy for managing shutdowns or outages. These events tend to be addressed reactively as they occur, rather than through proactive planning, which may limit opportunities for coordination and risk reduction.	**21%**

Lifecycle Delivery

#	Subject	Observations & challenges	Score
11	Technical Standards & Legislation	The organisation maintains a HSW Acts, Regulations & Standards Register that documents the various principles and requirements it must comply with, where they apply and how they are verified and evaluated. Due to the number of safety and regulatory requirements, approval to undertake delivery projects is often delayed. No evidence was supplied to discuss the application of engineering or technical standards, and product management, this was also not part of the interview question set.	**35%**
12	Asset Creation & Acquisition	Guidelines for asset creation exist for each asset class (mechanical, electrical etc). An asset creation flowchart is used to ensure each step if followed, with additional steps for certain assets based on risk level. Previous issues with integrating data and ensuring smooth handovers has led to the creation of an Asset Creation Data Quality Validation Audit.	**32%**
13	Systems Engineering	While the interviews did not specifically address this area, the inclusion of the redlining procedure for design drawings suggests that some level of requirements management and traceability are completed through the delivery process.	**18%**
14	Configuration Management	Like the Systems engineering area above, there is limited evidence or discussion on this subject during the interviews beyond a reference to configuration management in relation to the digital team, and some discussion through areas of delivery to suggest that as constructed drawings, and the asset register are updated as part of project close-out practices. However, there was also discussion that this is not applied consistently.	**21%**
15	Maintenance Delivery	Maintenance is split between internal teams and contractors. There are Service Level Agreements in place with contractors, outlining maintenance planning, prioritization and delivery. KPIs are tracked to ensure performance targets are met. There have been issues with the collection of maintenance data from contractor into the organisation's systems. Maintenance manuals are used to guide maintenance delivery.	**45%**
16	Reliability Engineering	While there was no evidence to suggest that Watercare has a reliability strategy, it provided significant evidence of practices like Root Cause Analysis, Reliability Centred Maintenance, and other analysis types like FMECA and Weibull. Some of the evidence supplied was quite old (along with newer evidence) suggesting that this area is well established and continuing practice within Watercare.	**38%**

Lifecycle Delivery

#	Subject	Observations & challenges	Score
17	Asset Operations	Watercare appears to have Operations manuals in place for both a high-level understanding of operating the business, and critical processes – e.g., Wastewater Transmission Operations Manual, and for specific sites or equipment e.g., Banks Road Pumping Station, suggesting this is a well- established practice. Operations teams handle urgent renewals and monitor performance. SCADA systems are used for daily oversight. The information supplied in the technical standards area suggests that Watercare considers the safety impacts of daily operations, including the ability to operated in downgraded modes, or ensure safe control of work – e.g., field assurance before assets are returned to service.	**40%**
18	Resource Management	Watercare demonstrates a degree of alignment between its resource management practices and the overarching resourcing strategy. However, clearer integration with the Asset Management Plan (AMP) could strengthen this alignment. Resourcing efforts are currently impacted by capability gaps and recruitment delays, particularly in planning and feasibility functions. Maintenance delivery is shared between internal teams and external contractors. Opportunities exist to enhance the management of inventory and strategic spares, and to improve system integration with contractors to support better visibility and coordination.	**39%**
19	Shutdown & Management	Shutdowns are planned and tracked in a register outlining duration and risk. Shutdown procedures are planned, documented and require signoff prior to commencing works. Emergency responses, like during the Auckland floods, are handled well but aren't based on a formal structure.	**30%**
20	Fault & Incident Response	The Wastewater Transmission Operations Manual documents the management of fault alarms and incident management, including the capturing of issues in the SAP system and the reporting procedures of various incident types. Incident management plans for the Ardmore Water Treatment Plant provided, outlining the process for assessing, managing and recovering an incident, with clear processes and responsibilities.	**39%**
21	Asset Decommissioning & Disposal	Asset decommissioning and disposal follows the same process as asset creation, with disposed assets requiring signoff of the asset creation flowchart processes prior to being removed from the asset register. Guidelines for asset disposal exist for each asset class (mechanical, electrical etc).	**30%**

Asset Information

#	Subject	Observations & challenges	Score
22	Asset Information Strategy	The evidence provided, which included a high-level enterprise architecture diagram suggests that watercare has considered the current technology stack across Watercare and identified possible areas of improvement or replacement. It doesn't appear as though there is any strategy for managing Asset Information. However, the enterprise architecture could be used as a starting point to help support the development of documenting the information needs to inform asset related decisions, as the first step towards developing an Asset Information Strategy. Further, some of the discussion in the Asset Information Standard described below could be used to document the desired future state.	**18%**
23	Asset Information Standards	Watercare has developed an Asset Information Standard that is built on good practice and considers issues like data quality, digital engineering and asset handover practices. However, the commentary on information during the interviews suggest that this standard might be applied inconsistently or not used to drive reporting, and data quality improvements.	**40%**
24	Asset Information Systems	Like many organisations, Watercare appears to be review its mix of information systems. Discussions across the interview scripts suggest that at times information is seen as hard to access, and not always trusted. While the systems only play a part in helping solve these issues identifying the like of "super-users" across Watercare's system landscape could support increased accessibility and reliability.	**26%**
25	Data & Information Management	The interviews suggest that important data and information is kept in spreadsheets or isolated systems. This makes it hard to plan across the asset lifecycle or manage finances. The introduction of data quality reporting that also considers the source of that information could help improve quality and encourage the use of source systems. Watercare has developed an Information Management strategy, this appears focused on knowledge or records management (or unstructured information). There is an opportunity to improve this strategy by increasing the definition of the scope to either include or exclude data from this strategy and establishing consistent terminology.	**20%**

#	Subject	Observations & challenges	Score
26	Procurement & Supply Chain Management	Watercare uses a range of procurement tools and practices, including panel strategies, KPI-driven contracts, and structured market engagement, to support value-driven decision-making. While these mechanisms provide a solid foundation, interview feedback suggests that procurement could benefit from a more consistently strategic approach. Contracting strategies and performance oversight are in place, but documentation and alignment with broader business objectives are not always evident. Supply chain segmentation and risk frameworks exist, though their application across all supplier tiers appears limited. (see C6 commentary on page 20 for further discussion)	**40%**
27	Asset Management Leadership	While no evidence was supplied, the interviews suggest that Watercare leadership is engaged, in both Asset Management and Infrastructure delivery. However, it appears that while Governance structures are being developed, they aren't yet applied consistently across the organisation.	**36%**
28	Organisational Structure	Watercare has established organisational structures that undergo review. The evidence suggests that recent changes have added new roles but also created some confusion surrounding roles and responsibilities. The interviews identified that the planning and delivery teams don't always work in sync.	**30%**
29	Organisational Culture	No evidence was supplied on this subject and no direct questions were included in the set of interview questions. However, the interviews suggest that culture can be different for each team or division, some value collaboration, others don't. Silos and inconsistent ways of working appear common. There was no discussion on whether there was a culture of asset management across Watercare.	**30%**
30	Competence Management	Watercare has developed career pathways for various job streams, that enable a clear understanding of the skills required to move up levels or progress to different streams. The interviews suggest that Watercare has identified that there are current skill gaps, especially among project managers. It is not evident whether pathways are complete for the entire organisation, including asset management. There was no evidence provided to show how Watercare manages licenses or ensures that competent and ticketed staff completed appropriate work. The evidence also suggests that training and assessments aren't applied consistently.	**35%**

Risk & Review

#	Subject	Observations & challenges	Score
31	Risk Assessment & Management	Several key artefacts related to risk management exist, including a Risk management policy, associated framework and a Risk appetite statement. Several risk registers and risk appear to be escalated and reported. However, the interviews suggest that the adoption of risk management is inconsistent across projects and portfolios. The 'Resolve' system is in place but is not universally adopted.	**33%**
32	Contingency Planning & Resilience Analysis	Contingency plans exist for critical assets but are not centrally managed. Resilience planning for water transmission has undergone a recent improvement program. There doesn't appear to be any regular testing of contingency management plans to prepare for future events.	**30%**
33	Sustainable Development	Sustainability is a focus area, especially in emissions and energy efficiency. 402020 philosophy had mixed results in balancing cost and quality. Watercare has developed a climate change strategy that considers several areas of the united nations Sustainable Development goals. There are opportunities to improve the link between this strategy, asset management and infrastructure delivery.	**30%**
34	Management of Change	Watercare has established a change management process as part of its Enterprise Delivery Hub that is focused on Capex & Opex delivery. While the evidence supplied focuses on delivery, the interviews suggest that the management of change within Watercare includes formal meetings and documentation across more than just the delivery area..	**30%**
35	Asset Performance & Health Monitoring	Watercare has undertaken criticality assessments, and is considering the risks associated with its underground assets. However, the evidence provided suggests that condition monitoring is not uniformly undertaken or as part of a wider performance framework. There doesn't appear to be any direct link between performance data and strategic planning.	**28%**

#	Subject	Observations & challenges	Score
36	Asset Management System Monitoring	Watercare has implemented several components of an Asset Management System. However, some artefacts remain incomplete or have been left in draft form for an extended period. While Watercare has previously operated other management systems, these are not currently certified or aligned with the existing framework. The evidence indicates that routine monitoring of the Asset Management System does not occur, and there is no clearly defined process for capturing lessons learned or driving continuous improvement	**24%**
37	Management Review, Audit & Assurance	Audit and assurance functions exist under Risk and Assurance, and evidence was supplied to show an internal audit function in place. It is not clear from the evidence provided whether Watercare has established an assurance framework that aligns to the "three lines of defence". Further, it is not clear whether the asset management system is being assessed for achieving the asset management objectives.	**20%**
38	Asset Costing & Valuation	Watercare provided several artefacts relating to cost estimating for projects and programmes, which includes discussion regarding the build up of unit rates. There doesn't appear to be evidence of the Fixed (or financial) asset register being in alignment with the physical asset register. However, while policies for things like valuation and capitalization of assets are in place, whole of life costing is not consistently applied across assets. The interview transcripts suggest that at times inaccurate cost estimation has occurred due to procurement delays.	**28%**
39	Stakeholder Engagement	Watercare has an established format for stakeholder engagement in relation to managing projects effectively. There was no evidence to suggest how Watercare engages with internal or external stakeholders in relation to its Asset Management System and associated artefacts including SAMP, AMPs etc. There does not appear to be an overarching stakeholder engagement strategy which could help improve this.	**25%**