

25 July 2025

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Dear Carly,

BUN60444768 - Delmore Fast-track Application
88 Upper Orewa Road, Upper Orewa 0992

INTRODUCTION

1. Watercare Services Limited (**Watercare**) welcomes the opportunity to provide comments on the Applicant's response to Watercare's letter dated 13 June 2025 regarding the Delmore Fast-track Application (**Application**), made under the Fast-track Approvals Act 2024 (**FTAA**).
2. As previously stated, Watercare has reviewed the Application and opposes the Delmore Project for the reasons set out in its letter dated 13 June 2025.
3. Watercare's further comments as set out in this letter are based on the additional information the Applicant has provided, and in particular the following documents:
 - Assessment of Environmental Effects and Statutory Analysis v2 dated 07/07/25,
 - Appendix 45.1: B&A Delmore Capacity Memo dated 02/07/25,
 - Appendix 45.2: McKenzie Delmore Capacity Memo dated 02/07/25,
 - Appendix 46.1: Apex Wastewater Technical Note dated 02/07/25,
 - Appendix 46.2: Apex Response to AC Wastewater Comments dated 12/07/25,
 - Appendix 53.2: UE Response to AC Economics dated 02/07/25.
4. While legal matters are addressed in the Council family's 4th legal memorandum, some brief comments on the Memorandum of Counsel for the Applicant dated 5 July 2025 are included in this letter where they may assist the Panel in understanding Watercare's operational concerns in response to matters raised.
5. Key issues are addressed under the following headings:
 - Watercare's Planning and Capacity Framework
 - Wastewater Servicing
 - Water Servicing
 - Comments on Applicant's Memorandum of Counsel
 - Comments on Economic Report
 - Conclusion and Conditions.

6. This letter is to be read in conjunction with Watercare's letter dated 13 June 2025 which remains relevant.

WATERCARE'S PLANNING AND CAPACITY FRAMEWORK

7. The Applicant's response adopts – as outlined in Barker & Associates' memo (Appendix 45.1) and McKenzie & Co's response (Appendix 45.2) – a methodology that evaluates infrastructure capacity primarily by examining the number of resource consents already granted for development in the defined Figure 1 area, alongside the Delmore development.
8. This approach does not consider / actively excludes the additional demand that will arise from zone-enabled and sequenced development as identified in statutory and strategic documents such as the Auckland Unitary Plan, the Future Development Strategy (**FDS**), and Auckland Council Growth Scenario AGSv1. Watercare does not support the Applicant's methodology and considers it both flawed and inconsistent with responsible infrastructure management and planning.
9. Watercare addressed its statutory obligations and the way in which its bulk infrastructure programme is planned, funded and sequenced in some detail in its 13 June letter; that material is not repeated. However, it will suffice to say that Watercare has a range of binding statutory obligations, which are not changed by the passage of the FTAA, for example its obligations under ss 57 and 58 of the Local Government (Auckland Council) Act 2009 (including the obligation to act consistently with the relevant aspects of any other plan (including a local board plan) or strategy of the Council to the extent specified in writing by the governing body of the Council).
10. Evaluating infrastructure servicing solely by reference to consented dwellings represents a reactive and narrowly defined approach that risks undermining strategic region-wide planning and the efficient operation of network services. Infrastructure investment and delivery depend on coherent sequencing, reliable forecasting, and alignment with statutory planning instruments. A consent-driven model is misaligned with the way infrastructure must be planned, funded, and delivered over long-term cycles. It cannot substitute for deliberate growth planning guided by infrastructure investment strategies.
11. Watercare's approach is based on a coordinated and forward-looking planning framework, anchored by documents such as the Asset Management Plan, the various long-term servicing strategies, and the facility and network servicing plans. These instruments enable Watercare to meet its legal and operational responsibilities to support urban growth in a predictable, efficient, and sustainable manner. This framework integrates with the FDS, allowing infrastructure delivery to proceed where zoning, sequencing, and investment readiness are aligned.
12. Watercare is conscious that an element of principle 5(a) of the FDS is to be responsive in its planning, and there may be scenarios where unanticipated and / or out-of-sequence development is appropriate. However, that principle expressly requires consideration of (among other matters) the trade-offs and costs that might occur when development occurs out-of-sequence and ahead of existing priorities.
13. A planning and servicing methodology that looks only at resource consents granted without accounting for broader infrastructure obligations:
 - Diverts limited infrastructure capacity away from zoned and sequenced areas that are already identified as priorities under the FDS;

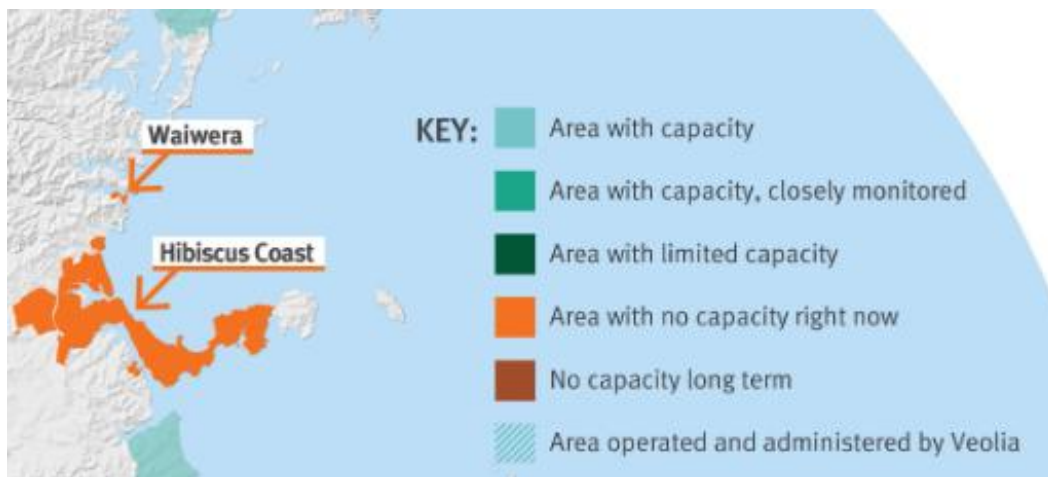
- Places Watercare in a position where there is a real possibility of a refusal of new connections under Watercare's Water Supply and Wastewater Bylaw 2015, creating an avoidable mismatch between regulatory requirements and creating uncertainty and risk for developers;
 - Undermines the credibility of regional infrastructure planning by enabling uncoordinated development that does not align with network investment planning;
 - Particularly for a treatment plant can complicate procurement and financial forecasting by distorting the link between the timing of planned growth and capital project delivery; and
 - May ultimately degrade service levels for existing and future customers if capacity is allocated inefficiently or without regard to system-wide effects.
14. The Barker & Associates memo suggests (at pages 3 and 5) that a conservative approach has been taken. As canvassed above, the approach now advanced by the Applicant is inherently inadequate and lacking in conservatism as it adopts a narrow assessment methodology that excludes e.g. zone-enabled demand.
15. For these reasons, Watercare does not support a methodology based solely on granted consents, and maintains that capacity assessments must account for the full scope of both consented and zone-enabled demand (including for instance infill development – something not accounted for by the Applicant). Watercare's capacity management approach is designed to enable long-term network efficiency and protect the integrity of the water supply and wastewater systems for all Aucklanders.
16. Finally, even though Watercare does not agree that the Applicant's methodology is sound or appropriate, it is incomplete in other respects. For instance, while superlots are acknowledged, as are potential live applications being processed, these are not factored into the Applicant's assessment. Permitted activities have also not been factored into the Applicant's assessment.

Network Capacity Mapping

17. The Applicant places some weight on Watercare's network capacity mapping, suggesting that because the Hibiscus Coast was not marked as water-constrained, servicing must be available (Appendix 45.2, page 3). This interpretation misunderstands the scope and purpose of these maps.
18. Watercare's network capacity mapping offers a broad overview of Watercare's network capacity. The intention is to update the map regularly.¹
19. First, for the sake of clarity, the map included in the McKenzie & Co response, is an earlier 2024 map and not the current network capacity map. The current 2025 mapping removes the distinction between water and wastewater.² An extract from the current map is shown below, with the Hibiscus Coast area identified as an "Area with no capacity right now".

¹ <https://www.watercare.co.nz/builders-and-developers/consultation/network-capacity-in-auckland>

² A brief explanation of the background to this can be found here: <https://www.watercare.co.nz/home/about-us/latest-news-and-media/updated-network-maps-clarify-development-potential-across-auckland>



20. However, the key point to note in relation to the Delmore proposal is that Watercare's network capacity mapping is designed to identify constraints affecting live zoned areas and does **not** extend to Future Urban Zone (**FUZ**) land. As can be seen in the extract above, the Delmore site sits outside the identified Hibiscus Coast area.
21. The maps explicitly exclude FUZ areas from capacity assessments, as these areas are not anticipated for development under current infrastructure planning timeframes. The absence of constraint markings on FUZ land therefore does not indicate available capacity – it simply reflects that such areas fall outside the scope of current network capacity mapping. FUZ areas also fall outside of the area currently served by the water supply or wastewater network, regardless of proximity to any specific component of the water supply or wastewater network.

April 2024 Engagement

22. The McKenzie & Co response, Appendix 45.2 (at page 2), refers to an April 2024 meeting with Watercare:

A meeting was held with Lars Fog (Watercare) to discuss the water and wastewater servicing requirements for the proposed Delmore development.

Regarding water supply, no concerns were raised during the meeting. It was confirmed that a distribution main extends to the site boundary, and that there are no capacity constraints within the existing water network that would impede development at this stage.

However, wastewater capacity was identified as a potential constraint due to known limitations within the Army Bay Wastewater Treatment Plant (WWTP) catchment. In follow-up to this discussion, Watercare provided mean daily flow data for the Army Bay WWTP to assist with further analysis.

23. Mr Fog has reviewed this summary of the April 2024 meeting, and advises as follows:
- Initial advice was given in 2024 in a meeting with the Applicant where high level discussions were had. Mr Fog acknowledges that at that time he did state that as far as he knew there were no water supply prerequisites for this area and that there was sufficient capacity to service their development.
 - However, Mr Fog also advised that the Applicant would have to undertake a lot of work and present the actual figures to Watercare for assessment and an official opinion. Mr Fog suggested that the Applicant submit a Development Consultation application for a detailed review of their proposal.
 - Mr Fog also advised them that Watercare was concerned that their development was not due till 2050+ in accordance with the FDS and that this would be a significant consideration for Watercare

when deciding if there was sufficient capacity in the overall systems to connect their proposed development.

24. Therefore, this advice was given very early on, was high level in nature, and it was clearly stated that further assessment from Watercare would be required. No official commitment, nor anything in writing, was given at this time. Watercare has clearly stated both the wastewater and water supply constraints both in email correspondence from Anna Jennings as appended to Appendix 45.2 of the Applicant's information and Watercare's 13 June letter.

WASTEWATER SERVICING

25. As noted above, the Applicant's approach to evaluating capacity based solely on consented developments excludes zone-enabled growth identified in the Auckland Unitary Plan and sequence growth under the FDS, and is fundamentally flawed for infrastructure and capacity planning purposes.

No Capacity at Army Bay WWTP

26. Watercare reiterates that no spare capacity currently exists within the public wastewater network that would allow for the Delmore development to be serviced.
27. The existing Army Bay Wastewater Treatment Plant (**WWTP**) and parts of the wastewater network in Hibiscus Coast are already at or near capacity. As noted in Watercare's previous letter, while a Stage 1 upgrade is programmed for approximately 2031, that upgrade is required to support zoned and sequenced land in the near-term pipeline. The Delmore development is located in a FUZ area timed for 2050+, and therefore is not included within that capacity planning. The Applicant's assessment that Stage 1 can accommodate the Delmore proposal is incorrect.
28. Watercare's previous letter noted that in addition to Stage 1:

The following bulk wastewater pre-requisites are identified as being required to enable wastewater servicing of the Upper Ōrewa FUA, including the Site:

- Army Bay WWTP Stage 2 Upgrade, currently anticipated to be delivered in line with the FDS timing of 2050+;
- Orewa to Stanmore Wastewater Trunk Network Upgrade, currently anticipated to be completed by 2033.

29. This remains the position.
30. Servicing Delmore before the above upgrades would necessarily displace other planned development or force Watercare to reprioritise infrastructure delivery in a way that contradicts the regional growth strategy. Watercare cannot endorse such an approach. Delmore cannot be connected to the public wastewater network for the foreseeable future without significant negative implications for the system and other planned users.
31. It may be helpful to address McKenzie & Co's response (Appendix 45.2, page 11), which states:

Wastewater servicing is contingent on the commissioning of Stage 1 upgrades at the Army Bay WWTP. Under existing conditions, Stage 1 of Delmore can be accommodated without breaching consented flow limits. Full build-out, including other consented developments in the catchment, remains within the 22,500 m³/day discharge consent limit post-upgrade.

32. The Stage 1 upgrade will increase the capacity of the Army Bay WWTP to 22,500m³/day, which is based on the WWTP's discharge consent conditions. The capacity provided by the Stage 1 Upgrade will be fully utilised by infill growth in live zoned areas and Future Urban Areas planned for release in 2030+ and 2035+ as set out in the FDS. If Delmore connects to the public wastewater network ahead of the Stage 2 upgrade, which will increase capacity to 31,500m³/day, then the Stage 2 upgrade would need to be brought forward (and, as noted, wastewater servicing is also contingent on the Orewa to Stanmore Wastewater Trunk Network Upgrade).
33. Therefore, as noted in Watercare's previous letter, a permanent private wastewater solution is required, if the Application is approved, which does not involve tankering to Watercare facilities. This is addressed further immediately below.

Private Servicing and Tankering

34. Please refer to Watercare's letter dated 13 June 2025 for background information on why Watercare does not support tankering. That information is not repeated.
35. The Applicant proposes a private wastewater treatment and disposal system involving onsite treatment, supported by tankering of treated (and potentially untreated) wastewater. In this latter regard, Apex Water state (Appendix 46.2, page 32):

A list of some potential locations for the receipt of these liquid waste streams include:

WSL Rosedale

WSL Mangere

WSL Warkworth

WSL Omaha Beach

WSL Snell's Beach

WSL Pukekohe

Wainui Golf Course (Variation to the existing Wainui Gold Course consent for discharge of treated wastewater would be required)

Discharge to these locations would need to be confirmed with the facility operator or under commercial agreement.

36. The only wastewater treatment plants equipped with facilities to receive wastewater from tankers are Rosedale and Pukekohe WWTP. However, assuming Watercare would allow access to any additional tankers at these sites is incorrect. A recent request for tankering to Pukekohe WWTP has been declined and Watercare is not planning on allowing additional tankers to Rosedale WWTP. The other sites listed above do not receive discharges from wastewater tankers.
37. For the avoidance of doubt, Watercare confirms that:
- (a) No part of its wastewater infrastructure (including the various sites referenced in the Applicant's response above) will accept discharge from Delmore's tankered effluent; and
 - (b) It will not enter into any commercial arrangement with the Applicant for tankering of waste to any of its facilities.

38. While this applies to treated wastewater and reject, Watercare records for the avoidance of doubt that it would not accept RO waste stream based on the nature (composition and concentration) of the reject in any event (something discussed in Appendix 46.2, page 8).
39. In light of the above, Watercare recommends private servicing **without** tankering if the development is approved.
40. Aside from the Watercare sites, Apex Water mentions the possibility of tankering to Wainui Golf Course. Watercare does not have any specific comment to make in that regard, save to note from Appendix 46.2 that there appears to be some uncertainty in relation to whether Wainui Golf Course is available for this purpose given the need for a consent variation. Watercare encourages the Panel to look at other examples of where such an arrangement has not worked including Whitford.

WATER SUPPLY SERVICING

41. The Applicant suggests that there are no constraints on water servicing, broadly based on the proximity of existing water infrastructure and the absence of explicit constraints on the 2024 Watercare development map.
42. As addressed above, the Applicant's response is based on both:
 - (a) a flawed understanding of capacity assessment and planning; and
 - (b) a misinterpretation of Watercare's network capacity mapping (which excludes FUZ areas).
43. As Watercare's previous letter of 13 June noted:

The existing bulk water supply network is limited in this area and does not have sufficient capacity to support growth in the existing live zoned areas in addition to the Delmore Project. The following bulk water supply pre-requisites are identified as being required to enable servicing of the Upper Ōrewa FUA, including the Site:

- *The Orewa 3 Watermain scheme (transmission watermain, reservoir and pump station) which is currently anticipated to be completed by 2038 and is dependent on the completion of the North Harbour 2 (NH2) watermain;*
- *The NH2 watermain, currently anticipated to be completed by 2034.*

44. This remains the position. Given that connections to the public water supply network will not be available until 2038 at the earliest, the Delmore Project will need to demonstrate a permanent private water supply servicing solution.
45. It may be helpful to address aspects of McKenzie & Co's response, Appendix 45.2.
46. The McKenzie & Co response states (page 4):

The Delmore development sits in the Upper Orewa catchment. Unlike Silverdale West, Weiti, Dairy Flat, and Wainui East—catchments west of SH-1 that will rely on the future Orewa 3 trunk main — Upper Orewa is not flagged for significant water-supply upgrades.

47. As page 35 of Appendix 6 of the FDS makes clear, the key bulk infrastructure projects required to support development readiness (infrastructure prerequisites) is not an exhaustive list and is based on current information and may be subject to change as further strategic planning is developed. Further, the FDS states that the timing of the individual infrastructure prerequisite projects will be included in the FDS Implementation Plan and reviewed annually to ensure they reflect latest information.

48. On the same page, McKenzie & Co's response states:

The Orewa 3 transmission pipeline runs west of SH1 and connects into the Orewa 1 Transmission line, whereas the Delmore connection connects to the Orewa 2 Transmission line. This may explain why the Orewa 3 pipeline is not a precursor to the Upper Orewa area.

The FDS is a non-statutory document under the Local Government (Auckland Council) Act 2009. While it guides sequencing, it is not binding.

49. In response, Watercare notes that the existing transfer capacity within the Orewa 1 and 2 watermain is 25MLD and the current peak day demand in the Hibiscus Coast Area is 17.3MLD. The remaining capacity on a transmission level is therefore 7.7MLD which equates to a conservative Code of Practice available capacity of: 23,333 Population Equivalent (PE) Demand and 7,777 DUEs.

50. Known major developments relying on this remaining capacity are Milldale, Ara Hills and Silverdale West which equate to 26,856 PE or 8,952 DUEs. This demand excludes any infill of the Hibiscus Coast and any live zoned areas of Milldale, Ara Hills and Wainui West. This demand already exceeds the conservative available capacity of 23,333 PE, noting these are peak capacity demands. The Applicant has not used peak demand calculations as set out in Watercare's Code of Practice in their assessment in Appendix 45.2. Watercare is currently producing a memorandum which clearly sets out the capacity constraints and the reliance on the North Harbour No 2 and Orewa 3 watermain projects however, it has not been finalised at the time of writing this response.

51. As to McKenzie & Co's comments concerning the status of the FDS, that has already been addressed in the Council's legal memorandum dated 25 June 2025 (at paragraph 3.93 onwards).

52. McKenzie & Co's response then states:

The North Harbour No. 2 was noted at a further meeting with Watercare, however it is noted that this is a pre-requisite for Redhills & Whenuapai, but also not any of the catchments above. Refer to Figures 4 and 5.

53. North Harbour No. 2 is a prerequisite for the Silverdale-Dairy Flat, Wainui East and Upper Orewa future urban areas timed 2030+ and later. This is because the Orewa 3 Project (Consisting of a Pump Station, Reservoir and 17km of Watermain) cannot be undertaken until North Harbour No. 2 is completed. The North Harbour No. 2 watermain will provide additional capacity to the Albany Reservoirs, freeing up Capacity in the North Harbour 1 / Albany Watermain. The freed up capacity will allow additional water to be supplied to the Hibiscus Coast Area along the Orewa 3 project alignment over and above the supply volume transferred through the existing Orewa 1 and 2 Watermains enabling future growth and provide additional resilience to the area.

COMMENTS ON THE APPLICANT'S MEMORANDUM OF COUNSEL

54. While Watercare defers to the Council family's 4th legal memorandum on legal matters, several practical comments on the Applicant's Memorandum of Counsel are provided to assist the Panel's understanding:

(a) Paragraph 5.9(1): The summary provided in relation to water servicing relies on the capacity analysis by McKenzie & Co, which as addressed above is fundamentally flawed in its approach. As noted above, there is not sufficient capacity to service the Delmore proposal for water supply.

(b) Paragraph 5.9(2):

- i. Again, the summary provided in this paragraph in relation to wastewater is based on a flawed analysis by McKenzie & Co. As noted above, Watercare is not able to service Delmore for wastewater.
 - ii. To the extent that it is being suggested that Watercare must treat FUZ land as "live zoned" for its planning and servicing purposes, Watercare does not agree that this represents a sound approach for reasons canvassed above.
- (c) Paragraphs 6.32 to 6.44:
- i. Aspects of this discussion (paragraph 6.36) rely on McKenzie & Co's capacity analysis, which Watercare considers to be flawed.
 - ii. Counsel for the Council family will address the aspects of this section related to the Bylaw and Watercare's power to refuse connections in their 4th legal memorandum.
 - iii. It will suffice to emphasise that Watercare's position is not that a final decision has been made to refuse service, but rather that it is responsibly signalling the real possibility that a connection cannot be approved for the reasons canvassed in this and Watercare's previous letter. This is consistent with prudent utility management and the need to provide transparency to the Panel as consenting authority – and to the Applicant.

COMMENTS ON ECONOMIC REPORT

- 55. Adam Thompson's Economic Report for the Applicant provides his analysis of the rate of cost recovery of the Watercare investment in the Hibiscus Coast with and without the development. Mr Thompson suggests (at page 10) that there will be a \$123m cost saving to Watercare.
- 56. In short, Watercare does not agree with the Applicant that Delmore will result in a cost saving to it from a potentially greater rate of collection of Infrastructure Growth Charges (IGC) in the Hibiscus Coast. Mr Thompson's assumptions have simplified the complexity of the IGC contribution. As outlined throughout our response, Watercare did not anticipate servicing Delmore until 2050. Mr Thompson's oversimplified assessment does not take into account the costs in context of our overall network delivery programme.
- 57. Watercare does not charge development contributions, which often operate on the regional or local catchment basis on which Mr Thompson has undertaken his analysis. The equivalent charge, the IGC, is a contractual charge levied at the time demand is placed on our networks, normally in conjunction with a building consent application at an individual site level. This charge is calculated on a much broader basis.
- 58. Watercare operates the metropolitan water and wastewater system, as well as numerous non-metropolitan networks. The metropolitan system is connected by a single water network from Pukekohe in the south to Whangaparāoa in the north. The same area is serviced by four WWTP's; Pukekohe, Māngere, Rosedale and Army Bay. The metropolitan area is considered a homogenous system when calculating the IGC.
- 59. This means that costs associated with the Army Bay WWTP are, at times, subsidised by IGC revenue recovered from areas (Pukekohe, Māngere or Rosedale) where the present marginal costs of additional dwellings are less than revenue gathered. In this way Watercare is able to keep *"...overall costs of water supply and wastewater services to its customers (collectively) at the minimum levels consistent with the effective conduct of its undertakings and the maintenance of the long-term integrity of its assets..."* as required by legislation.

60. If granted, the fast-track proposal is likely to change the spatial distribution of growth from central to northern Auckland, requiring a short-term redistribution of expenditure, as discussed in our evidence, increasing short-term costs as financing requirements change. This assumes all other work programmes remain unaffected.

CONCLUSION AND CONDITIONS

61. As outlined in Watercare's letter dated 13 June 2025, Watercare's assessment confirms that the earliest connections could be provided without precluding development of existing live zoned areas and sequenced growth would be from 2050+. On this basis, even if the Application is granted, Watercare *may* refuse water and wastewater connections for the Delmore Project in accordance with its policies and under the Water Supply and Wastewater Network Bylaw 2015.
62. Any interim private servicing scheme relying on a future connection to the public network some 25 years in the future is not supported by Watercare given the complexity, unknown future costs, and risks associated with the provision of future connections. If the Application is granted notwithstanding Watercare's opposition, Watercare recommends the Delmore Project includes conditions requiring a permanent private water supply and wastewater servicing solution. The Application should not be approved on an assumption of public capacity being available.
63. Watercare's detailed proposed amendments to consent conditions are set out in the Amendments to Proposed Conditions section of the 13 June 2025 letter, which removes references to future public network connections and requires permanent private servicing solutions. None of Watercare's suggestions have been accepted in the updated conditions. Watercare emphasises that it will not accept any private infrastructure / assets for vesting.
64. Finally, any further amendments to the Application relating to water and wastewater servicing will require further review from Watercare.

Yours faithfully,



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