

Re: Item No. 14.1



2024/25 in Review

Accountability Report
December 2, 2025

Kenda MacKenzie, P.Eng.
General Manager/CEO

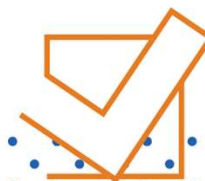
Accountability Report

Per Administrative Order 2018 – 001 ADM

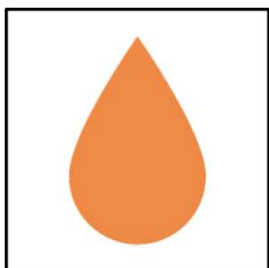
Purpose

2. The purpose of this Administrative Order is to ensure the efficient operation of the Commission by providing an accountability framework for the conduct of its business.

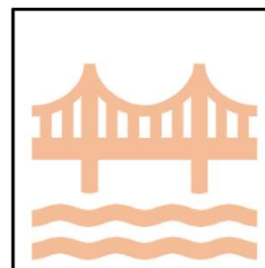
The Administrative Order outlines requirements of Halifax Water to present our Long-Term Strategic Plan, Annual Business Plan, **Accountability Report** with an overview of the previous years activities, corporation's' performance and audited financial statements



The Purpose & Vision of Halifax Water



Halifax Water's purpose is to supply and safeguard sustainable, high-quality water services.



The vision of how this will be accomplished is threefold:

We will provide our customers with high quality water, wastewater and stormwater service.

Through the adoption of best practices, we will place the highest value on public health, customer service, fiscal responsibility, workplace safety and security, asset management, regulatory compliance and stewardship of the environment.

We will fully engage employees through teamwork, innovation and professional development.

Four Pillars



People & Culture

We attract and retain high-quality team members in an inclusive and respectful work environment. We are committed to our customers and the communities where we live and work, determined to provide a high level of service and sustainable future through on-going engagement.



Health, Safety, Environment & Social Responsibility

The health and safety of our employees, contractors, and the public is our top priority. Our safety-first culture, and our respect for the environment, enables us to provide healthy, reliable and sustainable services to our customers.



Financial & Regulatory Accountability

It is fundamental to ensure that Halifax Water has capacity to fund existing and future infrastructure. We prudently manage assets and operate our business by balancing value and customer service.



Operational Excellence

We are committed to service, reliability, and quality for our customers. Focused on safety and efficiently building, operating, and maintaining our critical infrastructure, we ensure a more sustainable community.

Corporate Balanced Scorecard



In 2001, the Halifax Water Board approved a Corporate Balanced Scorecard (CBS).



CBS ensures all employees focused on strategic outcomes.



Organizational indicators are used to measure performance.



Each year Halifax Water will review and update and adjust the measures, if required.

Organizational Indicators



Organizational Indicators are the measures of our performance within each of the Four Pillars and provide the definition and detail to best understand them. The Organizational Indicators are organizational, not individual measures.



Organizational Indicators provide target goal for our performance to be established and tracked.



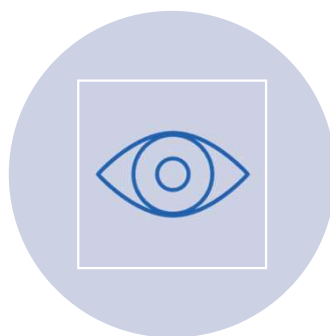
Organizational Indicators are set by the Board.

For this fiscal year, we achieved 18 of 33 targets and a final score of 7.0 out of the maximum attainable score of 12.0 on key Indicators.

Trust, Transparency, and Value



BUILDING AND MAINTAINING
TRUST



OPEN AND TRANSPARENT
DECISION MAKING



DEMONSTRATING THE
INHERENT VALUE OF WATER
SERVICES

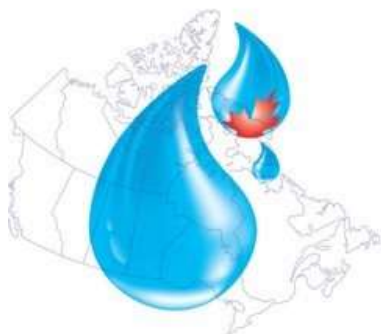
Operational Challenges and Responses

 Health Canada Santé Canada
Your health and safety... our priority. Votre santé et votre sécurité... notre priorité.

Guidelines for Canadian Drinking Water Quality

Guideline Technical Document

Fluoride



Compliance and Asset Renewal



Throughout 2024/25, we fulfilled all obligations under the Halifax Regional Water Commission Act and the Public Utilities Act.



We achieved 93.7% compliance with Nova Scotia Environment and Climate Change requirements at wastewater treatment facilities



Achieved 100% compliance with our Water Safety Plan.

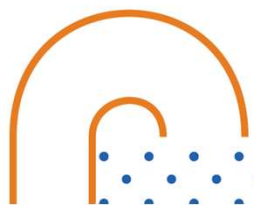


As we concentrate on asset renewal, system compliance, and supporting community growth, we are advancing the next update to Halifax Water's Integrated Resource Plan (IRP), which outlines the anticipated infrastructure needs for the coming 30 years.

Employee Engagement and Initiatives



Community Engagement and Support



Environmental and Climate Change Programs



Cyber Security



- The Municipal Auditor General (MAG) made 47 recommendations in its 2023 review of the Halifax Water Cyber Security Program.
- As of March 2025, the MAG reported that Halifax Water has completed 38% of these recommendations, while the rest are in progress.
- Cybersecurity in an Operational Technology environment is complex and must be managed carefully.
- Prioritized based on risk, with higher-risk factors receiving more attention.
- Continued focus on maintaining service, prudent infrastructure operation, and employee safety.



Capital Investment 2024/25

Halifax Water Projects

- Newton Avenue
- Beaver Bank Reservoir
- Bayers Road
- Quinpool Road
- Silver Sands
- Akerley Boulevard
- Biosolids Processing Facility Expansion
- Cogswell District Energy System (DES)

Integrated Projects: Aligned with HRM

- Cathedral Lane Phase 1 and 2
- Raymond Street & Walker Street
- Bowser Avenue & Avery Avenue

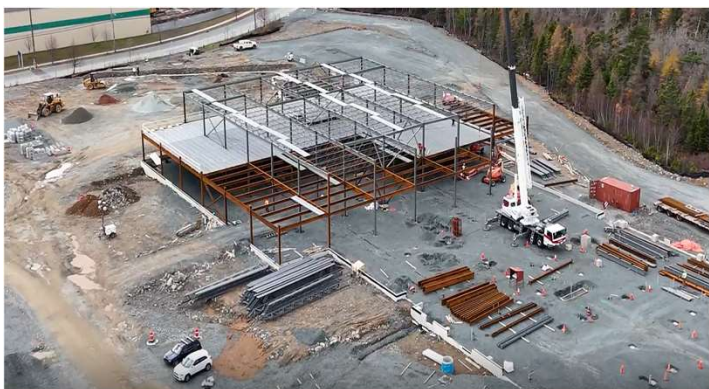


New Burnside Operations Centre

- Will replace four existing depots reaching the end of their useful lives and must be replaced:
 1. **Park Ave - Central Region Water Operations:** The Building needs significant upgrades and would need to be expanded, but space is not available.
 2. **Mann Street -** Sold to NSTPW in April 2021 to make way for Highway 107.
 3. **Neptune Crescent - Eastern Region Wastewater Operations:** Needed upgrades and repairs due to frost heaves.
 4. **Bissett Road - Eastern Region Water Operations:** Needed significant upgrades and expansion, but space is not available.
- By combining these facilities into one, we can achieve greater operational efficiencies and provide long-term cost savings for our customers.



New Burnside Operations Centre

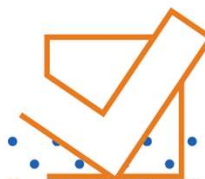


- **Budget:** NSRAB Approved funding of \$75 Million
- **May 2023** - Bird-Chandos Joint Venture was announced as the successful proponent for the facility's first phase (design validation).
- **February 2025** – The contract was finalized with Bird-Chandos Joint Venture and the other IPD Partners to execute the project's detailed design, procurement, and construction phases.



What's IPD?

- The Integrated Project Delivery (IPD) approach encourages both parties to work collaboratively to identify and implement cost-saving measures, ensuring that the project remains within budget while maintaining high standards of quality and efficiency.
- **Spring/Summer 2027** – Expected Completion



Key Statistics for 2024/25



Employee Turnover Rate: The employee turnover rate for fiscal 2024/25 was 9.32%, reflecting a highly competitive job market and an aging workforce.



Employee Engagement Survey: In 2024, approximately 65% of employees were surveyed, achieving an overall Engagement Index score of 71.



Compliance Rates: We achieved 93.7% compliance with Nova Scotia Environment and Climate Change requirements at wastewater treatment facilities and 100% compliance with our Water Safety Plan.



Lead Service Line Replacements: We replaced 79 public and 146 private lead service lines as part of our Get the Lead Out program in 2025/26 working to our goal of no lead service lines by 2038.



Water Quality Testing: Over 3,300 tests are conducted yearly for Total Coliform bacteria and E. coli, with 99.9% of samples being free of bacteria. There are over 150,000 tests conducted on water from source to tap each year.



Customer Care Performance: The call center experienced an 11.5% increase in call volumes in 2024/25, with significant increases of 75% and 93% in December and January, respectively.

Looking Ahead

- The Five-Year Business Plan was finalized
- Annual Business Plan was approved
- Finalizing our General Rate Application
- Employee Counsels

- IRP – 2027

- Launching project delivery programs for WSEP / MCWWTF



Halifax Water 2030 - Empowering People, Transforming Services

**5-year
Strategy**

Annual Business Plans

2025/26

2026/27

2027/28

2028/29

2029/30

**5-year
Objectives**

Defining Goals and Success

Strategic
Goals

5-year
Strategic
Initiatives

Annual
Goals

Rationale

Impact

Timing

Business Plan on a Page



People

Objective

Create a thriving and inclusive workplace culture by fostering strong leadership, collaborative talent management, and enhancing every step of our employees' career journey together over the next five years.

5-year Strategic Initiatives

- Build a psychologically safe and engaged workplace culture that attracts, develops and retains talent.
- Implement an effective leadership framework that defines and guides all employees at Halifax Water.
- Execute the talent management strategy through collaborative partnerships with organizational leaders.
- Enhance the employee experience by improving engagement throughout an employee's career.

Annual Business Goals for 2025/26

- Launch the 3-year Psychological Health and Safety strategic plan.
- Renew the Diversity, Equity & Inclusion plan.
- Develop a strategic recruitment and attraction plan.
- Conceptualize an enhanced training and development plan.
- Develop and launch the Leadership Accountability framework.
- Create a communication and change plan for leadership behaviours.
- Define leadership objectives and expectations.
- Launch the succession planning framework for critical skills/roles.
- Integrate succession planning discussions.
- Consider high-potential talent pathways
- Launch the talent assessment process.
- Incorporate the annual talent review process.
- Increase Employee Survey participation rate.
- Establish Employee Engagement Council and incorporate feedback into an action plan.



Environment, Health, Safety & Social Responsibility

Objective

To establish disciplined processes and effectively manage risks to create a safer, more resilient future for our water resources and communities.

5-year Strategic Initiatives

- Strengthen our safety policies and procedures to ensure a safe working environment for all employees.
- Implement an emergency management program that ensures business continuity to safeguard water supply, public health and the environment.
- Launch sustainability programs that recognize climate impacts and address the long-term viability of water resources, infrastructure, and environmental impacts.
- Increase customer compliance through education and enforcement of the appropriate use of water.

Annual Business Goals for 2025/26

- Review and develop a gap closure plan for the Occupational Health and Safety Manual.
- Complete Fire Safety Plans for all facilities.
- Develop the Halifax Water Security Plan framework.
- Operationalize the first iteration of the comprehensive electrical safety program.
- Improve incident reporting and corrective action processes.
- Develop an action plan to reduce at-fault motor vehicle accidents.
- Complete a three-phase emergency management project, including current state, strategic plan, and action plan.
- Establish a training and emergency response exercise plan.
- Develop an action plan for determining the safe yield of surface water supplies.
- Develop a multi-year strategy to reduce water loss.
- Increase customer education and awareness.
- Conduct engagement with interested parties on the New Service Account Program.
- Define software tools for pollution prevention compliance.
- Scan customer programs to reduce private side inflow and infiltration.



Financial & Regulatory Compliance

Objective

To enhance our internal processes for regulatory oversight, financial management and corporate Governance.

5-year Strategic Initiatives

- Deliver the next Integrated Resource Plan (IRP) that will inform the organization's next five-year strategy, future annual plans, and the long-term financial framework for operating and capital requirements.
- Implement an enhanced project management framework to effectively plan and deliver projects.
- Adopt more effective internal processes and tools to support regulatory oversight.
- Adapt organizational processes to enhance financial management, accountability and corporate governance.

Annual Business Goals for 2025/26

- Obtain regulatory approval and launch the Integrated Resource Plan update project.
- Develop engagement and communications plans for IRP.
- Confirm population projections with HRM for IRP.
- Complete the first phase of the Engineering Processes Project.
- Establish organizational oversight for capital projects.
- Identify and create a framework to address regulatory process gaps (NSUARB).
- Regularly update infrastructure projects in the financial model.
- Seek regulatory approval for rates to fund requirements.
- Support the Regional Development Charges application.
- Review rate impact and options for affordability.
- Complete energy center concept design and rate plan, supporting District Energy.
- Confirm key financial controls are effective.
- Review corporate governance with Halifax Water Board.



Operational Effectiveness

Objective

Improve customer experience and build trust and confidence by focusing on service reliability.

5-year Strategic Initiatives

- Make prudent investments to improve system resiliency and reliability.
- Create a disciplined culture of accountability, continuous improvement, and risk mitigation.
- Improve and support our relationships with customers.
- Enhance our organizational decision-making processes to deliver more financially prudent and effective services.

Annual Business Goals for 2025/26

- Formalize water supply resilience plan.
- Develop a plan to address water quality, quantity, and system redundancy.
- Develop a project delivery strategy for the Water Supply Enhancement Program.
- Seek approval for Biosolids Processing Facility investment.
- Establish an Integrated Management System (IMS) Committee and develop an IMS roadmap.
- Develop a structure to align all risks into a single register.
- Implement new bill design and communicate benefits to customers.
- Promote and estimate savings from increasing online services.
- Map and improve the stormwater inquiries and appeals process.
- Implement a process to address stormwater inquiries backlog.
- Finalize Integrated Stormwater Management Policy with HRM.
- Review and update document management strategy.
- Review data analytics program to focus on key priorities.
- Establish a strategy and plan for data analytics.
- Review operational structure for Operations and prepare implementation plan.
- Begin implementing the plan before the Burnside Operations Centre launch.
- Develop and align a strategy with municipal development impacts.

The background of the slide is a close-up, high-resolution image of blue water with gentle ripples and reflections, creating a textured, shimmering effect. The color is a deep, consistent blue.

Conclusion

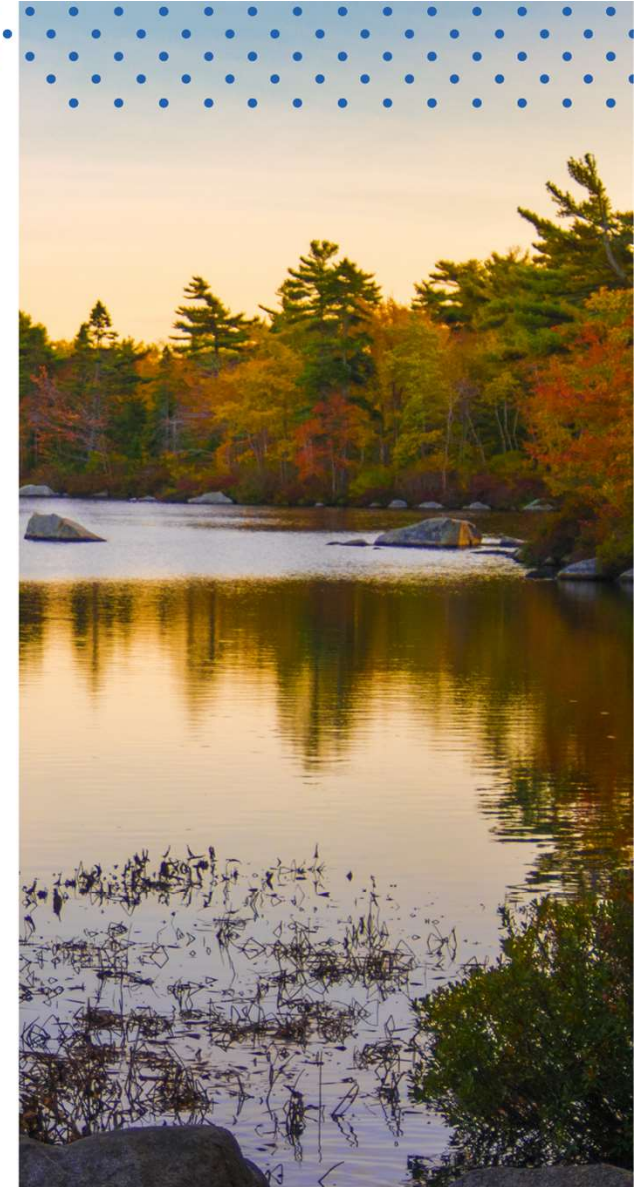


Halifax Water Financial Results

Year-end March 31, 2025

Accountability Report
December 2, 2025

Louis de Montbrun, CPA, CA
Director, Corporate Services & CFO



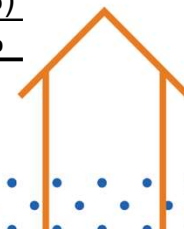
Year End Results 2024-25: Highlights

- Financial Statement received a clean audit opinion.
- Comprehensive earnings of \$6.0M based on International Financial Reporting Standards (IFRS) and loss of \$15.6M based on NSRAB Water Utility Accounting and Reporting Handbook (NSRAB Handbook).
 - Financial Statements and notes are based on IFRS.
 - Schedules A to E of audited statements are based on NSRAB Handbook (for rate setting).
- No major changes to financial statements or reporting this year.



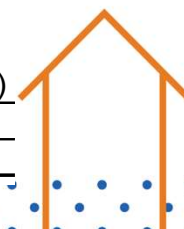
Statement of Financial Position: Assets

March 31 (in thousands)	2025	2024	From Prior Year	
			\$ Change	% Change
Assets				
Current				
Cash and cash equivalents	\$ 73,126	\$ 44,021	\$ 29,105	66.1%
Receivables				
Customer charges and contractual	21,851	21,546	305	1.4%
Unbilled service revenues	22,019	20,959	1,060	5.1%
Inventory	2,530	2,364	166	7.0%
Prepays	2,178	1,735	443	25.5%
	121,704	90,625	31,079	34.3%
Employee benefit surplus	1,053	-	1,053	0.0%
Intangible assets	42,855	35,989	6,866	19.1%
Capital work in progress	115,627	114,374	1,253	1.1%
Utility plant in service	1,345,901	1,287,511	58,390	4.5%
Total assets	1,627,140	1,528,499	98,641	6.5%
Regulatory deferral account	1,852	2,044	(192)	(9.4%)
Total assets and regulatory deferral account	\$ 1,628,992	\$ 1,530,543	\$ 98,449	6.4%



Statement of Financial Position: Liabilities

March 31 (in thousands)	2025	2024	From Prior Year \$ Change	% Change
Liabilities				
Current				
Payables and accruals				
Trade	35,896	23,393	12,503	53.4%
Non-trade	6,430	5,579	851	15.3%
Interest on long term debt	4,061	3,062	999	32.6%
Halifax Regional Municipality	4,459	5,047	(588)	11.7%
Contractor and customer deposits	1,447	1,095	352	32.1%
Current portion of deferred contributed capital	19,249	19,260	(11)	(0.1%)
Current portion of long term debt	32,881	39,832	(6,951)	(17.5%)
Unearned revenue	442	157	285	181.5%
	104,865	97,425	7,440	7.6%
Deferred contributed capital	951,883	928,048	23,835	2.6%
Long term debt	260,129	196,622	63,507	32.3%
Employee benefit obligation	-	2,353	(2,353)	(100.0%)
Total liabilities	1,316,877	1,224,448	92,429	7.5%
Equity				
Accumulated other comprehensive loss	66,923	60,396	6,527	10.8%
Accumulated surplus	245,192	245,699	(507)	(0.2%)
Total equity	312,115	306,095	6,020	2.0%
Total liabilities and equity	\$ 1,628,992	\$ 1,530,543	\$ 98,449	6.4%



Summarized Comprehensive Earnings

	ACTUAL YEAR TO DATE		From Prior Year	
	THIS YEAR '000	LAST YEAR '000	\$ Change	% Change
Operating revenues	174,223	171,979	2,244	1.30%
Operating expenditures	177,897	165,904	11,993	7.23%
Earnings (loss) from operations before financial and other revenues and expenditures	(3,674)	6,075	(9,749)	(160.48%)
Financial and other revenues	20,100	19,897	203	1.02%
Financial and other expenditures	16,741	14,322	2,419	16.89%
Earnings for the year before other comprehensive earnings	\$ (315)	\$ 11,650	\$ (11,965)	(102.70%)
Regulatory deferral account depreciation	192	192	0	0.00%
	(507)	11,458	(11,965)	(104.42%)
Other comprehensive earnings	(6,527)	(8,745)	2,218	(25.36%)
Total comprehensive earnings for the year	\$ 6,020	\$ 20,203	\$ (14,183)	(70.20%)



IFRS vs NSRAB Net Income: Reconciliation

Reconcile IFRS to NSRAB		
	2024/25	2023/24
	'000	'000
IFRS comprehensive earnings	\$ 6,020	\$ 20,203
Add non-cash pension expense	3,107	3,012
Subtract debt principal payments	(21,201)	(22,604)
Add depreciation expense on contri	19,122	18,997
Subtract amortization of contributed	(19,122)	(18,997)
Add various depreciation adjustmen	2,953	755
Subtract other comprehensive incor	(6,527)	(8,745)
NSRAB Loss	\$ (15,648)	\$ (7,379)

- Operating revenues are the same.
- Accrued pension is not an expense for NSUARB.
- Principal payments on long term debt are an expense for NSUARB.
- Depreciation expense on contributed assets is not an expense for NSUARB (except for 25% on SW assets), offset by the removal of the amortization of contributed capital.
- Various depreciation adjustments.



NSRAB Handbook Results: Summarized

Summarized Statement of Earnings

	Budget	Actual	Actual	From Prior Year		Actual to Budget	
	2024/25	2024/25	2023/24	\$ Change	% Change	\$ Change	% Change
	'000	'000	'000	\$ Change	% Change	\$ Change	% Change
Operating revenues	\$ 172,059	\$ 174,223	\$ 171,979	\$ 2,244	1.3%	\$ 2,164	1.3%
Operating expenditures	150,859	152,907	143,324	9,583	6.7%	2,048	1.4%
Earnings from operations before financial and other revenues and expenditures	21,200	21,316	28,655	(7,339)	(25.6%)	116	0.5%
Financial and other revenues	998	978	900	78	8.7%	(20)	(2.0%)
Financial and other expenditures	40,905	37,942	36,934	1,008	2.7%	(2,963)	(7.2%)
Loss for the year	\$ (18,707)	\$ (15,648)	\$ (7,379)	\$ (8,269)	112.1%	\$ 3,059	(16.4%)



NSRAB Handbook Results

Operating Results by Service								
	Budget	Actual	Actual	From Prior Year		Actual to Budget		
	2024/25	2024/25	2023/24	\$ Change	% Change	\$ Change	% Change	
	'000	'000	'000					
Water	\$ (9,233)	\$ (9,622)	\$ (5,960)	\$ (3,662)	61.4%	\$ (389)	4.2%	
Wastewater	(6,998)	(3,312)	(88)	(3,224)	3663.6%	3,686	(52.7%)	
Stormwater	(2,476)	(2,714)	(1,331)	(1,383)	103.9%	(238)	9.6%	
Earnings (loss) for the year	\$ (18,707)	\$ (15,648)	\$ (7,379)	\$ (8,269)	112.1%	\$ 3,059	(16.4%)	



NSRAB Handbook Results

Operating Results by Activity							
	Budget	Actual	Actual	From Prior Year		Actual to Budget	
	2024/25	2024/25	2023/24	\$ Change	% Change	\$ Change	% Change
	'000	'000	'000				
Regulated activities	\$ (19,218)	\$ (16,398)	\$ (7,810)	\$ (8,588)	110.0%	\$ 2,820	(14.7%)
Unregulated activities	511	750	431	319	74.0%	240	46.9%
Loss for the year	\$ (18,707)	\$ (15,648)	\$ (7,379)	\$ (8,269)	112.1%	\$ 3,060	(16.4%)



An aerial photograph of a city, likely New York City, showing a wide river (the Hudson River) and a suspension bridge (the George Washington Bridge). The city buildings and streets are visible on both sides of the river. The entire image is overlaid with a semi-transparent blue filter. The text "Questions or Comments?" is centered in white, bold, italicized font.

Questions or Comments?