

Meeting of IAWAI – Flowing Waters Board of Directors**Thursday 28 August 2025, 9.30am**

Item No	Item	Lead	Purpose	Format
Preliminary Business				
1	Welcome and Introductions	Chair	Note	Verbal
2	Apologies	Chair	Note	Verbal
3	Declarations of Interest	Chair	Note	Verbal
4	Confirmation of Minutes	Chair	Approve	Attached
Standing Items				
5	Public Forum	Chair	Note	Verbal
6	Chair's Report	Chair	Note	Attached
Establishment Programme				
7	Establishment Programme Report	Peter Winder	Note	Attached
IAWAI Projects				
8	Water Services Strategy	Andrew Parsons	Note	Attached
9	Strategic Investment Portfolio	Jackie Colliar	Note	Attached
10	Water network (water metering and management service)	Andrew Parsons	Approve	Attached
10a	Resolution to Exclude the Public	Chair	Approve	Attached

Public Excluded

Item No	Item	Lead	Purpose	Format
10b	Water network (water metering and management service) - First Stage Investment Case	Andrew Parsons	Note	Attached
11	Development Agreement Negotiations – Te Kowhai	Andrew Parsons	Approve	Attached

IAWAI – Flowing Waters, Board Meeting

[UNCONFIRMED] OPEN MINUTES

25 July 2025, 1.00pm

Minutes of a meeting of the IAWAI – Flowing Waters, Board held in Committee Room 1, Municipal Building, Garden Place, Hamilton on Friday 25 July 2025 at 1.00pm

PRESENT

Chairperson Kevin Lavery
Members Dave Chambers
 Tim Manukau

2. Apologies

None

3. Declarations of Interest

None

4. Public Forum:

Margaret Evans: spoke of the historic occasion that was the first IAWAI Board meeting. Reminded of the extensive thinking, learnings, and innovations from around the world that exist when it comes to delivery of water services. Expressed a view that the Board was inheriting a 20-year-old plan. Challenged the Board to think innovatively, be curious, and do something different as it builds its plan.

Mayor Jacqui Church: on behalf of herself and Mayor Paula Southgate who sent her apologies, noted the task at hand, the opportunities and challenges the Board will need to grapple with. Recalled the importance of working collaboratively as we continue on the journey. Councils have IAWAI's back. Expressed confidence that the Board can deliver what has been set out by shareholding councils. Acknowledged the poowhiri from the morning and the historic occasion that this was.'

5. Chairs report

Kevin Lavery provided an update on the work of the Board. Some initial induction meetings ahead of today's meeting to come up to speed with key issues.

Good work had been done to get here – good alignment between councils. But go live is not far away, and a huge amount of work to be done. Regular Board meetings to work through key decisions.

Plans to get out to meet front line staff. IAWAI will success with good and talented staff. Vital we retain talent.

Noted that the Water Services Delivery Plan had now been approved by the Department of Internal Affairs, and the Minister of Local Government, Hon Simon Watts, had congratulated the councils as the first multi-council CCO set up.

6. Code of Conduct

Kevin Lavery and Natasha Yarrall presented the draft code of conduct. Noted that it is was short but reflects key behaviours expected. Represents a starting point. It is expected that the Code will be updated and strengthened as IAWAI establishes its own culture and values.

Staff seconded to IAWAI from Hamilton City Council and Waikato District Council will continue to be expected to adhere to their parent company codes of conduct, attached to their existing employment agreements – until staff are employed by IAWAI.

Dave Chambers expressed the view that he would eventually like to see everyone covered under the code, including employees, suppliers, and contractors.

Resolved

that the Board:

- a. Adopts the draft Code of Conduct.
- b. Notes that further changes are expected following work on IAWAI's culture and values.

7. Board Meeting Schedule

Draft meeting scheduled presented. Noted that the meeting was in general the third Thursday of each month to align with financial reporting. Any changed will be advised in advance. Meeting schedule will be publicly available as is required. This meeting was being recorded, future meetings should be live streamed.

Resolved

that the Board:

- a. Approves the proposed schedule of Board meetings for the 2025/26 financial year.
- b. Notes that dates may be adjusted as required to accommodate emerging priorities or availability.

8. Shareholders' Agreement, Constitution and Statement of Expectations

Discussed that shareholder councils have adopted the Statement of Expectations, Shareholders' Agreement and Constitution. Outlined key aspects of each of these documents – including the annual review cycle, reserved matters for the Council to make decisions on, and matters the Council needed to seek Board approval of in the establishment year.

Dave Chambers commented on language used around fairness of charging in the Statement of Expectations, and affordability ratio in Water Services Delivery Plan. Cost per connection would be a focus of the Board.

Resolved

that the Board:

- a. Notes that Hamilton City Council and Waikato District Council have adopted a Shareholders' Agreement, Statement of Expectations and Constitution as key governing documents for IAWAI – Flowing Waters.
- b. Delegates the Executive Chair authority to sign the Shareholders' Agreement on behalf of IAWAI – Flowing Waters.

9. Submission of Water Services Delivery Plan

Peter Winder explained WSDP is a one-off, transitional requirement under the Local Government (Water Services Preliminary Arrangements) Act 2024. HCC/WDC plan now approved by the Department of Internal Affairs.

The Plan demonstrates how IAWAI can meet the Government's requirements, including sufficient investment, sufficient revenue and sufficient debt to respond to the region's growth and renewal needs, manage water quality in line with legislative requirements and ensure resilient services for communities.

Plan does not attempt to optimise the capital programme – this is something the Board can look at.

Kevin Lavery noted the challenge that will be delivering the large capital programme forecast – and the change in charging over the five-year period. Work to be done on finding possible efficiencies, and phasing of the capital programme.

Resolved

that the Board:

- a. Notes that a Water Services Delivery Plan has been submitted to the Department of Internal Affairs for approval.

10. Relationship Agreement

Peter Winder noted the Relationship Agreement has been drafted and endorsed by the Chief Executives of Hamilton City Council and Waikato District Council to reflect what is intended over the establishment period.

The agreement sets out that establishment of the IAWAI is the highest priority for both councils. It explains that every effort should be invested in ensuring that the required work is delivered to meet these expectations. Costs will be debt funded by Hamilton City Council and transferred to IAWAI from 1 July 2026.

A formal agreement to deliver shared services from 1 July 2026 is being developed. Further discussions with the Board will be held in due course.

Resolved

that the Board:

- a. Delegates the Executive Chair authority to sign the **Relationship Agreement: YEAR 0 - Memorandum of Intent**, outlining the delivery of shared services between IAWAI, Hamilton City Council and Waikato District Council from 1 July 2025 – 1 July 2026.
- b. Notes that dates may be adjusted as required to accommodate emerging priorities or availability.

11. Financial Delegations, and Decision-Making Delegations

Based on Hamilton City Council Financial Delegation Policy and decision making delegated within councils. Includes approved delegations in relation to transferred projects relating to IAWAI Flowing Waters (HCC – 26/6/25; WDC 30/6/25 resolutions).

Resolved

that the Board:

- a. Approves the IAWAI Financial Delegation to Officers Policy for 1 July 2025 to 30 June 2026.
- b. Approves the IAWAI Delegation of Authority to Position Policy for 1 July 2025 to 30 June 2026.

12. Media Policy

Resolved

that the Board:

- a. Approves the draft Media Policy for IAWAI – Flowing Waters, subject to a clarification that the policy applies to the Board and all staff.

The meeting was declared closed at 2.30pm

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Executive Chair's Report

Prepared and recommended by Kevin Lavery

"If you want to go fast, go alone. If you want to go far, go together." South African Proverb.

This proverb highlights the benefits of collaboration and a long-term approach. You might make speedier progress in the short term by working alone, but working together can take you further.

Water is a long-term business and many of the assets have a lives of 50 – 100 years. This means, what we do today impacts future generations.

Setting up IAWAI over the next six months will set the tone for the next decade. So, it is vital that we get off on the right foot.

As I previously noted, we are fortunate that shareholder Councils unanimously supported the decision to work together. We are lucky to have Waikato Tainui as a strategic partner, a highly professional and strong advocate of a long-term, sustainable approach to water management. Council staff have prepared well for the establishment of IAWAI. This provides a platform we can build on.

Nevertheless, it is our duty as a Board to complete our own due diligence of where we are and what needs to be done to achieve a safe transition to the new arrangements on 1 July 2026. As a group of three organisations are we heading in the right direction? Is there anything missing in the programme? Are there any areas where we need to do things differently? We will complete this due diligence over the next two months, discuss the findings with the Councils and make any necessary changes as a result.

Our current focus is on 6 issues:

- The overriding objective is a successful, smooth transition to go live. To this end, the Board are prioritising the work that is required for 1 July 2026 and consciously pausing other work programmes.
- The Water Services Strategy. We were delighted to become the first multi-council Water CCO to have its water plan signed off by the Secretary of Local Government. However, that plan was a point in time and reflection of Council Long Term Plans. Events have moved on with new pressures emerging and new opportunities available. Our water services strategy will set the pricing for the next time period. We need to strike the right balance looking at full life cost, maintenance requirements of our plant and network, the opportunities for efficiencies, ensuring a tight, deliverable and affordable capital programme and ensuring that growth pays for growth.

- The financial workstream. This includes debt allocation to IAWAI, charges in 2026/27 and beyond, the implications of moving from capital value rating to fixed water charges and volumetric charges, the revaluation of water assets and the depreciation funding requirements.
- Smart Meters and Networks. Councils have budgeted for a pilot for water meters as part of the requirement to move away from capital value-based charging . A move to smart meters could be transformative - giving consumers better information, fairer charges and significant reductions in consumption. The focus tends to be on the devices themselves. However, we need to look at the whole picture, including the full life cost and how the service to support meters will be delivered and by whom. We also need to look at all of the opportunities to introduce smart approaches and technology, such as smart sewer networks.
- CEO recruitment. This is one of the board's biggest decisions. We need to get it right. We have appointed recruitment consultants to support the search process and that is now underway.
- Partnerships with other water CCOs. We need to work with other water entities to maximise economies of scale and expertise and minimise risk. This will involve looking at partnership opportunities with Waikato Water, with Watercare and with Tauranga and Western Bay of Plenty. Two areas have been identified as an early focus – having a fit for purpose ICT platform for water services and the management and support for metering systems.

IAWAI remains a work in progress. Good foundations are in place. There are strong relationships between IAWAI, the Councils and Waikato Tainui. We are building senior relationships with our neighbouring water entities. And we have started a systematic approach to internal communications for our workforce.

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Establish IAWAI Progress Update

Prepared and recommended by Peter Winder.

Approved by IAWAI Chief Strategy and Planning – Andrew Parsons

Recommendation(s)

1. That the report is received.

Key points

2. As shareholding councils, Watercare and IAWAI work towards a fully operational waters company from 1 July 2026, there is a significant amount of work to prepare for the transfer, while also setting the company up with a long-term strategy.
3. The Establish IAWAI work programme is responsible for ensuring the successful transfer of people, assets, liabilities and shared services arrangements from 1 July 2026. This is separate from the work IAWAI needs to do to set up its operations. Monthly reports will be provided to the Board to update on progress.
4. Overall, the programme is on track. Progress over the period includes:
 - a. Submission and approval of the Water Services Delivery plan (as reported to the Board at its meeting on 25 July 2025).
 - b. Secondment of core team into IAWAI, set up of systems to enable IAWAI operations from 1 July 2025 – 1 July 2026. Recruitment of digital roles required to develop the long-term operating and digital environment.
 - c. The completion of changes necessary to establish the IAWAI accounting system and ensure financial controls and delegations are in place.
 - d. Progressing the people, health and safety workstream including: engaging the recruitment firm to support the Board in recruiting a chief executive; progressing the design of the change process and staff engagement required to support the transition of staff; and work on design concepts / options for the Day 1 IAWAI staff structure.
 - e. Concluding the partnership agreement between the two councils and IAWAI.
 - f. Development of methodology and necessary work for calculating and agreeing waters related debt as at 30 June 2026 and joint waters assets valuation on behalf of shareholder councils (underway).
 - g. Advancing work on how to migrate the development contributions regime of both councils to IAWAI.
 - h. Development / consideration of options for future payroll system for IAWAI – with a decision to come to the Board in due course.
 - i. Three Chief Executives agreeing principles of future shared services and work to define, cost and prepare for the delivery of shared services.

- j. Development of register of all contracts that will need to transfer.
 - k. Process underway to define the stormwater services that will be provided by IAWAI to the two councils.
 - l. New workstream set up to scope the work required by the Local Government (Water Services) Bill to: complete the review of existing waters bylaws; complete the water, wastewater, and stormwater plans; and ensure that IAWAI can legally administer the bylaws and undertaken necessary compliance and enforcement activities.
5. Due to the scale and complexity of the programme of work being undertaken, a comprehensive approach to dealing with risks is being undertaken. Risks for the programme delivery, IAWAI and shareholders are being managed and treated collectively. These range from managing the significant change process required and the flow on impacts for staff to building the financials for IAWAI. As we move closer to 1 July 2026, a process to identify enterprise risks for IAWAI will be undertaken.
6. Programme costs for this work (in line with council approved budgets of \$7.35 million for establishment) are on track, although there remains uncertainty in work required to get to 1 July 2026 which presents risk.

Background

7. Ahead of 1 July 2026, there is a significant amount of work to prepare for the transfer, while also setting the company up with a long-term strategy. Within this, there are two, separate but connected, sets of work that need to be completed.
- a. The work of IAWAI – the company and its long-term strategy; and
 - b. The Establish IAWAI work programme, working with Hamilton City Council, Waikato District Council and Watercare to enable the successful transfer of people, assets, liabilities and shared services arrangements from 1 July 2026.
8. The Establish IAWAI programme:
- a. Is focused on the safe transition (not transformation) required by 1 July 2026,
 - b. relies on existing services as far as reasonably practical and,
 - c. is governed by a steering group comprising the Chief Executives of Waikato District, Hamilton City Council and IAWAI – Flowing Waters.

Report

9. Eight workstreams are responsible for delivering on this programme, overseen by a Programme Director.
10. Workstreams within the programme will ensure the following activities are completed by 1 July 2026:
- a. The valuation of all water and wastewater assets, including relevant land
 - b. The identification of all waters related debt
 - c. The transfer of relevant staff

- d. Ensuring an effective management and operating structure for on-going council functions around assets and infrastructure
 - e. The novation or transfer of obligations associated with all relevant council contracts and undertakings, including obligations under development agreements
 - f. The transfer of relevant consents, easements and access rights
 - g. Ensuring that both councils are set up to be effective shareholders and exercise effective oversight of IAWAI through the IAWAI-Flowing Waters Forum
 - h. The novation of the Watercare contract to the IAWAI
 - i. The scope of stormwater services to be provided and the terms of a contract for service, and the review required to meet financial sustainability for councils
 - j. The establishment of shared services to support the IAWAI
 - k. The establishment of services that IAWAI will provide to both councils (including input to consent applications, district plans, etc.)
 - l. The establishment of the framework for Councils to bill on behalf of IAWAI
 - m. The continued safe and compliant operation of water services
 - n. The safety of all staff
 - o. All other matters needed to complete the establishment of IAWAI.
 - p. Any changes following finalisation of Local Government (Water Services) Bill – and other connected legislation.
 - q. Establishing systems to ensure the safe transfer of operations on 1 July 2026:
 - o Finance systems
 - o Digital and operational technology and systems
 - r. Shared services arrangements and service level agreements between councils and CCO.
11. Work is happening at pace across both councils, Watercare and within IAWAI to complete the establishment process. Workloads are heavy, and changes to the draft Local Government (Water Services) legislation has required some rework for the work programme.
12. Overall, the work programme is on track. However, additional effort will likely be required following the Local Body elections to induct new Councillors on the work programme and ensure decisions can continue at pace.

Risks

13. Due to the scale and complexity of the programme of work being undertaken, a comprehensive approach to dealing with risks is being undertaken. Risks for the programme delivery, IAWAI and shareholders are being managed and treated collectively. However as we move closer to 1 July 2026, a process to identify enterprise risks for IAWAI will be undertaken.
14. **Attachment 1** outlines the top risks that the Programme Steering Group is tracking.

Finances

15. Programme costs (in line with council approved budgets of \$7.35 million for establishment) are on track.

16. The current Forecast Estimate at Completion (EAC) for 30/6/26 is:

Forecast EAC Cost at 30/6/26	Contingency	Forecast EAC + Contingency	Council approved Baseline	Forecast Saving/ (Overspend)
\$6,380,800	\$600,488	\$6,981,288	\$7,354,388	\$373,100

17. Notable adjustments / risks that are not included in the above figures are:

- a. Impact of Better Off Funding to carry forward, resulting in less debt to pass to IAWAI and/or potential saving from WDC staff costs going to BOF
- b. Extra work arising from the Local Government (Water Services) Bill.
- c. Uncertainty regarding cost of legal advice to transfer contracts, consents, assets etc.
- d. Corrections for staff hourly rates following confirmation of appointments.
- e. Other unanticipated costs and activities.

Attachment 1: Key Risks

Risk	Controls (Implemented)	Planned Treatment	Actions implemented this period
Change There is a risk due to the scale of changes and lack of resource and time to deliver, roles and operating procedures are not well defined or understood creating impacts on future IAWAI operations.	<ul style="list-style-type: none"> - Make minimum changes to existing functions - Extend and novate the Watercare contract to 30 June 28" 	<ul style="list-style-type: none"> - Resource to review PDs for roles that are changing - Resource to review operating procedures, focusing on those that cut across boundary between Councils and CCO - Roll out training to reaffirm no change unless advised otherwise, train staff impacted by changes - Resource to implement changes to digital and operating technology and manage associated change for people 	<ul style="list-style-type: none"> - Mapping processes that cross organisations has commenced.
Wellbeing Due to the speed and scale change there is an increased risk to health for impacted staff.	<ul style="list-style-type: none"> - CEs reinforce messages to Elected Members regarding minimising expectations from staff - CEs reinforce messages to staff regarding prioritising work and escalating health issues - Psychological Safety training - Identify roles requiring backfill - Detailed resource plan and plan for recruitment for project - Resist changes that are not essential - MVP approach especially re: digital, & Watercare" 	<ul style="list-style-type: none"> - Active management of workload and expectations 	<ul style="list-style-type: none"> - 25/6 Presentation to joint WDC/HCC ELTs reiterated upcoming workload and need for staff to be encouraged to have discussions + discussions with Programme Manager - 18/07 Presentation to Finance group reiterated upcoming workload and need for staff to be encouraged to have discussions + discussions with Programme Manager.
Financial Sustainability The impact the bottom up financial modelling might have on the budget.	<ul style="list-style-type: none"> - Agreed to jointly value assets with independent review - Deferred Hamilton asset revaluation, enabling WSDP to be completed 	<ul style="list-style-type: none"> - Agree asset revaluation approach with both Councils - Time the valuation to inform the WSS - Address any impact through the WSS and any revenue pathway optimisation 	<ul style="list-style-type: none"> -
There is a risk that the stormwater reviews by the shareholders do not result in a financially sustainable solution by the 1 July 2028 deadline. This may result in a intervention by the Commerce Commission.		<ul style="list-style-type: none"> -WDC & HCC to complete stormwater reviews 	<ul style="list-style-type: none"> - Kicked off work to agree definition of stormwater between HCC, WDC, parks, transport & waters..

Risk	Controls (Implemented)	Planned Treatment	Actions implemented this period
Poor Level of Service delivered by Shared Services There is a risk that due to complexity, competing priorities, poor scope definition, Councils are unable to provide the level of service that the CCO requires which may lead to significant operational challenges and or compromise financial and asset management and/or failure to realise benefits.	<ul style="list-style-type: none"> - Project plan and extensive work to develop scope and resourcing requirements with SMEs - Project management framework to ensure effective governance and oversight of progress - Reporting framework that will enable early intervention - CE reinforce priority to be given to the programme 	<ul style="list-style-type: none"> - Define levels of service and KPIs - Complete shared services agreement - Culture change plan to programme to support service delivery - Complete changes to authority & IPS to support financial and asset management 	<ul style="list-style-type: none"> - Shared services scope identified for reprogramming.
Revenue Risk Due to complexities associated with moving from rates to water charges and diminished powers relating to unpaid charges, the CCO is unable to collect the water revenue that it requires or expects or customers refuse to pay charges.	<ul style="list-style-type: none"> - Community consultation and engagement processes on proposals. Reiterated that costs will go up irrespective of the model for delivery. - Model for delivery selected on the basis of option which can minimise impact on ratepayers - Delivery of Value of Water and What's Next for Water campaigns - Resource in the project for community engagement on water services strategy and water charges 	<ul style="list-style-type: none"> - Resource for engagement with major customers - Resource for introducing the CCO and building awareness - Review development contributions policy and charges for major water users - Optimise capital works programme and the timing of investment - Identify and secure operational efficiencies and savings - Optimise revenue pathway - Agree approach to allocating part payment of rates/water charges 	<ul style="list-style-type: none"> - CCO staff appointed to lead community and customer engagement. - Approach to allocating part payment of rates/water charges was discussed in HCC Strategic Risk and Assurance committee. - Initiated work on development contributions

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Update on the Water Services Strategy

Prepared and recommended by: IAWAI Water Services Strategy Manager - Vishal Ramduny

Approved by: IAWAI Chief Strategy and Planning – Andrew Parsons

Recommendation(s)

1. That the Board:
 - a. Receives the update on the development of the Water Services Strategy 2026-2036.
 - b. Approves the high-level project plan set out in attachment 1.

Key points

2. The Water Services Strategy (WSS) is a requirement of the Local Government (Water Services) Bill and demonstrates how IAWAI Flowing Waters (IAWAI) will meet the Government's requirements for water services, including sufficient investment, sufficient revenue and sufficient debt to respond to the subregion's (Hamilton city and the Waikato district) growth and renewal needs, manage water quality and ensure resilient services for communities.
3. The Local Government (Water Services) Bill establishes the enduring settings for the new water services system. The objectives of the Bill are to ensure water services are safe, reliable, environmentally resilient, customer responsive and delivered at the least cost to consumers and businesses.
4. A water services strategy is the primary strategic, financial, and infrastructure planning and accountability document for all water service providers.
5. IAWAI is required to adopt a WSS before the start of the first financial year to which the strategy relates (2026/2027). IAWAI is also required to provide a draft of the strategy to the shareholding Councils for comment by 1 March 2026 and adopt the draft WSS for consultation.
6. This paper provides the Board with an update on progress on the development of the WSS (a draft of which needs to be ready by December 2025).
7. This will be IAWAI's first WSS. The scope of work is immense and complex, and timelines are very constrained (especially considering that the Hamilton City Council (HCC) asset valuation has been delayed, which in turn impacts on the timing for financial modelling). The WSS will need to outline the strategic direction for IAWAI; its capital and operational works and levels of service with consideration given to harmonising HCC's and Waikato District Council's plans; performance measures; growth and forecasting assumptions; and its investment, revenue and financing approach.
8. At a Deep Dive workshop held on 19 August 2025, the Board provided feedback to staff on a purpose statement for IAWAI, guiding principles, strategic objectives and thoughts on communication and engagement.

Background

9. The Shareholding Council's approved a Water Service Delivery Plan (WSDP) in June 2025.
10. In line with the 'minimum' / 'safe transition' approach to IAWAI establishment, it was agreed that existing levels of service measures and commitments be maintained through the transition period.
11. Over time, IAWAI can plan for service equity and consistent service quality as the WSS allows for refinement of levels of service.

Approach

12. The process of developing a WSS for 2026-2036 is underway. A high-level project plan has been developed to guide the process (refer to **attachment 1**).
13. Key milestones for the development of the WSS includes the development of an Activity Management Plan (covering 30 years); an understanding of the levels of service that IAWAI will provide; and the financial strategy (including charges, the development contributions policy, capex and opex budgets).
14. Financial modelling outputs are expected to occur in three stages between now and February 2026 with the final model anticipated in February 2026.
15. The Board is expected to adopt the draft WSS in February 2026 followed by consultation in April 2026. Final adoption of the WSS is required by the end June 2026.
16. The WSS outlines IAWAI's:
 - Purpose statement, guiding principles and strategic objectives.
 - The capital projects and services IAWAI will provide to the subregion.
 - The costs of and associated investment associated with the services we will provide.
 - The charges to customers.
 - The levels of service provided and performance measures.
 - Financial forecasting.
 - Long-term infrastructure and investment plans.
17. The Board has provided some initial feedback on IAWAI's purpose statement, guiding principles strategic objectives and key assumptions, which will be refined for inclusion in the strategy. The Board has also explored wider organisational strategic focus areas which will inform business performance and culture. They noted the importance of a focus on 'safe transition' ahead of future 'transformation'.
18. The Board noted the communications, engagement and consultation done by the shareholding Councils on water services (including the process leading up to the Councils' decision to create IAWAI) and provided initial thoughts on communication and engagement. The focus should be clear and transparent public communications, including on its strategic intent ensuring that everyone has safe, reliable, and fair access to drinking water and wastewater services.

19. IAWAI will need to consider community and shareholder feedback on the WSS before it can be finalised.
20. The development of the WSS is heavily dependent on the outputs of key workstreams and/or workstream activities, particularly those relating to the following:
 - Finance (asset revaluation, finance model (including charging rates).
 - Development Contributions Policy
 - Capital works programme, Activity Management Plans, Levels of Service
 - Water meters
 - Customer Charter

Key risks

21. Scheduled delay in asset valuation due to a shareholder decision has consequential implications for IAWAI. Early scenarios to be developed by the valuer to be provided end of August 2025 with an agreed methodology by end of September 2025. The initial valuation will only be available by the end of October 2025.
22. Completion of financial modelling (version 3) is only expected in February 2026) – which will have consequential implications for the time available for the WSS narrative. To mitigate this, the first and second model runs will be used to formulate a preliminary financial narrative.
23. Interdependency of the WSS with key policies such as the Significance and Engagement Policy, Connections Policy, Development Contributions Policy and Charging Policy. Resourcing of how these policies are going to be developed is under consideration and may need to be a shared service responsibility through the shareholding Councils.
24. The Local Government (Water Services) Bill completed its Third Reading on 19 August 2025 and will now go to for Royal ascent.
25. Government is working on a new development levy regime to replace development contributions. Consideration of this will need to be given in IAWAI's approach to development contributions for the first year of the WSS.
26. Government economic regulation is an emerging issue for IAWAI.

Te Tiriti o Waitangi / Te Ture Whaimana o Te Awa o Waikato

27. Te Ture Whaimana o Te Awa o Waikato (Vision and Strategy for the Waikato River) is central to the Water Services Strategy. IAWAI honours Te Tiriti o Waitangi and the Treaty Settlements within our area operation and is committed to Te Ture Whaimana o Te Awa o Waikato. We also recognise the commitments made by both our shareholding Councils to iwi and hapuu arising from Treaty settlements, such as the ongoing commitment to the health and wellbeing of significant waterbodies. The governance and oversight arrangements for IAWAI reflect existing shareholding Councils commitments to iwi.

Financial Implications

28. There are no financial implications arising out of this report although the WSS will need to include a financial strategy (planned revenue, planned expenditure and planned debt borrowing) for IAWAI to deliver on the strategy.

Consultation

Shareholding Councils

29. Relevant staff at Hamilton City Council, Waikato District Council and Watercare are informing the Water Services Strategy. The shareholding Councils will be provided a draft for feedback prior to the consultation period.

Partners and key stakeholders

30. Partners such as Waikato-Tainui and mana whenua, and stakeholders such the Future Proof partnership and developers, will be consulted through the consultation process.

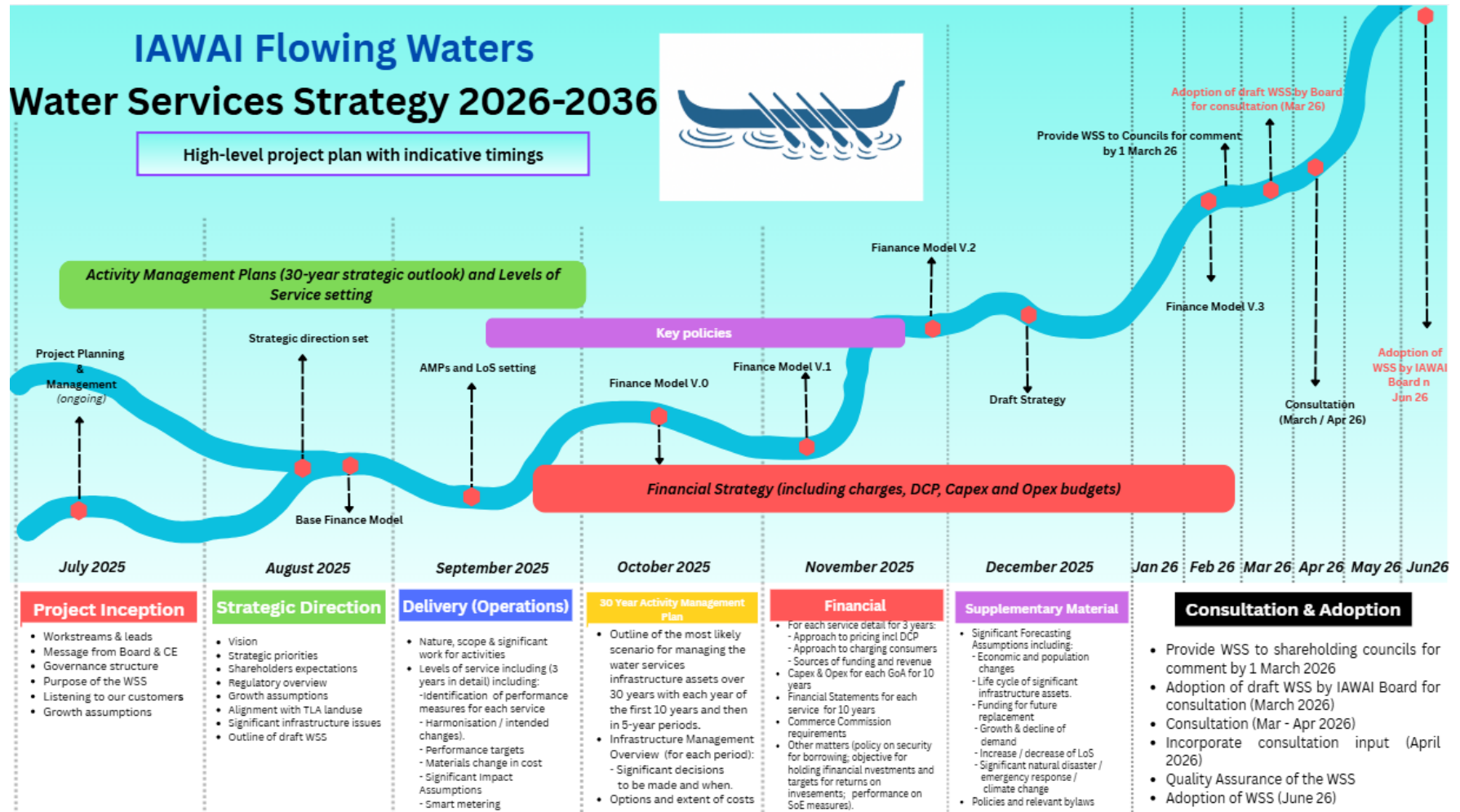
Customers

31. Not applicable for this report. Our customers and the wider public will be consulted during the WSS consultation process.

Next steps

32. Feedback from the Board on the purpose statement, the guiding principles and the strategic objectives for IAWAI will be used to start informing the narrative of the WSS and IAWAI's branding.
33. Consideration to be given on the implications of IAWAI's purposes and strategic objectives for business performance metrics.
34. At the September 2025 Deep Dive session on the WSS, the Board will be provided with an overview of the practicalities of harmonising the shareholding Councils Activity Management Plans and Levels of Service for this version of the WSS.
35. An indicative assessment of the first run of the finance model can then follow (October 2025) with an opportunity to consider rephrasing any capital projects.

ATTACHMENT 1



Board meeting 28 08 2025

Public session

Strategic Investment Portfolio

Prepared and recommended by Director Strategic Investment Portfolio - Jackie Colliar

Approved by IAWAI Chief Strategy and Planning – Andrew Parsons

Consulted with Waikato District Council/ Hamilton City Council

Recommendation(s)

1. It is recommended that the Board:
 - a. Receives the report.
 - b. Notes that an introduction to each programme/project in the portfolio will occur as part of the Board's induction.
 - c. Endorses proposed Portfolio Programmes approach.

Key points

2. To realise benefits of IAWAI early, Councils agreed that some major “transformation” projects be transferred to IAWAI in the establishment period (from 1 July 2025 – 1 July 2026).
3. This report presents an overview of the projects that make up the Strategic Investment Portfolio that IAWAI has oversight of.
4. Monthly Portfolio reports will be presented to the board.
5. Specific decisions associated with programmes/projects within the Portfolio will be reported under separate cover.
6. An initial delivery structure has been developed to support continued development and delivery of the Portfolio.

Background

7. In establishing IAWAI, the shareholders have contracted IAWAI to act as agents for the agreed list of transferred programmes/projects. Key elements of the agreement include:
 - a. The term of the contract will be 1 July 2025 to 30 June 2026.
 - b. All decisions that require Council approval will continue to need Council approval.
 - c. In making decisions IAWAI must act within the budgets provided for the transferred projects in the approved 2024-34 Long-Term Plan as modified by the 2025/26 Annual Plan.
 - d. There will be no change to the roles of Council staff working on the transferred projects other than with respect to them requiring some decisions and direction from IAWAI management and/or Board.

- e. The IAWAI Chief Executive / Executive Chair to exercise financial decision-making relating to expenditure and the purchase / sale of land at the existing level of delegations provided to the Council Chief Executive.
 - f. The IAWAI Chief Strategy and Planning Officer to exercise financial decision-making relating to expenditure and the purchase / sale of land at the existing level of delegations provided to Council General Managers.
 - g. The IAWAI Board and management to make all decisions relating to project scope, design, consenting, re-consenting, designations, land acquisition, procurement of physical works, and procurement of all related professional services that would normally be made by the Council Chief Executive or responsible General Manager.
 - h. The IAWAI Board and management to make decisions relating to the Council as a resource consent applicant that are currently delegated the Chief Executive or responsible General Manager of the respective Councils.
8. The Strategic Investment Portfolio comprises the following programmes/projects:
- a. Universal water metering
 - b. Wastewater Treatment Plant Consenting
 - i. Huntly Wastewater Treatment Plant
 - ii. Ngaruawahia Wastewater Treatment Plant
 - iii. Pukete Wastewater Treatment Plant
 - iv. Southern Wastewater Treatment Plant
 - c. Wastewater Treatment Plant Programme
 - v. Huntly Wastewater Treatment Plant
 - vi. Ngaruawahia Wastewater Treatment Plant
 - vii. Pukete Wastewater Treatment Plant
 - viii. Southern Wastewater Treatment Plant
 - d. Water supply programme
 - i. Hamilton central city IAF funded water reservoir
 - ii. Hillcrest demand management zone (including reservoir)
 - iii. Hamilton central city IAF funded bulk water main
 - iv. Matangi reservoirs
 - e. Bulk wastewater storage programme
 - i. All Hamilton bulk wastewater storage programme, except Collins Road
 - f. Servicing strategies
 - i. Tuakau and Pokeno wastewater servicing strategy
 - ii. Te Kowhai West servicing strategy
 - iii. Any fast-track area

9. Hamilton City Council, Waikato District Council and Waikato-Tainui identified these programmes/projects as strategically important because they will significantly influence the future direction of IAWAI and offer early opportunities to showcase its benefits.
10. The current LTPs provides a combined Portfolio CAPEX Budget of circa \$1.1B. The Portfolio projects/programmes are all at varying phases of delivery including initiation, planning, design, procurement and construction.
11. An introduction to each programme/project in the portfolio will occur as part of the Board's induction. Further in-depth briefings will be provided to the Board on specific programmes/projects as appropriate.

The details

12. Monthly Portfolio Reports will be provided to the Board. The intention is to commence reporting from September 2025.
13. The report will include:
 - a. Portfolio Dashboard
 - b. Programme/Project Level Dashboard
 - c. Financial Information
 - d. Programme/project monthly reports will be appended.
14. The format, content and level of detail included in the Monthly Portfolio Reports will be developed and agreed with the Board.
15. Programme/project level decisions will be put to the Board under separate cover as required.
16. IAWAI is responsible for delivery of the Portfolio but relies on existing people and financial resources from Hamilton City Council and Waikato District Council to continue delivery.
17. It is proposed that the IAWAI Chief Strategy and Planning Officer and the IAWAI Director Strategic Investment Portfolio formally act as Sponsors for the programmes within the Portfolio to strengthen strategic alignment, governance oversight, and decision-making, while minimising disruption to delivery.
18. A breakdown of the proposed Portfolio Programmes and IAWAI Sponsors follows:

Programme	Programme Projects	IAWAI Sponsor
Universal Water Metering	Universal Water Metering Roll-out and pricing strategy	IAWAI Chief Strategy and Planning Officer
Wastewater Consents	Pukete, Rahui Pookeka, Ngaaruawahia, Southern WWTP	IAWAI Director Strategic Investment Portfolio
Pukete Wastewater Treatment Plant Programme	Pukete 3, Pukete 4, Master Plan	IAWAI Chief Strategy and Planning Officer
Other Wastewater Treatment Plant Programme	Rahui Pookeka, Ngaaruawaahia, Southern WWTP	IAWAI Director Strategic Investment Portfolio
HCC Water Supply Programme	IAF - Central City Reservoir, Booster PS, Bulk Water	IAWAI Chief Strategy and Planning Officer

	Reticulation, Water Network Planning	
	Hillcrest Zone Implementation, Maatangi Reservoirs (Designations, Reservoir, Bulk Water Reticulation)	IAWAI Director Strategic Investment Portfolio
Bulk Wastewater Storage Programme	Designation of 8 Sites, Construction of two facilities, pre-treatment and controlled discharge	IAWAI Director Strategic Investment Portfolio
Fast track consenting	Servicing Solutions and Commercial Agreements for fast-track areas	IAWAI Director Strategic Investment Portfolio - servicing solutions IAWAI Chief Strategy and Planning Officer – Commercial
Spatial Servicing Planning	Te Kowhai West, Pookeno/Tuakau	IAWAI Director Strategic Investment Portfolio - servicing solutions IAWAI Chief Strategy and Planning Officer – Commercial

Te Tiriti o Waitangi / Te Ture Whaimana o Te Awa o Waikato

19. The vision of Te Ture Whaimana o Te Awa o Waikato as stated is “a future where a healthy Waikato River sustains abundant life and prosperous communities who, in turn, are all responsible for restoring and protecting the health and wellbeing of the Waikato River, and all it embraces, for generations to come”.
20. The capital projects that make up the Strategic Investment Portfolio all align with contributing to achieving the vision and objectives outlined in Te Ture Whaimana.
21. The capital projects have and continue to be developed in partnership with Iwi and Mana Whenua, in alignment with Te Tiriti, Te Ture Whaimana and Mana Whakahaere as defined in the Waikato Raupatu River Settlement.

Financial Implications

22. There are not financial implications arising from the recommendations in this report.

Consultation

Partners

23. Hamilton City Council (Design and Delivery Unit; Plan & Strategy and Programming Unit), Waikato District Council (Keith Martin) and Watercare (Infrastructure Delivery Team) have been consulted in preparing this paper.

Next steps

24. Provide an in-depth overview off the transferred projects as part of the Board induction process.
25. Finalise Portfolio Reporting and commence routine reporting to the Board.
26. Implement revised governance structures for programmes and portfolio, including assignment of IAWAI representatives as Sponsors.

Board meeting 28 08 25

Public session

Water network (water metering and management service)

Prepared and recommended by HCC Lisa Inglis

Approved by IAWAI Chief Strategy and Planning – Andrew Parsons

Consulted with Waikato District Council and Hamilton City Council

Recommendation(s)

1. It is recommended that the Board
 - a. Receives the report;
 - b. Receives the first stage of the Investment Case (**public excluded**);
 - c. Approves that staff progress to the second stage of procurement for the water network – a Request for Tender (RFT), with scope confined to a pilot of technology (software and meters), plus implementation services;
 - d. Notes that, subject to the outcomes of (c), a third stage be undertaken with a larger pilot;
 - e. Requests staff to update shareholders via the next IAWAI – Flowing Waters Forum, including on engagement with the community on the pilot;
 - f. Notes the commencement of field surveys for Hamilton City Council, to inform programme costs;
 - g. Requests staff to report back to IAWAI following the analysis of pilot outcomes and options.

Key points

2. Legislation sets out a transition period of five years to move away from charging for waters using capital value rating (Hamilton's current model).
3. Universal water metering is recognised as a key tool for managing water demand and method of charging based on usage. There is a strong expectation from Government that water meters be rolled out where they are not already.
4. Given the transition required under legislation, plus perceived benefits of volumetric charging, Hamilton City Council included in its Annual Plan for 2025/26, the development of an investment case and pilot project.
5. The first stage of the investment case is now complete. High level findings indicate strong strategic alignment to Te Ture Whaimana o Te Awa Waikato; significant sustainability and environmental benefits enacted through sustained behavioural change, alongside good non-cash releasing economic benefits.
6. Approval is now sought to progress to the second stage of procurement - a request for tender (RFT) for a provider(s) to roll out a pilot project in Hamilton City, and the addition of data loggers to existing meters in Waikato District.
7. While the pilot sites are based within Hamilton City Council and Waikato District Council domains, each Council will fund the pilot for their own community from within existing budgets.

8. The pilot project will not change how or what customers are charged, it will simply allow IAWAI to trial and assess possible metering solutions. It will allow customers on the trial to see water usage in near real time.
9. No decisions will be made on a full project tender until after a report back from the pilot, likely in early 2026. However, this work needs to begin now given the ambitious timeline for a future full implementation.
10. Pending this approval, a tender would be listed on the Government Electronic Tender Service (GETS). Field surveys would commence to inform implementation programme costs for Hamilton City Council only, given that meters are already in place for Waikato District Council.
11. A Communication and Engagement Plan will be developed to inform households involved in the pilot and what this means for them. This plan will also consider how we can profile households on the pilot for proactive media stories e.g. leak awareness or reduced usage.
12. Staff will report back to IAWAI following the analysis of pilot outcomes to seek final direction on the best solution for Hamilton and Waikato District. Councils will be looped in throughout the process via the IAWAI – Flowing Waters Forum and the community will be informed once a decision is made.

The detail

First Stage Investment Case

13. The first stage investment case notes the benefits documented around New Zealand from the installation of water meters. Councils that already have water meters installed see much more efficient use of water - often peak water demand can drop by 25%.
14. Using less water is also good for big water infrastructure assets, good for the environment, and good for responding to growth. Data and insights driven management of water means leaks are more readily discovered and resolved, less water is wasted and very expensive assets like treatment plants can do the job for longer. Lowering peak demand results in improved resilience and less stressed infrastructure. This in turn, sustains the awa – better river levels in summer as a result of reduced peak demand translate to lower water temperatures in summer which benefit aquatic life, particularly when rainfall is at its' lowest.
15. Overall, water meters are also considered fairer for customers because you only pay for what you use. Those households and businesses that use less water, pay less. Households and businesses that use more water, pay more.
16. Any reduction in peak water demand will enable existing water allocation consents to better respond to actual growth.

Pilot project

17. The next key part of the investigative work is an RFT for a pilot, comprised of:

Hamilton City

- a. 200 residential meters to be installed within Hamilton East
- b. Up to 20 data loggers for existing commercial and industrial metered connections within Hamilton

- c. 2 types of telemetry, to transport data from meters to a meter data management solution (MDM)
- d. At least 2 different providers for implementation services

Te Aakau

- e. 27 data loggers for existing metered residential connections
- f. Telemetry, to transport data from meters to an MDM

Hamilton City & Te Aakau

- g. MDM software, to collate the data from water meters and generate insights
- h. A Customer App, to allow residential customers to see their usage in near real time

- 18. The costs for the pilots are to be refined through the tender process (but will be within existing approved budgets).

Implementation planning

- 19. The pilot will help inform decisions around water meter type (mechanical, semi-smart, smart) and telemetry method (meter reading format), as well as implementation approaches and overall costs; this is due diligence.
- 20. Hamilton East is an older area of Hamilton and has been selected to help identify complexity related to age and composition of service connections. Te Aakau has been selected due to its' geographic isolation terrain challenges, so will help identify complexity related to telemetry.
- 21. The pilot will not impact how or what customers are charged for water. Customers will continue to be billed by Hamilton City Council as part of their rates invoices. However it may allow customers to see in near real time their water usage.
- 22. Pending results of the pilot, decisions will be sought on a broader roll out at a later date. Funding for the implementation programme is currently included in forecast costs for FY2026/27 (through the Water Services Delivery Plan but eventually will become part of the Water Services Strategy).
- 23. The implementation programme for IAWAI to meet the legislative requirement to move away from capital based charges is ambitious and is a multi-year journey.
 - a. The optimistic scenario is 2.5 years duration, requires a run rate of 2,701 endpoints per month/132 per day – completing December 2028 to allow for a 1-year trial billing period
 - b. The more likely scenario is 3.0 years duration, requires a run rate of 2,238 endpoints per month/110 per day – completing in June 2029 to allow for a 6-month trial billing period
- 24. Both scenarios carry supply chain and resource availability risks, associated with many large councils and CCOs approaching the market in parallel for water networks and metering products.
- 25. There is also risk associated with master data quality for Hamilton City Council, increasing the contingency applied. The intent is to mitigate this through field surveys in FY2025/26.
- 26. The pilot will help to resolve some of these gaps, and mitigate risks.

27. The approach set out in this report, subject to endorsement from IAWAI to proceed, will be to inform the IAWAI – Flowing Waters Forum of the decision to progress with the pilot in accordance with the approved funding in the 2025/26 Annual Plan for Hamilton City Council.

Options

28. Way forward options are:

- a. *Progress to RFT in September, restricting scope of contractual commitment to pilot and completing field surveys to further inform costs and risk (recommended)*

Risk	Benefits	Cost	Time
Timing overlaps with local elections.	Proposed programme benefits on track to realisation. Potential for additional benefits to be identified.	Pilot and field surveys progress, providing for the ability to further refine costs and manage risk and associated contingency.	Implementation of meters and transition away from capital charging for water on track.

- b. *Delay RFT to enable engagement with new Council (not recommended)*

Risk	Benefits	Cost	Time
Risk is that timing of the implementation programme is impacted. It is likely that significant investment decisions are deferred until 2026 by new Council. RFT: pushed to January; review in February; contract award March; pilot commences April leaving little time to assess success before implementation begins.	Benefits realisation likely delayed.	Risk that FY25/26 budget is lost to other initiatives.	Pilot and field surveys delayed. Full implementation of meters delayed as a result. Risk to implementation timelines (optimistic timeline must be met to allow for trial billing period)
Opportunity to engage with new Council			

- c. *Do nothing (not recommended) – do not progress with RFT, pilot or field survey.*

Risk	Benefits	Cost	Time
Non-compliance with Local Government (Water Services) Bill 3 legislation.	Proposed programme benefits cannot be realised. Relies on fixed charging model to replace the current capital value based rating;	Assessed as political and lost opportunity to realise sustainability benefits.	Implementation of meters and transition away from capital charging for water not achieved.
Risk that FY25/26 budget is lost to other initiatives.	Fixed charging model will likely result in equity impacts for customers, not reduce consumption, nor address growth.		

Te Tiriti o Waitangi / Te Ture Whaimana o Te Awa o Waikato

29. The vision of Te Ture Whaimana o Te Awa o Waikato as stated is “a future where a healthy Waikato River sustains abundant life and prosperous communities who, in turn, are all responsible for restoring and protecting the health and wellbeing of the Waikato River, and all it embraces, for generations to come”.
30. A water metering programme aligns with Te Ture Whaimana o Te Awa o Waikato by supporting sustainable water use, enabling informed decision-making, and upholding kaitiakitanga (being good custodians) to restore and protect the health and wellbeing of the river, which will in turn sustain us. A water metering programme acknowledges the interconnected relationship between the river and its users and the need for sustainability.

Financial Implications

31. The pilot project for Hamilton is planned and budgeted through the Hamilton City Council Annual Plan.
32. The pilot project for Te Aakau is budgeted for through existing Waikato/ Watercare operating budgets.

Consultation

Partners

33. Staff at Hamilton City Council and Waikato District Council have been involved in the development of this programme. The programme will engage with Tainui following approval to proceed with the pilot. Information updates will be taken to the IAWAI – Flowing Waters Forum.

Customers

34. Engaging with customers will be key to the successful roll out of water meters (if agreed). Insights from the Hamilton City Council *What's next for water?* community consultation showed that many people still believe water is free. Comments included both support for, and concern regarding, the roll out of water meters.
35. Hamilton City Council have been clear in their communication that water meters will be a future consideration.

Specifically, Hamilton City Council has previously said:

Meters provide a way to charge for water services based on actual use rather than through general rates. The Government has indicated that metering is a logical and fair approach to future water charges. Councils with meters in place have seen significant improvements in water efficiency.

Hamilton is limited in how much water we can take from the river and is required to promote efficient use of water. Using water more efficiently also means that critical assets, like our treatment plants, can operate longer without the need for costly upgrades.

Consideration of universal metering will be a part of planning for future water services for Hamilton, whether under council or a new waters organisation.

Next steps

36. Subject to endorsement, the next stage is RFT to pilot; plus field surveys to mitigate risk around integrity of master data.

Attachments

1 – First stage of Investment Case (Public Excluded)

APPENDICES

Further Background

37. Hamilton City Council already has around 4000 water meters installed on commercial and industrial properties. These have been in place for some time and ensure businesses pay for the water they use. Waikato District Council also has residential and commercial and industrial meters across its territory.
38. In the future, water meters will likely be a requirement of both the Commerce Commission (as the economic regulator) and the Waikato Regional Council which issues resource consent to take water from the Waikato River. [The](#) Local Government (Water Services) Bill sets out a transition period of five years to move away from charging for water using capital value rating.
39. On [26 June 2025](#), Hamilton City Council transferred responsibility of the water meters investigations to IAWAI for any decisions at Chief Executive level or below. Collaboration between IAWAI and Hamilton City Council on decision making will be required, until the full transfer of responsibilities from 1 July 2026.
40. The Regional Infrastructure Technical Standards (RITS) will be updated to reflect the new standard for a service connection, to ensure that growth funds growth

Resolution to Exclude the Public**Section 48, Local Government Official Information and Meetings Act 1987**

The following motion is submitted for consideration:

That the public be excluded from the following parts of the proceedings of this meeting, namely consideration of the public excluded agenda.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows.

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution.
Water network (water metering and management service) Investment Case	To enable IAWAI to carry out commercial activities without disadvantage; to enable IAWAI to carry out negotiations to prevent the disclosure or use of official information for improper gain or improper advantage.	Section 7 (2) (h) Section 7 (2) (i) Section 7 (2) (j)
Development Agreement Negotiations – Te Kowhai	To enable WDC and IAWAI to carry out commercial activities without disadvantage; to enable WDC and IAWAI to carry out negotiations to prevent the disclosure or use of official information for improper gain or improper advantage.	Section 7 (2) (h) Section 7 (2) (i) Section 7 (2) (j)