

Meeting of IAWAI – Flowing Waters Board of Directors**Wednesday 15 October 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	Vishal Ramduny	Note	Attached
9	Strategic Investment Portfolio	Jackie Colliar	Note	Attached
10	Development Contributions - charging regime options	Greg Carstens/ Nick Birdsall	Approve	Attached
11	Confirmation of Insurance Provider	Gary Connoly	Approve	Attached
12	Resolution to Exclude the Public	Chair	Approve	Attached

Public Excluded

Item No	Item	Lead	Purpose	Format
13	Confirmation of PX minutes	Chair	Approve	Attached
14	Pookeno Development Discussion	Andrew Parsons	Note	Verbal

IAWAI – Flowing Waters, Board Meeting

[UNCONFIRMED] OPEN MINUTES

18 September 2025, 9.30am

Minutes of a meeting of the IAWAI – Flowing Waters, Board held in Committee Room 1, Hamilton City Council, on Thursday 18 September 2025 at 9.30am

PRESENT

Chairperson	Kevin Lavery
Members	Dave Chambers
	Tim Manukau

2. Apologies

None

3. Declarations of Interest

None

4. Minutes from previous meeting

Approved, with the addition of the Board's responses to public submissions from that meeting.

5. Public Forum

None

6. Chair's report

Kevin Lavery presented his Chair's report. He noted the Board's continued focus on due diligence as it considers some of the big issues to be addressed through the Water Services Strategy.

The financial strategy, infrastructure deficit and the importance of accelerating renewals were key themes the Board was focused on. Kevin also noted the Board's interest in procurement, with a paper expected to the Board in November.

Dave Chambers added his expectations that accelerating renewals should reduce operating costs or unplanned maintenance in the future.

Kevin noted potential delays in Development Levy legislation (which was due to replace the Development Contribution regime in 2027). The Board requested advice on options for its Development Contributions Policy.

Kevin referenced ongoing conversations with Tauranga and Western Bay of Plenty, whose contract with Watercare on their digital platform will end in 2026. *The Board noted a correction to the Chair's report which indicated a "withdraw" of Watercare's platform, which was not the case.*

Through conversations with Tauranga and Western Bay of Plenty, the priority was establishing a common direction on a fit for purpose digital platform. Kevin expected that a direction of travel would be considered by the Board by the end of 2025.

7. Establish IAWAI Programme Update

Peter Winder spoke to work being undertaken on behalf of shareholder Councils to set up IAWAI for 1 July 2026.

There are 287 working days to go.

A priority was to work through issues that need to form part of the Transfer Agreement. There were a lot of complexities, including for example on land ownership. The Transfer Agreement will come back to the Board (and shareholder councils) for approval in the new year.

Shared services was another priority for the establishment team, including considering what is in scope vs out of scope. Shared services scoping was intertwined with legal questions. One example was the ability of council to bill on behalf of IAWAI, and how we construct invoices – and therefore what the service was required from councils.

On the transfer of staff to IAWAI, Peter noted an announcement was due at the end of September on the process, noting the importance of providing certainty to staff as soon as possible.

The Board welcomed the report and the ongoing work. They signalled an interest in seeing the following in future reports:

- Gantt chart, with traffic light, so the Board can clearly see how progress is tracking, celebrate achievements, and better understand risks/ delays.
- Key issues, including how the team is managing / fixing.

Resolved

That the Board received the update.

8. Water Services Strategy

Vishal Ramduny presented this report.

He noted ongoing work to progress the first draft of the Water Services Strategy, including:

- the recast of both the Hamilton City Council (HCC) and the Waikato District Council (WDC) capital works programmes, to inform financial modelling
- work on price path modelling
- financial sessions highlighting the potential value of outcomes based financial modelling.

Vishal noted the first draft of the WSS was expected around December. Engagement with shareholder councils, Waikato Tainui and hapuu, Futureproof, and the community was a priority.

Further updates would be provided to the Board in October.

Resolved

That the Board received the update.

9. IAWAI Financial Delegation to Officers Management Policy – Amendment

Becca Brooke presented the paper, seeking approval to the updated IAWAI Financial Delegations to Officers Management Policy.

The Policy incorporated minor amendments to clarify delegations to level 2 and level 3 officers, following its initial approval at the July 2025 IAWAI Board meeting,

The Board was supportive of the amendments, noting they are in line with existing Council delegations, but requested clarity around level 2 and level 3 roles be included in the policy.

Resolved

The Board:

Approved the updated IAWAI Financial Delegations to Officers Management Policy taking effect between 1 July 2025 to 30 June 2026.

Noted that Chief Officers (L2) currently includes:

- Chief Strategy and Planning
- Chief Digital Officer
- Chief Financial Officer

Noted that Directors (L3) currently includes:

- Director Business Performance
- Director CE Office and Governance
- Director Communications
- Director Strategic Investments

Requested that staff provide advice on arrangements for the approval of Board Member expenses.

10. Resolution to Exclude the Public

Resolved

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.
Confirmation of Public Excluded Minutes	To enable IAWAI to carry out commercial activities without disadvantage; to enable IAWAI to carry out negotiations to prevent the disclosure or use	Section 7 (2) (h) Section 7 (2) (i) Section 7 (2) (j)

	of official information for improper gain or improper advantage.	
Commercial Agreement Updates- Fast Track and Plan Changes	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 – Ohinewai	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)

The meeting was declared closed at 11.00am

Board meeting 15 10 2025

Public session

Executive Chair's Report

Prepared and recommended by Kevin Lavery

Rough waters are truer tests of leadership. In calm water, every ship has a good captain.”
(Swedish proverb)

Response to Boil Water Notice

A boil water notice was issued on Saturday 4 October, following an e coli testing result at the Rototuna Reservoir. This was the first boil water notice since 2006 in Hamilton. An emergency response team was stood up and was operational until the boil notice was withdrawn. After three days of clear testing the boil notice was lifted on Tuesday 7 October.

The causes are still being investigated. In the absence of clear and unequivocal evidence, prioritising customer safety was the correct response.

Hamilton featured heavily in the media, regionally and national. The emergency response and the media were handled with calmness and authority. It was clear the response was well led and well-coordinated.

A big thank you to all staff from the two Councils and Iwairangi. It was a great example of all three organisations working in perfect harmony in a challenging situation.

Events like this are a powerful reminder of why we must keep investing in our people, our systems and our ability to respond quickly and effectively when the unexpected happens. As we establish Iwairangi, maintaining the focus both Councils have on continuous improvement will be at the heart of what we do.

Capital programme planning

The Board recently had a great session on recasting the capital programme - a major milestone as we bring together the water's investment plans from both Councils into one coordinated programme. This creates an opportunity to do things faster, better and more cost effectively - ensuring every dollar we spend delivers real outcomes for our communities.

We are already starting to explore how we can deliver some of our biggest projects differently. A great example is the Puketā Wastewater Treatment Plant, which represents around 20% of our capital investment over the next decade. Later this month, the Board will visit Puketā to meet the team, learn from the work underway, and consider how Iwairangi can support and accelerate delivery.

We are also thinking strategically about how we build procurement partnerships that unlock greater value across our shared pipeline of work. By planning together, over a longer time scale, we can give the market confidence, enable them to recruit extra staff to maximise delivery capacity, and set Iwairangi up for success in the years ahead.

A key focus will be meeting Council expectations, including addressing wastewater capacity constraints over the next decade, and clearly communicating with developers about what can be delivered and when (and what can't!). The Board has discussed the importance of delivering in a way that demonstrates we are open for business but still being financially sustainable and looking after the environment.

It has been a busy time for our infrastructure teams, and it is only going to get busier. We are mindful there is only so much construction capacity in Aotearoa, and the waters entity that gets its projects ready first will be best placed to manage its forward work programme. That's why we are moving with intent - to get projects on the front burner, make the most of our funding capability, and deliver faster for our communities.

We are unashamedly going hard - because it's the right thing to do. It saves money in the long run, it builds trust and momentum, and it reflects the mandate we have been given: to protect and enhance water services for generations to come.

Other recent discussions at the IAWAI Board have included:

- Endorsing IAWAI's first pilot project — community water metering.
- Setting the direction for IAWAI's Water Services Strategy (our Long-Term Plan).
- Progressing CEO recruitment and the tier 2 leadership structure.
- Exploring transition principles and shared services support.

Over time, as IAWAI moves from establishment to operations, the Board's focus will shift from design and transition to performance and accountability.

By the time you read this report, the local election results will have been published. There will be change in both Councils and the composition of our shareholder forum will also change. So, it will be important for IAWAI to brief the new Councils and help them hit the ground running.

Board meeting 15 10 2025

Public session

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 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. This report relates to the Establish IAWAI work programme.
4. This report covers the period 3 to 30 September 2025.
5. Overall, the programme is on track. Progress over the period includes:
 - a. Advertised the IAWAI Chief Executive role.
 - b. Developed principles for transfer of contracts, assets, land and similar matters.
 - c. Reviewed 330 contracts and recommended pathways for transferring 126 of them.
 - d. Register of all contracts, licences and other agreements to be reviewed for transfer almost complete and cross-checking to validate completeness is underway.
 - e. Significant legal advice received relating to:
 - i. Councils acting as agents for IAWAI to collect water charges;
 - ii. Transfer of obligations under private developer agreements; and
 - iii. The application of development agreements.
 - f. Launched transition process to staff and commenced work to confirm organisational structures for both IAWAI and on-going councils and which staff will transfer.
 - g. Completed 12 workshops with subject matter experts from IAWAI, both councils and Watercare (where appropriate) to identify the scope of shared services and associated systems required to support IAWAI from 1 July 2026.
 - h. Confirmed the scope of work relating to changes required by the Local Government (Water Services) Act (LGWS) and the LGWS (Repeals and Amendments) Acts 2025 and establishment of IAWAI relating to bylaws, plans, policies and compliance monitoring.
 - i. Confirmed digital solution for providing Human Resources Information System services to IAWAI staff for day 1.

6. Priorities for the next period include:

- a. Preparing material for inducting the new Councils.
- b. Key work on the design of IAWAI and the future councils to support the establishment of IAWAI and the on-going operation of both Councils.
- c. Developing the framework for the Transfer Agreement and the Shared Services Agreement
- d. Confirming arrangements and requirements to the two councils to collect water charges on behalf of IAWAI

7. **Attachment 1** provides an update on progress of key activities8. Attachment **3** includes background on the Establish IAWAI programme. This has not been updated and is provided for members of the public unfamiliar with the programme.**Risks**9. **Attachment 2** outlines the top risks that the Programme Steering Group is tracking.**Finances**

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

11. 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)
6,262,000	600,000	6,862,000	7,354,388	492,388

12. 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) Act.
- 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.

Board Pack - 15 October 2025 - 2025 10 15 Board Agenda

Establish IAWAI Go Live Checklist and Tracker

Date: 30/09/2025

Version: 1

Work Area	Deliverable	Report to Board?	Status	Traffic Lights	Planned Date:	Deadline	Waiting on:	Governance				Management		
								IAWAI	IAWAI Forum	HCC	WDC	IAWAI	HCC	WDC
Leadership & Governance		Yes						None	None	None	None	None	None	None
Shareholder Governance		Yes						None	None	None	None	None	None	None
	Council Induction	Yes	In Progress	On Track	11/11/2025	11/11/2025		Engage	Engage	Engage	Engage	Inform	Inform	Inform
	IAWAI Forum appointments made	Yes	Dependent	On Track	30/11/2025	12/12/2025	Resolution of the new Councils			Decide	Decide		Engage	Engage
	Responsible staff identified	Yes	In Progress	On Track	17/10/2025	17/10/2025	Waiting on confirmed names from L Vervoort, C Hobbs					Inform	Decide	Decide
	Secretariat functioning	Yes	Not Started	On Track	30/11/2025	30/11/2025						Engage		Decide
	Governance Reporting and advice framework	Yes	Not Started	On Track	31/03/2026	31/03/2026		Engage	Engage	Decide	Decide	Engage	Engage	Engage
IAWAI Board		Yes						None	None	None	None	None	None	None
	Establishment Board	Yes	Completed	On Track	Completed									
	Day 1 Board	Yes	Dependent	On Track	29/05/2026	29/05/2026	IAWAI Forum	Engage	Decide	Engage	Engage	Engage	Engage	Engage
	Recruiter confirmed	Yes	Not Started	On Track	30/11/2025	31/01/2026			Engage			Engage	Decide	Decide
	Skills requirements confirmed	Yes	Not Started	On Track	28/02/2026	28/02/2026		Engage	Decide	Engage	Engage	Engage	Engage	Engage
	Recruitment underway	Yes	Not Started	On Track	28/02/2026	28/02/2026		Inform	Inform	Inform	Inform	Inform	Decide	Decide
	Recruitment complete	Yes	Not Started	On Track	30/04/2026	29/05/2026		Engage	Decide	Engage	Engage	Inform	Inform	Inform
	Induction complete	Yes	Not Started	On Track	30/06/2026	30/06/2026		Engage	Engage	Engage	Engage	Decide	Decide	Decide
	Board governance framework in place (committees)	Yes	Not Started	On Track	30/06/2026	30/06/2026		Decide	Inform	Inform	Inform	Engage	Inform	Inform
CE Appointment		Yes						None	None	None	None	None	None	None
	Recruiter confirmed	Yes	Completed	On Track	Completed			Decide	Inform	Inform	Inform	Inform	Inform	Inform
	Recruitment complete	Yes	In Progress	On Track	14/11/2025	31/03/2026		Decide	Inform	Inform	Inform	Inform	Inform	Inform
	Induction	Yes	Not Started	On Track	31/01/2026	31/03/2026		Decide	Inform	Inform	Inform	Inform	Inform	Inform
GM Appointments		Yes						None	None	None	None	None	None	None
	Initial Roles for Recruitment agreed	Yes	In Progress	On Track	10/10/2025	10/10/2026		Engage	Inform	Inform	Inform	Decide	Inform	Inform
	Recruitment for initial roles complete	Yes	Not Started	On Track	31/01/2026	31/01/2026		Inform	Inform	Inform	Inform	Decide	Inform	Inform
	Induction for Initial Roles	Yes	Not Started	On Track	28/02/2026	28/02/2026		Inform				Decide		
	Roles as Part of Transfer Complete	Yes	In Progress	On Track	31/03/2026	31/03/2026		Inform				Decide	Decide	Decide
Risk & Assurance		Yes						None	None	None	None	None	None	None
	Risk & Assurance framework in place	Yes	Not Started	On Track	31/03/2026	29/05/2026		Decide	Inform	Inform	Inform	Decide	Inform	Inform
	Risks reviewed	Yes	Not Started	On Track	31/03/2026	29/05/2026		Decide	Inform	Inform	Inform	Decide	Inform	Inform
	Mitigations in place	Yes	Not Started	On Track	31/03/2026	29/05/2026		Decide	Inform	Inform	Inform	Decide	Inform	Inform
	Operating systems & processes risk review	Yes	Not Started	On Track	31/03/2026	29/05/2026		Decide	Inform	Inform	Inform	Decide	Inform	Inform
	Operating systems & processes confirmed good to go	Yes	Not Started	On Track	31/03/2026	29/05/2026		Decide	Inform	Inform	Inform	Decide	Inform	Inform
	Work orders and connections to complaints / service requests etc	Yes	Not Started	On Track	31/03/2026	29/05/2026		Decide	Inform	Inform	Inform	Decide	Inform	Inform
	Watercare interfaces	Yes	Not Started	On Track	31/03/2026	29/05/2026		Decide	Inform	Inform	Inform	Decide	Inform	Inform
People, Health and Safety		Yes												
Staff Transition		Yes												
	People Transition Process agreed	Yes	Completed	On Track	Completed			Inform				Decide	Decide	Decide
	Staff mapping and structure complete	Yes	In Progress	On Track	12/12/2025	12/12/2025		Inform				Decide	Decide	Decide
	Retention Plan Consideration	Yes	In Progress	On Track	1/12/2025	12/12/2025		Inform				Decide	Decide	Decide
	Offers made	Yes	Not Started	On Track	13/03/2026	13/03/2026		Inform				Decide	Decide	Decide

Board Pack - 15 October 2025 - 2025 10 15 Board Agenda

Work Area	Deliverable	Report to Board?	Status	Traffic Lights	Planned Date:	Deadline	Waiting on:	Governance				Management		
								IAWAI	IAWAI Forum	HCC	WDC	IAWAI	HCC	WDC
	All employment agreements concluded	Yes	Not Started	On Track	31/03/2026	31/03/2026		Inform				Decide	Decide	Decide
	Staff Induction	Yes	Not Started	On Track	1/06/2026	30/06/2026		Inform				Decide	Decide	Decide
	Transfer complete	Yes	Not Started	On Track	30/06/2026	30/06/2026		Inform				Decide	Decide	Decide
	Remuneration Model Framework	Yes	In Progress	On Track	12/12/2025	31/01/2026		Inform				Decide	Decide	Decide
	Employment Brand (org values culture & engagement)	Yes	Not Started	On Track	1/12/2025	31/01/2026		Decide				Decide	Inform	Inform
	Communication & Change Plan Approved	Yes	Completed	On Track	Completed			Inform				Decide	Decide	Decide
	Training - Emergency Management	Yes	Not Started	On Track	29/05/2026	30/06/2026		Inform				Decide	Decide	Decide
	Training - Shared Services	Yes	Not Started	On Track	29/05/2026	30/06/2026		Inform				Decide	Decide	Decide
	Training - Culture	Yes	Not Started	On Track	29/05/2026	30/06/2026		Inform				Decide	Inform	Inform
Health & Safety		Yes						None	None	None	None	None	None	None
	IAWAI Health & Safety policy adopted	Yes	In Progress	On Track	1/03/2026	1/03/2026		Inform				Decide	Inform	Inform
	H&S capability in place	Yes	Not Started	On Track	29/05/2026	30/06/2026		Inform				Decide	Inform	Inform
	H&S systems good to go	Yes	Not Started	On Track	29/05/2026	30/06/2026		Inform				Decide	Inform	Inform
	H&S contractor requirements checked and confirmed	Yes	Not Started	On Track	29/05/2026	30/06/2026		Inform				Decide	Inform	Inform
Shared Service & SLAs		Yes						None	None	None	None	None	None	None
Shared Services		Yes						None	None	None	None	None	None	None
	Shared Services Principles Agreed	Yes	Completed	On Track	Completed			Inform		Inform	Inform	Decide	Decide	Decide
	Responsible Managers Confirmed	Yes	In Progress	On Track	17/10/2025	17/10/2025	Waiting on confirmed names from L Vervoort, C Hobbs, K Lavery						Decide	Decide
Scope & Costs		Yes						None	None	None	None	None	None	None
	Scope and Costs Agreed	Yes	In Progress	On Track	12/12/2025	30/01/2026		Engage				Decide	Decide	Decide
	Processes & Software Systems Requirements Identified	Yes	In Progress	On Track	12/12/2025	12/12/2025	Some earlier deadlines for systems i.e. Billing	Inform	Inform	Inform	Inform	Decide	Decide	Decide
Agreement		Yes						None	None	None	None	None	None	None
	Shared Services Agreement	Yes	In Progress	On Track	31/03/2026	31/03/2026		Engage	Inform	Inform	Inform	Decide	Decide	Decide
Emergency Management		Yes	Not Started	On Track	30/04/2026	30/05/2026		Inform	Inform	Inform	Inform	None	None	None
Digital & Operating Systems		Yes						None	None	None	None	None	None	None
	Shared Service Systems	Yes			31/05/2026	30/06/2026		Inform	Inform	Inform	Inform			
	Day 1 HRIS & Payroll	Yes	In Progress	On Track	30/04/2026	30/06/2026		Inform				Decide	Decide	Decide
	Select Day 1 Payroll & HRIS Solution	Yes	Completed	On Track	Completed	30/06/2026		Inform				Decide	Decide	Decide
	Day 1 Payroll systems dev complete	Yes	In Progress	On Track	31/03/2026	31/03/2026		Inform				Decide	Decide	Inform
	Day 1 Payroll - Staff loaded, tested & ready to	Yes	Not Started	On Track	30/04/2026	30/06/2026		Inform				Decide	Decide	Inform
	Day 1 Financial Systems	Yes	In Progress	On Track	31/05/2026	30/06/2026		Inform				Decide	Decide	Inform
	Day 1 Billing Systems	Yes	In Progress	On Track	31/05/2026	30/06/2026		Inform				Decide	Decide	Inform
	Billing Systems Testing Complete & Ready	Yes	In Progress	On Track	31/05/2026	30/06/2026		Inform	Inform	Inform	Inform	Decide	Decide	Decide
	Asset management systems	Yes	Not Started	On Track	31/05/2026	30/06/2026						Decide	Decide	Inform
	IAWAI Health and Safety Systems Operational	Yes	Not Started	On Track	31/05/2026	30/06/2026		Inform				Decide	Engage	Engage
	Security	Yes	Not Started	On Track	31/05/2026	30/06/2026		Inform				Decide	Engage	Engage
	IAWAI Cyber security strategy	Yes	Not Started	On Track	12/12/2025	31/01/2026		Inform				Decide	Engage	Engage
	Control Environment Testing	Yes	Not Started	On Track	1/03/2026	30/06/2026		Inform				Decide	Engage	Engage
	IAWAI Data Management Plan	Yes	Not Started	At Risk	12/12/2025	31/01/2026		Inform				Decide	Engage	Engage
	Data migration / Access completed	Yes	Not Started	At Risk	31/05/2026	30/06/2026		Inform				Decide	Engage	Engage
	Core platform plan	Yes	Not Started	On Track	12/12/2025	31/01/2026		Inform				Decide	Decide	Decide

Board Pack - 15 October 2025 - 2025 10 15 Board Agenda

Work Area	Deliverable	Report to Board?	Status	Traffic Lights	Planned Date:	Deadline	Waiting on:	Governance				Management		
								IAWAI	IAWAI Forum	HCC	WDC	IAWAI	HCC	WDC
Legal & Contracts		Yes						None	None	None	None	None	None	None
Transfer Agreement		Yes						None	None	None	None	None	None	None
	Principles of Transfer	Yes	In Progress	At Risk	12/09/2025	30/11/2025		Engage	Inform	Inform	Inform	Decide	Decide	Decide
	Framework of Transfer Agreement Agreed	Yes	Not Started	On Track	12/12/2025	12/12/2025		Engage	Engage	Engage	Engage	Decide	Decide	Decide
	Register of matters to Transfer	Yes	In Progress	At Risk	31/01/2026	31/01/2026		Inform				Decide	Decide	Decide
	Asset Valuation Agreed and Resolved	Yes	In Progress	At Risk	1/11/2025	12/12/2026		Decide	Engage	Engage	Engage	Decide	Decide	Decide
	Valuation of Debt to Transfer Agreed	Yes	In Progress	On Track	12/12/2025	31/01/2026	Final value of debt will be post 30 June 26	Decide	Engage	Engage	Engage	Decide	Decide	Decide
	Debt transfer structure agreed	Yes	In Progress	On Track	12/12/2025	31/01/2026		Decide	Engage	Engage	Engage	Decide	Decide	Decide
	Board consideration of Transfer Agreement	Yes	Not Started	On Track	13/02/2026	28/02/2026	Confirm feasibility of aligning with 19 Feb Board meeting	Decide	Engage			Engage	Engage	Engage
	Councils approval of Transfer Agreement	Yes	Not Started	On Track	28/02/2026	13/03/2026		Engage	Engage	Decide	Decide	Engage	Engage	Engage
	All matters ready for transfer	Yes	Not Started	On Track	29/05/2026	29/05/2026		Inform				Decide	Decide	Decide
	Transfer executed / complete	Yes	Not Started	On Track	30/06/2026	30/06/2026		Inform	Inform	Inform	Inform	Decide	Decide	Decide
Bylaws		Yes						None	None	None	None	None	None	None
	Review and Implementation Plan	Yes	Not Started	On Track	23/12/2025	23/12/2025		Inform		Inform	Inform	Decide	Decide	Decide
	Possible Council & IAWAI Decisions re pathway	Yes	Not Started	On Track	23/12/2025	28/02/2026		Decide	Engage	Decide	Decide	Engage	Engage	Engage
Policy and Procedures		Yes						None	None	None	None	None	None	None
Finance		Yes						None	None	None	None	None	None	None
Financial Systems		Yes						None	None	None	None	None	None	None
	LGFA membership confirmed	Yes	In Progress	On Track	1/04/2026	1/05/2026	PWC discussions with LGFA regarding debt transfer approach.	Decide	Inform	Inform	Inform	Engage	Engage	Engage
	Working capital resolved / in place	Yes	Not Started	On Track	1/05/2026	31/05/2026		Decide				Decide	Engage	Engage
	Treasury management advice in place	Yes	Completed	On Track	Completed			Inform				Inform	Decide	Decide
	Financial reporting requirements	Yes	In Progress	On Track	1/12/2025	31/01/2026		Decide				Decide	Engage	Engage
	Revenue collection & policies	Yes	In Progress	On Track	1/12/2025	31/01/2026		Decide				Decide	Engage	Engage
Financial Systems - Billing		Yes						None	Inform	Inform	Inform	None	None	None
	Set up Billing for proposed water charges	Yes	Not Started	On Track	30/05/2026	30/06/2026		Inform				Decide	Engage	Engage
	Invoicing for services / consents etc. and revenue handling in place	Yes	Not Started	On Track	31/05/2026	30/06/2026		Inform				Decide	Engage	Engage
Financial Model		Yes						None	None	None	None	None	None	None
	Bottom up financial model	Yes	In Progress	On Track	1/11/2025	31/10/2025		Inform				Decide	Decide	Decide
	Budget for 2026/27	Yes	In Progress	On Track	28/02/2026	30/06/2026	Note - WSS multi year budget dealt with elsewhere.	Decide	Engage	Engage	Engage	Decide	Engage	Engage
Comms, Consultation & Customer		Yes						None	None	None	None	None	None	None
	Brand	Yes	In Progress	On Track	2/11/2025	12/12/2025		Decide	Inform	Inform	Inform	Decide	Inform	Inform
	WSS Consultation and engagement strategy	Yes	In Progress	On Track	12/12/2025	31/01/2026		Decide	Inform	Inform	Inform	Decide	Engage	Engage
	Customer service plan	Yes	Not Started	On Track	12/12/2025	31/01/2026		Inform				Decide	Engage	Engage
	Complaints policy & process updated & operational	Yes	Not Started	On Track	30/05/2026	30/06/2026		Inform				Decide	Engage	Engage
	Crisis communication plan	Yes	In Progress	On Track	2/02/2026	30/04/2026		Inform				Decide	Engage	Engage

Attachment 2 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.	- Make minimum changes to existing functions - Extend and novate the Watercare contract to 30 June 28	- 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	- Mapping processes that cross organisations (ongoing).
Wellbeing Due to the speed and scale change there is an increased risk to health for impacted staff.	- 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"	- Active management of workload and expectations	-
Financial Sustainability The impact the bottom up financial modelling might have on the budget.	- Agreed to jointly value assets with independent review - Deferred Hamilton asset revaluation, enabling WSDP to be completed	- 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	- Work continues on developing an agreed asset revaluation approach. - Potential asset 'value' scenarios developed for inclusion in the first round of WSS financial modelling.
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 an intervention by the Commerce Commission.		-WDC & HCC to complete stormwater reviews	- Workshops underway regarding what is stormwater and what is not.

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.	- 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	- 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	- Undertook workshops with subject matter experts to refine shared services and associated systems and processes. -
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.	- 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	- 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	- Continue work on development contributions and revenue pathways. - Initiated work on capital works programme
Programme Leadership Individuals in key programme roles may change resulting in negative impacts on quality or timeliness arising from lack of knowledge of historic decisions, identified interdependencies, change in strengths or loss in capacity during handover.	- None. Newly identified.	- consider contracting external suppliers for the duration of the work. - accept the risk	-

Attachment 3: Background

1. The following content has not been updated and is provided for members of the public unfamiliar with the programme.
2. Ahead of 1 July 2026, there is a significant amount of work to prepare for the transfer, while also setting IAWAI 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.
3. 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.
4. Eight workstreams are responsible for delivering on this programme, overseen by a Programme Director.
5. 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.

Board meeting 15 10 2025

Public session

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. Receive the update on the development of the Water Services Strategy (WSS) 2026-2036.

Key points

2. Work is underway on a recast capital works programme as a basis for the WSS. Guiding principles are to ensure that the programme is deliverable, boost renewals, adequately responds to growth, and aligns with shareholder expectations – including, for example, unlocking wastewater capacity constraints over the next decade.
3. At the direction of the Board, the capital programme adopts a ‘growth should pay for growth’ model. No funding is included for emerging growth areas or areas seeking Fast Track consents.
4. Staff will be creating a clear pipeline of work which will enable IAWAI to consider strategic procurement partnerships. By planning together, over a longer time scale, we can give the market confidence, maximise delivery capacity, and set IAWAI up for success in the years ahead.
5. The draft WSS is being updated with a 30-year outlook based on the Activity Management Plan - a key supplementary document to the WSS.
6. Another key input for financial modelling is the price-path modelling work which will set IAWAI’s forecast revenue and pricing for the next three years. Staff are making progress on this matter – although it is complex, and the timing is a key risk for delivery of the plan.
7. IAWAI’s proposed Significance and Engagement Policy, which is a key requirement for the WSS, is being drafted. Iawai’s approach to Development Contributions will be considered at this meeting.
8. A plan is being developed to engage elected members from both council’s post-election – while issues are still in draft. A draft must be provided to the shareholding Councils for comment by 1 March 2026 (or a mutually agreed date), followed by formal public consultation. IAWAI must adopt a WSS before the start of the 2026/2027 financial year.

Background

9. The WSS is a requirement of the Local Government (Water Services) Act and demonstrates how 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.
10. The Act establishes the enduring settings for the new water services system. Its objectives are to ensure water services are safe, reliable, environmentally resilient, customer responsive and delivered at the least cost to consumers and businesses.

11. The WSS is IAWAI's primary strategic, financial, and infrastructure planning and accountability document.
12. The Board provided input on IAWAI's proposed purpose statement, guiding principles and strategic outcomes at a deep dive session on 19 August 2025 which have informed the drafting of the WSS.
13. A high-level project plan for the WSS was approved by the Board on 28 August 2025.

Key risks

14. **Delays in financial modelling impacting WSS timing** - Several inputs for the financial model (e.g., asset valuation, price-path modelling, development contributions methodology) are still in progress. Robustness of these inputs is critical and may affect timelines.
15. **Delay in government economic regulation guidelines** - At the time of writing the Commerce Commission released a consultation document for its economic regulation framework for water service providers.
16. **Limited iwi and mana whenua engagement** – This has been signalled as a priority for the Board. Resourcing for engagement on broader IAWAI matters and the WSS specifically is a current issue. A proposal is being prepared to address this.

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

17. Te Ture Whaimana o Te Awa o Waikato (Vision and Strategy for the Waikato River) is central to the WSS.
18. IAWAI honours Te Tiriti o Waitangi and the Treaty Settlements within its area of operation and is committed to Te Ture Whaimana o Te Awa o Waikato. IAWAI recognises the commitments made by both the shareholding Councils to iwi and hapuu, including the ongoing commitment to the health and wellbeing of significant waterbodies. Governance and oversight arrangements for IAWAI reflect these commitments.

Financial Implications

19. There are no financial implications resulting from this report.

Consultation

Shareholding Councils

20. Relevant staff at HCC, WDC and Watercare are contributing to the WSS. A draft will be provided to the shareholding Councils for feedback prior to formal consultation.

Partners and key stakeholders

21. Engagement on the draft WSS will occur with partners such as Waikato-Tainui and mana whenua, and stakeholders such the Future Proof partnership and developers. These groups will also be consulted during the formal consultation process.

Customers

22. Customers and the wider public will be consulted during the WSS consultation process.

Next steps

23. Progress development of the draft WSS and the IAWAI Significance and Engagement Policy and Development Contributions Policy.
24. Financial modelling of the recast capital works programme.
25. Progress and complete the price-path modelling work.
26. Consideration of the Activity Management Plan and IAWAI's proposed levels of service.

Board meeting 15 10 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.

Key points

2. This report presents the first Strategic Investment Portfolio report to the Board for projects transferred to IAWAI from 1 July 2025.
3. It has been challenging to collate the information across agencies, and to align project/programme report timing with portfolio reporting. The financial information available at the time of the report was not reliable across the portfolio, and therefore that information is not included in the October report. We are actively addressing these challenges; however, full integration across multiple systems will require time.
4. Risks, benefits and health and safety reporting is also being compiled for future portfolio reports.
5. The Portfolio is at **Amber** status, reflecting targeted financial and delivery challenges in specific major projects while overall progress continues.

Background

6. An introductory report on the Strategic Investment Portfolio (projects transferred from shareholder councils to IAWAI from 1 July 2025) was provided to the 21 August 2025 IAWAI Board meeting.
7. IAWAI has oversight of and 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.
8. The current Hamilton City Council and Waikato District Council Long Term Plans provides a combined Portfolio CAPEX Budget of circa \$1.1B for the transferred projects. The Portfolio projects/programmes are all at varying phases of delivery including initiation, planning, design, procurement and construction.
9. As endorsed at the 21 August 2025 meeting, the IAWAI Chief Strategy and Planning Officer and the IAWAI Director Strategic Investment Portfolio are formally acting as Sponsors for the programmes within the Portfolio to strengthen strategic alignment, governance oversight, and decision-making, while minimising disruption to delivery.

10. Following the August 2025 meeting, a briefing was held with the Board to provide a more in depth introduction and understanding of the programme, and to seek feedback on the content and level of detail to be included in the routine Strategic Investment Portfolio reports.

11. The feedback provided included:

- a. Incorporating stage gate milestones, risks and benefits into the reporting
- b. Including Health and Safety in the reporting
- c. Including total budget, actual costs and forecasts into the financial reporting
- d. Not including the detailed project reports into the portfolio reporting
- e. Direction to staff to present and identify any issues with solutions for the Board to consider as part of the reporting.

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

12. 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”.

13. 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.

14. 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

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

Consultation

Partners

16. 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

17. Continue to develop the routing Portfolio Report to include financial reporting, risks and benefits analysis, stage gate status and health and safety.

IAWAI Strategic Investment Portfolio Report

Portfolio Name	IAWAI Strategic Investment Portfolio	Report Date	October 2025
Portfolio Director	Jackie Colliar – Director Strategic Investment Portfolio	Report period	01 – 30 September 2025

PORTFOLIO OVERVIEW

STATUS

The IAWAI Strategic Investment Portfolio is at **Amber** status, reflecting targeted financial and delivery challenges in specific major projects while overall progress continues.

This is the first Portfolio Report. It has been challenging to collate the information across agencies, and to align project/programme report timing with portfolio reporting. The financial information available at the time of the report was not reliable across the portfolio, and therefore that information is not included in the October report. These challenges continue to be worked through.

There are clear planning, procurement, and delivery opportunities available to streamline the delivery of the portfolio and improve efficiencies. Some of these including, procurement of “programmes” of work rather than individual projects, integrating project workstreams, and utilising resources and consultants more strategically, are currently being implemented.

A meeting is being organised with representatives from the Commerce Commission to better understand the reporting they are expecting in the future. The ComCom reporting requirements will be used to help design future portfolio and project reporting required by IAWAI.

Risks, benefits and health and safety reporting is being compiled for future portfolio reports.

The portfolio focus remains on mitigating risks in transition and refreshing portfolio oversight and delivery approaches, ensuring readiness for a forecast five-fold increase in capital expenditure by 2027/28. This includes confirming future delivery capacity, strengthening industry partnerships, refreshing investment management and business case artefacts, and aligning governance structures to the new CCO executive framework.

The portfolio transition from Waikato District Council and Hamilton City Council to IAWAI is progressing, with delivery continuing in parallel to transition planning. Key transitional priorities include:

- Establishing a scalable, future-ready delivery model
- Aligning resourcing and governance to meet growth and service objectives
- Improving data quality and reporting capability to support informed decision-making
- Ensuring continuity of delivery through the workforce transition

While current challenges—particularly in reporting and governance structures, decision-making speed, investment assurance, and capacity building—require careful management, the portfolio is being positioned to meet its strategic, consumer, and cost-of-service objectives as it moves into the next phase of delivery and transformation.

The IAF Water Supply Programme (Central City Reservoir, Pumpstation, Bulk Reticulation), Water Supply (Hillcrest, Maatangi) Programme, Other WWTP Programme (Raahui Pookeka, Ngaruawaahia WWTPs) are advancing to plan, with proactive measures in place to recover time lost to early scope refinement and programme resets.

Budget management is a core focus, with strategies underway to address forecast shortfalls in the Pukete New Inlet Works and other key projects. Opportunities for reallocation of funds and scope adjustments within programmes are being actively explored to maintain portfolio outcomes.

The Universal Water Metering programme is progressing through the procurement phase of the pilot programme. This programme will be critical to improving demand management, optimising water use, and providing accurate consumption data to support both operational efficiency and long-term investment planning.

One of the Bulk Wastewater Storage projects requires a reassessment of approach. Re-engagement on alternative sites is required.

STRATEGIC PORTFOLIO - RISKS, ISSUES AND OPPORTUNITIES

Rating	Risks and Opportunities	Proposed Mitigation	Mitigation implemented this period
	COST FORECAST VS CAPACITY If the portfolio does not significantly increase its capacity to deliver against an increase of over 5- fold+ Infrastructure expenditure within 1-2 years by 2027/28 (see financial summary), then a significant portion of forecast delivery may be delayed potentially resulting in significant overhaul of the capital forecast, non-delivery against growth and demands/service performance and potential reputational damage with regulators and consumers.	- Consider a delivery model with the right skills and capacity to meet the challenges of the next 2-5 years. - Resource and commercial support considerations are defined to meet the portfolio requirements for a considerable and immediate ramp up in capacity to meet delivery and forecast expenditure. - Review the 10-year forecast based on strategic, economic, commercial, financial and delivery/capacity drivers.	A review continues to support the current state view of resourcing, investment and governance arrangements.
	WORKFORCE AND RESOURCING If the HCC/WDC/IAWAI 'year zero' - transition does not orient the portfolio towards the future delivery capacity and capability requirements, (as outlined in the forward plan and forecast) then IAWAI will not have the breadth of skills, nor the capacity to deliver as expected, resulting in time, cost/scope, service and consumer impacts.	In the year zero transitional period, IAWAI/HCC/WDC will confirm a functional/resource structure that has capability and capacity to empower industry partners in professional and construction services; to maintain local capacity to support delivery expectations.	The interim programme structure has been agreed by the IAWAI board and work is underway between HCC/IAWAI to establish the associated interim resourcing model.
	INDUSTRY CAPACITY If the portfolio does not progress a capital delivery model underpinned by integrated supplier partnerships, then the portfolio will not scale to meet increasing infrastructure investment and forecast increase in within the next 1-2 years, resulting in time, cost/scope, service and consumer impacts.	HCC has developed a draft strategy for strengthening resource capacity through industry partnerships and strategic procurement. This will be considered as part of the portfolio transition activities.	HCC I&A continues to define the commercial/industry partnerships approach, Whilst HCC remains a 'service provider to IAWAI, this will be applied once approved.
	INVESTMENT ASSURANCE AND BUSINESS CASES If the portfolio does not meet functional and current investment management requirements against the Water Services Strategy then IAWAI Executives cannot be assured that the significant infrastructure investments are on track to meet strategic, consumer and cost of service benefits, resulting in higher than forecast cost of service, delays and future growth and service uncertainty, potential regulatory scrutiny.	- The major projects portfolio leadership are currently looking to refresh all investment artefacts to align with the revised drivers in an IAWAI context and to ensure foundational thresholds for business cases are met. A report on Business Case status and requirements is pending. - Establish an HCC/IAWAI Risk and Benefits Framework such that strategic risk and benefits can be reported in a systematic way.	- Initial review of existing business case and investment planning approach is currently being conducted. - Risk and Benefits framework scheduled on the HCC Capital Delivery Improvement Roadmap for as priority early in 2026.
Rating	Issue	Proposed Mitigation	Mitigation implemented this period
	CHANGE IMPACT ON DELIVERY VELOCITY The development of resourcing and governance models for the major project portfolio are still being established. This is influencing the pace of delivery and the ability to provide full assurance that the portfolio is on track.	Continued and timely refinement of these elements are critical to support timely progress against a strong demand for delivery in the next 2 -5 years.	- The HCC Capital Portfolio Governance Group inaugural meeting on 21 August 2025 (including IAWAI representation) acknowledge this risk and agreed to monitor as part of HCC capital reporting - IAWAI Major Project Portfolio governance arrangements are agreed and further work to develop the systems and structures continues, this will reduce negative change impacts on portfolio transition.
	DATA & REPORTING Current data capture and presentation of data for reporting remains disaggregated, and the major project portfolio is currently working through IAWAI reporting expectations. In addition, resource capacity to aggregate and QA the reports is not fully established. Specifically: - Current systems and toolsets not fully aligned to a WDC/HCC integrated view - New programmes, not traditionally on the system currently being set up - HCC system requires investment to better align to the IAWAI/HCC/WDC relationship - The IAWAI Board offered direction on the requirements for portfolio reporting. This included reporting on Benefits, Strategic risks, high level programme status, engagement. Benefits reporting is not fully reportable at this time.	- Work towards aggregated view, in the HCC PM System - Induct new programmes into the PM system and clearly articulate expectations - HCC investigate onboarding of WDC to HCC system. - Collate benefits from all programmes into a reportable structure. - Investigate investment management foundations and plot a roadmap for realignment of the business cases and plans against the new strategic context and investment drivers	- Work is underway to remediate issues in data and reporting - Work is under way to review the business cases for all major projects to define a roadmap for foundational investment planning requirements including benefits.

SERVICING STRATEGIES/CONSENTING

SERVICING STRATEGIES/FAST TRACK**Overall – AMBER**

- Integrated servicing solutions for North Hamilton/Te Kowhai/Horotiu area currently being scoped, and consultant to be engaged to deliver servicing strategy. There is a risk that this work will not be completed in time to inform the completion of live commercial negotiations.
- Fast track processes continue to present significant workload and servicing challenges. R2 is the most progressed.
- Formal letter drafted to WRC seeking to work with them directly to develop model consent conditions for individual water allocation consents to mitigate and minimize future compliance risks and reporting burden.
- Seeking confirmation of HCC resources to lead the water abstraction and decentralized WWTP work streams.
- Servicing of fast-track areas is not planned, and will require significant infrastructure investment. None of this investment is funded in current LTPs. No funding is proposed to be included in the re-cast capital works programme for the Water Services Strategy, in line with the Board's direction that growth should pay for growth.
- The SL1 development area is located in Waipa DC. As the IAWAI area of service does not include the SL1 area, servicing this area is a Waipa DC responsibility. Board and Senior Management engagement with representatives from Waipa DC and Waikato Waters is required to ensure clarity on servicing responsibilities. Any water servicing requests from Waipa DC or Waikato Waters will be brought to the Board for consideration.

Programme	Project	Completion Date	Total Project Budget	Phase	Status					Commentary
					Risk	Time	Budget	Scope	O/All	
Servicing Strategy	Te Kowhai West	Tbc	Tbc	Planning	▲	▲	▲	▲	▲	The transferred project is titled "Te Kowhai West" servicing strategy. Watercare completed a servicing strategy for known development areas near Te Kowhai West 3 years ago. A 350mm dia gravity receiving line and trunk WW pumpstation has been constructed, however no further funding has been allocated to support servicing of this area. PDAs are being developed with the relevant developers in the Te Kowhai West Area. Horotiu has infrastructure in place to service planned dry industrial activity and residential development. However, there are several adjacent developments that do not currently have servicing plans or infrastructure funding, e.g. Te Rapa North, Te Kowhai East etc. An opportunity exists to complete an integrated servicing strategy for the overall area that can inform commercial negotiations. A proposal has been received to complete this work, which is under review. HCC has confirmed funding for this work.
	Pookeno / Tuakau	Tbc	Tbc	Planning	▲	▲	▲	▲	▲	Some early work had been completed to inform the WDC2024-34 LTP. This work is being revisited and refreshed. Watercare has engaged Beca to undertake conveyancing options to complement the localised WW treatment option already done. Beca will incorporate the studies into a strategy by end of October 2025. In parallel with this work, developers in Pookeno have identified potential private servicing solutions. These developers will be presenting at the October 2025 Board meeting. WDC Funding to be confirmed for the investigations work.

Programme	Project	Fast Track phase	Project Phase	Phase completion	Status					Commentary
					Risk	Time	Budget	Scope	O/All	
Fast Track – North	Te Kowhai East (TKE)	Referral + Substantive	Assessments	December 2025	●	▲	●	▲	▲	A strategy is required to identify potential water and wastewater services, this is causing a necessary delay to confirm the scope of servicing solutions. Stormwater challenges may affect land use yields and implicate downstream effects that require mitigation Water allocation consent, to transfer to HCC once obtained
	Te Awa Lakes (TAL)	Substantive	Cost recovery agreement	Tbc	●	●	●	●	●	Developer has yet to confirm if they will use the Fast Track consent process available to them or proceed using typical RMA processes. Existing PDAs and consents relate to most of the development area providing a baseline.
	HT1/Orchard Grove	Referral	Consultation	PX	▲	●	●	▲	▲	PX
Fast Track – South	SL1 Stage 1	Substantive	Assessments	Tbc	▲	▲	●	▲	▲	Developer is proceeding to prepare a substantive application based on assumptions that are yet to be agree to. Scope is uncertain, increased risk of unacceptable outcomes as we cannot influence work underway and delay to their programme. Note: SL1 is outside the IAWAI jurisdictional area. Waipa DC is the responsible authority for servicing,
	SL1 Rogerson	Referral	Consultation	N/A	▲	●	●	●	●	PX
	SL1 Houchens	Referral	Consultation	N/A	▲	●	●	●	●	PX
Fast Track – East	R2	Substantive	Assessments	Tbc	●	●	●	●	●	Water and wastewater models being updated for Fast Track proposals – to complete in October Water and wastewater modelling briefs are being agreed. All options considered are servicing from Hamilton City networks. Water allocation consent application to be lodged by applicant with WRC, to transfer to IAWAI once obtained
	Greenhill Industrial	Referral			▲	●	●	●	●	PX
Fast Track – West	Brymer	Substantive	Cost recovery agreement	Tbc	▲	▲	●	▲	▲	Developer intends to lodge substantive application in December 2025. Proposing onsite private water and wastewater services. Water allocation consent application is lodged with WRC.
	Wallace Rd (WA)	Substantive	Cost recovery agreement	Tbc	▲	●	●	●	●	Seeks connection to HCC water and wastewater networks. No engagement to date on substantive application or assessments. Applicant has not engaged with IAWAI/HCC except for on transport matters

WASTEWATER CONSENTING

Overall – AMBER

- Opportunities to take programme approach continue to be identified, investigated and implemented.
- Integrated approaches already planned and/or underway include: Routine water quality sampling from upstream of the Southern WWTP site to Rahui Pookeka which has been underway for over 12months, integrated public health risk assessments and river hydraulic modelling across the reach of river where the existing and potential discharges will be located.
- Options for more coordinated consenting processes are currently under investigation. Opportunities for more co-ordinated communications and engagement processes have been identified and are being pursued.

Programme / Project	Completion Date	Total Project Budget	Phase	Status					Commentary
				Risk	Time	Budget	Scope	O/All	
Rahui Pookeka	30/09/2028	Tbc	Engagement	●	●	●	●	●	The resource consent expires on 31/03/2029, however upgrades are required now, and we wish to ensure that our partners and stakeholders are comfortable with the 2026/27 upgrades and will ideally support the resource consent renewal applications in 2028.
Ngaaruawahia	30/09/2028	Tbc	Engagement	●	●	●	●	●	Meetings and site visits to date have been positive regarding the treatment upgrade concepts. The key item is likely to be the form and location of the discharge. Options have been prepared and are being considered. The programme will be reviewed to bring the project
Pukete	31/3/2027 to lodgement	\$10.6m	Planning	●	▲	●	●	▲	The resource consent expires on 30/09/2027. Updating overall project management plan, identifying dependencies with the Pukete Master Plan and Pukete Upgrade Programme, and identification of co-ordination of this project in relation to the Southern WWTP planning activities. Further refinement of scope to take account of other related workstreams and updating governance RACIE. Critical baseline monitoring work continues.
Southern WWTP	31/5/2027 to lodgement	\$7.96m	Planning	▲	▲	●	●	▲	Landowner Opposition: A group opposing the project has been formed and presented to the August Board meeting. Follow up letter sent including request for information on an alternative site they have proposed; Board noted they are open to receiving their information but no information received. LGOIMA have been received and responded to. Community Engagement: Info sessions planned for November; engagement underway. Meeting with Landowner group being organised, alongside a site visit to Raglan WWTP. Leadership Engagement: CE and Mayors of Hamilton and Waipā briefed. Overall project communications protocol developed to assist in managing communications across partner organisations Other Engagement: Briefing with MP Barbara Kruger completed. Project Partners invited to Raglan WWTP site visit. Consultant Performance: delays persist due to under-pricing and scope misalignment. These matters are being worked through. Project Progress: Draft consenting strategy submitted; key plans under review and awaiting updates, Peer reviewers onboarded

WASTEWATER MAJOR PROJECTS

OTHER WASTEWATER PROGRAMME

Overall - GREEN

- Programme progressing well.
- RFI responses are being evaluated with short list to be confirmed in October 2025.
- Southern WWTP added as a separable portion to the Watercare Waikato contract, but no commitment to construction made yet
- Projects to secure resource consent for discharges from these plants is underway
- Overall approach to upgrade is to adopt the water quality standards used in all other recent WDC-Watercare WWTP upgrades with discharges to water. Overall approach is also to upgrade the plant in parallel to or before securing new long term consents.

Programme Project	Completion Date	Total Project Budget	Phase	Status					Commentary
				Risk	Time	Budget	Scope	O/All	
Rahui Pookeka WWTP	30/06/2027	\$33.56m	Planning	●	▲	●	●	●	Strategic changes in the latest LTP accelerated the installation of the first membrane process lane to ensure compliance with the current consent. The reference design is completed and procurement underway. Tender RFI currently being assessed. A short-list of tenderers will be invited to prepare designs and submit responses to RFP. These are expected to be delivered by April 2026, following

									which the Contract for both Raahui Pookeka and Ngaaruawahia will be awarded. Programme is Amber as Rahui Pookeka will follow Ngaaruawahia. Proposed to start the programme with NGA due to abatement notices.
Ngaaruawahia Wastewater Treatment Plant	30/06/2027	\$34.50m	Planning	●	●	●	●	●	See above
Southern WWTP Project	TBC	-	Planning	-	-	-	-	-	No funding currently confirmed, however construction funding is included in re-cast capital works programme. The Southern WWTP has been added as a separable portion to the current Rahui Pookeka and Ngaaruawahia procurement process.

PUKETE WASTEWATER PROGRAMME

Overall – AMBER

- Programme governance refresh underway. All projects now being managed as a single programme. Programme Governance Group established, including independent member Garry MacDonald.
- Deep dive with the Board planned for 23 October 2025 – key topics include building procurement, fast-track for upgrade to progress towards consent standards, budget forecasts will allow for risk but programme will pursue delivery as fast as practicable.
- The programme presents challenges to keep the budget and timeline as per the baseline - investment case and procurement strategy in preparation to provide a more structured approach and gathering pace.
- Master planning investigations and consent urgency may lead to changes in sequencing from Metro DBC expectations, prioritising treatment gains with corresponding “smoothing” of forecast expenditure.
- There are risks from implementing upgrades in parallel with operations, renewals, consenting, master-planning, ongoing inlet construction – engagement and coordination mechanisms being established.
- Key risk for upgrade relates to being able to achieve anticipated higher discharge consent standards on date when current consent lapses – time, scope. Progressive improvement consent framework essential.

Programme/Project		Completion Date	Total Project Budget	Phase	Status					Commentary
					Risk	Time	Budget	Scope	O/All	
Master Plan		30/06/2027	\$1.58m	Initiation	●	▲	●	●	▲	AMBER status because interim direction is critical to reduce risk/uncertainty for wider upgrade decision-making. Master plan scope and programme OK. Initial investigations procured in combination with Upgrade workstream.
Bioreactor Retrofits (Pukete 3b)		30/06/2025 In use date 31/12/26	\$4.14m	On Hold	●	▲	▲	▲	▲	AMBER status due to hold and scope uncertainty. The project is Likely to be merged with Secondary Treatment Pathway below. Scope reduced to remove the construction of Bioreactor 1-3 retrofit (CR_18) with the option to move the project from Design to close out.
New Inlet Works Facility (Pukete 3c)		30/06/2026	\$38.6m	Construction	●	●	▲	●	▲	Overall Project Status changed from RED to AMBER (August 2025) as there remains a budget shortfall against the forecast will be covered by a transfer from Pukete 4 (~\$5M) and from the Bioreactor retrofits project (~\$1.5m). Also, the potential of the Odour Control Unit to be wholly funded by the Renewals and Compliance programme.
Pukete WWTP Upgrade (Prev. Pukete 4)		30/06/2034	\$498m	Initiation	▲	▲	▲	▲	▲	AMBER status to reflect start delay, scope uncertainty, urgency and risk from overlapping interdependent workstreams. Change request underway to address budgets across Pukete 3c and Pukete 4, and smooth annual forecast in later years. The Initiation phase is underway with the Governance established and the Programme Plan in place for approval. Investment case and procurement strategy in preparation. Budget will be reviewed in the investment case following the master plan/initial investigations findings. IAWAI governance is in place, external advisors being arranged. HCC TAG framework being finalised. Programme manager in place. Project managers, contracts admin and cost management support to be confirmed.
	Pukete Admin, Control and Administration Buildings	30/06/2027	\$ Incl. above	Initiation	●	■	●	▲	▲	AMBER status overall for uncertain buildings scope/location and completion unlikely by 2027 (but not yet critical). Interim consultant project manager in place. Procurement planning for long term project manager and expert advisor/ reviewer underway. Building requirements are being established. Initial investigation highlighted strategic decisions now being progressed for building functions, resilience, scope and location. Form/function/location decision-making process underway. Buildings procurement options evaluation underway. Potential implications for road and reserve statutory processes and engagement overlap with consents workstream. External engagement will be led/managed by consents workstream.
	Initial works (UV, PST, Waters)	30/06/2034	\$ Incl. above	Initiation	▲	▲	●	▲	▲	AMBER status to reflect scope uncertainty and urgency for information for current Pukete 3 construction. Amber risk because of uncertainty. Amber time because discharge outcomes expected by consents may not be achieved by September 2028 lapse date.
	Secondary treatment upgrade	30/06/2034	\$ Incl. above	Initiation	▲	▲	▲	▲	▲	AMBER status to reflect scope uncertainty, urgency and risk from overlapping interdependent workstreams. Amber risk because of uncertainty. Amber time to reflect expectation that discharge consent framework already anticipates upgrade outcomes to be a work in progress (improvements towards agreed standards) by September 2028 lapse date (otherwise would be red and higher risk).
	Solids process upgrade	30/06/2034	\$ Incl. above	Initiation	●	●	▲	▲	●	GREEN status to reflect that liquids workstream decisions will precede solids. Amber for scope certainty (what forms part of initial works).
	Storm flow upgrades	30/06/2034	\$ Incl. above	Initiation	●	●	●	▲	●	GREEN status to reflect that liquids workstream decisions will precede storm flow. Amber scope to reflect that early implementation of MBR will affect maximum flow rates and require early attenuation.

	Stormwater upgrade	30/06/2034	\$ Incl. above	Initiation	●	●	●	▲	▲	AMBER status to reflect potential scope mismatch/duplication with consenting workstream. Being resolved through coordination with consents workstream.
	New outfall to river	30/06/2034	\$ Incl. above		▲	●	●	▲	●	GREEN status to reflect that consents workstream will guide form/location with direction emerging in 2026/2027. Amber for scope and risk, since interim outfall may/likely to be required and assumed plant discharge/connection location needs to be assumed in interim.

WATER SERVICE/STORAGE MAJOR PROJECTS

BULK WASTEWATER PROGRAMME

Overall - RED

- Fairfield: NoR Lodgment delay has eventuated and the need for further work has been identified by planning and legal peer review. Expecting to lodge Fairfield Bulk storage designation/regional Council consent by early next year. Investigations for EI-US Hamilton East bulk storage continues with some significant challenges. in Hamilton East .
- Initiating the exploration of designating the rest of the Bulk wastewater storage site across Hamilton (total 8 sites, 3 underway).

Programme	Project	Completion Date	Total Project Budget	Project Phase	Status					Commentary
					Risk	Time	Budget	Scope	O/All	
1 Designation EI-US EI-MS WI-D	El-MS Fairfield	30/11/2025	\$1.21m	Planning	●	▲	●	▲	▲	AMBER because of the revised NOR lodgement date for early 2026. It is expected to go back to green in the next period. This designation is progressing as per the new proposed plan.
	El-US Hamilton East	31/12/2026	\$1.02m	Planning	■	■	▲	▲	■	RED due to the lack of clarity on the timeline and costs to complete the sites assessment and the designation. The project team is assessing the next option from the Feasibility study as well as other sites.
Project Storage 4 – El-MS Fairfield		30/06/2030	\$50.6m	Initiation						The project management plan and Procurement strategy are being drafted.
Storage 1 - El-US Hamilton East		30/06/2030	\$47.5m	Not Started						Waiting for the designation process to be completed.
WW Network Capacity Upgrade Sub-programme	Upper Western Network: New Storage, Pre-treatment and controlled discharge (Lorne/Normandy)	30/06/2027	\$14.1m	Initiation	●	▲	●	▲	▲	AMBER. Waiting on the project scope to plan the delivery. Resourcing required.

WATER SUPPLY PROGRAMME

Overall - GREEN

- Hillcrest: NoR planning works has started (Motts). High-level documents review (including Master Plan to confirm the need) underway to ascertain if the current site is suitable – a MCA being developed.
- Independent consultant (BBO) to be engaged for oversight of the planning process. Public engagement and consultation underway for the existing Bowling club demolition on the site along with dilapidation survey of the identified properties around the site.
- Opportunity to harmonise and integrate overall water supply network upgrades in the broader geographic area are being investigated. This includes the potential to accelerate the installation of section(s) of a future bulk water main upgrade along Morrinsville Road to coincide with the construction of a new roundabout, roading and multi-modal transport links.

Programme/Project	Completion Date	Total Project Budget	Project Phase	Status					Commentary
				Risk	Time	Budget	Scope	O/All	
Hillcrest Zone	21/01/2032	\$59.3m	Planning	●	●	●	●	●	The Project Management Plan has been approved for works to complete site selection and planning, before NoR works. Site feasibility and site selection will be the first planning assessment that needs to be completed This is currently in progress. Planning risk workshop has been completed and risks compiled. Public engagement is occurring for the demolition of the existing Bowling club, and dilapidation surveys, Demolition starting first week of November. BBO in process of being engaged to lead the designation, resource consenting and Reserves Act processes associated with the project. BBO performed this function successfully on the IAF Ruakiwi reservoir.
Maatangi Reservoir	31/12/2027	\$8.80m	Planning	●	▲	●	●	●	Land purchased. The Approved LTP has just been issued; the execution programme is generic for each reservoir and will soon be updated. The Notice of Requirements is being prepared (led by Beca), along with progressing the Reservoir Workstream through Delivery.

The reservoirs for Maatangi and Eureka are proposed to address LoS issues particularly during summer. An RFI is currently out to market for an overall programme for a number of reservoirs across the District (Huntly, Maatangi, Eureka, Raglan, Tuakau). The Notice of Requirement process has been in train for some time, and no major snags are currently anticipated.

HIF (IAF) WATER SUPPLY

Overall - GREEN

- Programme progressing well with no foreseen barriers to delivery

Programme / Project	Completion Date	Total Project Budget	Project Phase	Status					Commentary
				Risk	Time	Budget	Scope	O/All	
Central City Reservoir Stage 1 and Booster Pump Station	28/02/2029	\$86.09m	Design	●	●	●	●	●	Overall project status is 'Green' with design tasks progressing well. Notice of Requirement for the Reservoir has been lodged and is currently open for submissions. Reserves Act processes are being carried out in parallel to the NoR processes. Other consents are expected to be fully lodged mid-Sept 2025, and progress on the design stage is either on or ahead of schedule.
Bulk Water Reticulation	30/06/2028	\$36.17m	Design	▲	●	●	●	●	Site Investigations are complete, confirming the route with Preliminary Design underway.

UNIVERSAL WATER METERING

Overall – AMBER

- Delays to the publication of procurement documents for the pilots (a Request for Tender or RFP) have resulted in an overall status of **Amber** this period. The programme will seek to recover some of this time during the evaluation process and subsequent contract awards.
- First stage investment case complete and endorsed by IAWAI. This will be iterated as the programme progresses, to refine costs and address risk.
- Collaboration work with potential partners is progressing well (there are opportunities to leverage economies of scale, as well as software solutions).
- GIS layer for Hamilton City Council has been developed and published. This will be used during the rollout.

Phase	Phase completion date	2025/26 Project Budget	Phase Status	Status					Commentary
				Risk	Time	Budget	Scope	O/All	
Investment Case	30/08/2025	\$597k Capex \$516k Opex	Complete	▲	●	▲	●	▲	First stage Investment Case complete. Noted that the first stage investment case costs are based off responses to a Request for Information (RFI) process which concluded in June 2025 and are deemed indicative. Overall status is amber, as funding confirmation through the Water Services Strategy is required.
Procurement	22/11/2025		Planning	▲	▲	●	●	●	RFP documentation complete and procurement is underway. The procurement is a multi-stage process as follows: - Stage 1 – RFI – complete (June 2025) - Stage 2 – RFP for pilots, with option to proceed to full implementation without returning to GETS (publication on GETS 22/23 September, assessment and contract award 22 November 2025) - Phase 2a – up to 250 endpoints (200 new residential connections in Hamilton East, 27 upgraded residential connections in Te Aakau, 23 commercial/industrial connections in Hamilton East), Meter Data Management Solution, Customer App, Telemetry for all endpoints. Residential pilot in Hamilton East is opt on. - Phase 2b – up to 3,000 endpoints Stage 3 – Full implementation (pending). 78,340 endpoints plus future growth.
Pilot	Q2 2026		Planning	▲	●	▲	●	▲	Comms & Engagement have publicised the pilot in Hamilton. An article in the Waikato Times and publication on the Council website has resulted in 70 residences opting on to the pilot in Hamilton East. A mailout is now being finalised to boost these numbers further, to the required 200. Participants within Hamilton East will be offered free water conservation advisor services, access to a green plumber (time only, not materials) to investigate leaks, and family passes to a council facility as a thank you. The timing of the pilot is subject to the lead times for hardware and availability of installation resources. These questions will be answered during the RFP process. Suppliers have been asked to indicate their availability and lead time for hardware
GIS layer	16/09/2025		Initiation	●	●	●	●	●	Water meter GIS layer for HCC has been published, for use by the programme (thank you to Hadleigh McCowan) A process is being developed to update the data in this layer in an automated way from systems of record (vs. manually running scripts)

									Next steps – work to commence on forms to overlay on the GIS layer. These forms will be used to complete As-Builts during the installation process.
Field studies	Q4 2025		Planning	●	●	●	●	●	Master data has been consolidated from multiple sources and extracted from the GIS layer: • IPS (source of truth for assets) • Authority (source of truth for billing) • Water GIS layer (source of truth for location and composition of service connections, diameter etc.) This master data has been analysed, to identify areas of uncertainty/inconsistency and thus the scope of the field survey. Next steps: scope up time and resource required for the field surveys and secure resource to complete this work, pre the full implementation of water meters

FINANCIAL SUMMARY

While the budget, actuals and forecasts for some programmes/projects are accurate in PSODA, there are some significant errors in the overall financial data. As a result, consolidated financial reporting for the portfolio is not included in this months report. These discrepancies will be worked through in the coming month to inform the financial summary for the November 2025 report.

Board meeting 15 10 2025

Public session

Iwāi Development Contributions charging regime options

Prepared and recommended by Greg Carstens (HCC) and Nick Birdsall (WDC)

Approved by Iwāi Chief Strategy and Planning – Andrew Parsons

Consulted with Hamilton City Council/Waikato District Council

Recommendation(s)

1. That the Board:
 - a. Approve Iwāi adopt two-stage approach to its development contributions policy: From 1 July 2026, using Hamilton City Council (HCC) and Waikato District Council's (WDC) existing development contribution (DC) policies; while in parallel starting work on Iwāi's own funding policy for use in 2027/28 (**Option 2**);
 - b. Note that until Iwāi has its own policy, HCC and WDC will collect DCs on Iwāi's behalf;
 - c. Note that WDC will explore adjusting its charges to reflect an enhanced capital programme.

Key points

2. From 1 July 2026, Iwāi needs the ability to recover future water growth infrastructure costs via Development Contributions (DCs) (and in the future levies).
3. Four options have been developed for the Board's consideration on how Iwāi can do this. Options range from simply using council existing policies to creating a fully independent Iwāi policy by 2026.
4. The recommended option (Option 2) is a staged approach. It uses existing HCC and WDC DC policies from July 2026, allowing time to develop a custom Iwāi policy ready for 2027/28.
5. This option helps to balance resource constraints (in particular the significant effort required to create a new policy), while maintaining charging continuity, reducing complexity, and allowing flexibility to use either DC or DL frameworks in the future.
6. There is a risk of revenue under-recovery during the interim period under Option 2. Existing council policies won't fully reflect Iwāi's expanded capital programme. However, the benefit is in allowing time to develop a robust, fit-for-purpose policy aligned with Iwāi's long-term needs.
7. It is important staff continue work on a full DC policy regardless of the current Development Levy (DL) legislative progress, ensuring readiness if DL legislation is delayed or does not proceed.
8. Key next steps include bringing policies to Iwāi for adoption, formalising engagement with HCC and WDC for interim arrangements, detailed policy development planning, establishing governance structures, monitoring legislative developments, and initiating stakeholder engagement and legal review.

Background

9. DCs are a charge imposed on a new development that goes towards the cost of providing infrastructure for growth. The Water Services Bill (the Bill) enables lawai to require DCs from developers for the capital costs of meeting new or additional demand for water services infrastructure. DCs will be an important revenue source for lawai.
10. The Bill includes transitional provisions allowing lawai to adopt aspects of councils' DC policies and to enter agreements for councils to administer and collect DCs.
11. DCs are intended to be replaced by DLs under the 'Going for Housing Growth' programme, with legislation originally expected by June 2026 and implementation from July 2027 at the earliest - though this may extend to July 2030. There is a real risk that DL legislation may not pass or could be postponed, especially given the current political cycle.
12. Both HCC and WDC have recently undertaken substantial reviews of their DC policies, including public consultation, legal review, updated modelling, and revised charges. HCC's updated policy came into effect in July 2024, while WDC's current policy came into effect in July 2025, with charges being reviewed currently. The outcome of the review work may change recovery levels (increase) and is expected to be better understood within the next six weeks.
13. This paper recommends establishing a new growth funding regime that can either reflect a DC or DL framework, as circumstances allow, so lawai is not left exposed if DLs are delayed.

The Details

14. Staff have considered four options for lawai's DC charging regime below. Each varies in legislative alignment, complexity, resource needs, and financial outcomes.

Option	Description	Considerations
OPTION 1 Adopt existing and transition at DL reform	Adopt relevant parts of HCC and WDC policies from July 2026. Councils collect DCs on lawai's behalf until a new levy policy is implemented.	Pros: Low-cost, minimal disruption, leverages existing systems. Cons: Accepts existing levels of under-recovery, limited control, inconsistent methodologies, unclear public messaging, and dependency on legislative timing. Requires cohesion between three parties to achieve optimal outcome(s).
OPTION 2 Adopt existing, develop new <u>Recommended</u>	Adopt council existing policies from July 2026. Develop a tailored lawai growth funding framework (DC's or DLs) for implementation from 2027/28.	Pros: Aligns with strategic planning and Long-Term Plan (LTP) cycles, allows tailored policy development, manageable short-term resource needs. Cons: short term under-recovery, and for the intervening period - limited control, inconsistent methodologies, unclear public messaging, and dependency on legislative timing.
OPTION 3 Enhance existing	Work with councils to broaden their DC policies to reflect lawai's capital programme.	Pros: Potential for improved short-term revenue, uses existing systems. Cons: Legal feasibility uncertain. Limited control, inconsistent application, and developer confusion.

OPTION 4 Develop new	Develop a standalone lawai DC policy operative July 2026.	Pros: Full control, strategic alignment, strong foundation for levy transition. Cons: Not viable from a time and resource perspective, software integration challenges, legal risks and harmonisation challenges due to time constraints.

Recommendation

15. It is recommended that lawai adopt Option 2 - a staged approach to establishing its own growth funding framework by using relevant components of HCC and WDC's existing DC policies from 1 July 2026, while concurrently preparing a tailored lawai policy for implementation in 2027/28.
16. This approach offers a balanced and strategic pathway that respects current resource constraints, minimises administrative complexity, maintains continuity in charging practices and provides flexibility to adopt either a DC framework or DL framework, where possible. It aligns with council planning cycles and anticipated levy legislation, reducing legal and operational risk.
17. While there is a moderate risk of under-recovery in the interim year, this is outweighed by the opportunity to develop a robust, fit-for-purpose policy that reflects lawai's capital programme and supports long-term financial sustainability.
18. Further legal advice is being sought to ensure that resolutions proposed to adopt the relevant parts of the existing DC policies are robust and complete.

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

19. The options outlined in this report do not have direct impacts to commitments of Te Tiriti o Waitangi or Te Ture Whaimana o Te Awa o Waikato. DCs support the funding of growth infrastructure that will have commitments under these documents and engagement will be undertaken as part of the individual infrastructure projects.
20. When lawai develops its own policy and framework, it will need to consider obligations under Te Tiriti as well as Te Ture Whenua Maaori Act. Consultation will also need to be undertaken with local iwi and Waikato Tainui.

Financial Implications

21. DCs (and in future DLs) are a key funding stream for growth infrastructure. There is a risk of under-recovery and a cost of various policy provisions from the HCC DC policy. This document also outlines ways that lawai could enhance DC revenue in the future.

Consultation

Partners

22. This memo has been jointly prepared by staff at HCC (within the Commercial and Analytics Unit) and at WDC (within the Strategy and Growth Group) and has received approval from relevant General Managers of both organisations.

Next steps

23. If Iowai adopts this staged approach the following next steps are recommended to ensure timely and coordinated delivery:

- a) Receive further legal advice and formally adopt the relevant parts of the existing DC policies of HCC and WDC
- b) Initiate formal engagement with HCC and WDC to coordinate interim implementation.
- c) Commence detailed scoping and project plan for the future Iowai DC policy, including infrastructure inputs, financial modelling, and governance expectations.
- d) Scope and allocate appropriate staff resources and establish a cross-agency working group to oversee policy development, coordination, and delivery.
- e) Monitor legislative progress on development levy frameworks and adjust timing, scope, or approach as needed.
- f) Develop a stakeholder engagement plan to support consultation activities throughout 2026 and 2027.
- g) Undertake legal and systems readiness reviews to ensure implementation feasibility and integration with council platforms.

Attachment 1: further details

Option 1: Adopt existing TA policies and transition at DL reform

Option 1 – Overview

1. IAWAI would adopt the relevant components of the existing DC policies from both HCC and WDC, authorising each council to charge and collect DCs on IAWAI's behalf from 1 July 2026. This arrangement would remain in place until a new IAWAI DL policy is developed and implemented following the enactment of levy legislation. This is considered the least change option, offering a transitional pathway that leverages existing systems and avoids immediate policy development.

Option 1 - Key Considerations

2. This option provides a low-cost and low-disruption approach while awaiting legislative clarity. By utilising existing council frameworks, IAWAI can minimise immediate resource demands and avoid duplicating administrative systems. It ensures continuity and operational simplicity in the short term.
3. However, once levy legislation is enacted, IAWAI will need to develop a new policy framework to align with the new legal requirements.
4. This option supports unified Council transition to DL, enabling smoother implementation and reducing speculative developer behaviour.

Option 1 - Risks

5. While administratively straightforward, this option carries a risk of under-recovery and reduced strategic control. Revenue collected under council policies may not fully reflect IAWAI's infrastructure priorities or timing. Reliance on external policies may limit IAWAI's ability to shape its development strategy and investment decisions. Differences in council methodologies could lead to inconsistent application or interpretation of DC policies. Developers and the public may face uncertainty regarding contribution obligations and future policy changes. Additionally, legislative delays could prolong interim arrangements, extending the period of under-recovery and delaying the transition to a tailored levy framework.

Option 2: Adopt existing TA policies short-term and develop new IAWAI DC policy for realistic implementation date

6. Option 2 – Overview

7. IAWAI would adopt the relevant components of the existing DC policies from both HCC and WDC. Under this arrangement, both Councils would be authorised to charge and collect DCs on IAWAI's behalf under their respective policies until IAWAI develops and adopts a new Growth Funding framework (either DC's or DL's). This new policy would be aligned with the second Water Services Strategy and is intended to commence in the 2027/28 financial year. While this option carries moderate risk, it represents a balanced and achievable approach that supports strategic alignment and operational continuity.
8. The Board discussed the potential for a hybrid approach: adopting HCC's policy as-is, but enhancing WDC's modelled charges to reflect additional Capex or programme needs, if feasible. This should be explored as a 'slightly better' alternative to simply adopting both policies as they stand, contingent on WDC's ongoing modelling review, legal ability and council approval.

Option 2 - Key Considerations

9. This option aligns with IAWAI's strategic planning processes and the LTP cycle of the councils. It allows sufficient time to develop a tailored DC policy that reflects IAWAI's capital programme and accommodates potential delays in the enactment of development levy legislation. In the short term, it minimises disruption and reduces immediate staff resource requirements. However, the development of a new framework for the 2027/28 financial year will require significant investment in modelling, legal review, software development, and stakeholder engagement. This option also provides a gradual transition to higher DC charges, which may be beneficial given current economic pressures affecting development feasibility. A sudden increase in DCs could negatively impact development uptake and associated revenue.

Option 2 - Risks

10. There is a risk of under-recovery during the interim period, as the existing council DC policies may not fully reflect IAWAI's expanded capital programme. Should IAWAI choose to transition to a new framework earlier than anticipated, there is a risk of duplicating effort and resources if a DC policy is developed for implementation in 2027. This risk is mitigated if IAWAI is prepared to retain the DC policy until 2030 or until the legislative deadline for adopting a levy policy. Careful planning and coordination will be required to ensure that policy development efforts are not rendered redundant by future legislative changes.
11. Duplication risk and opportunity cost also exists where IAWAI established a DC policy and framework for 2027/28 financial year (expected to provide for up to a three-year period), where either or both councils then establish a DL policy and framework within the same period.

Option 3: Enhance Existing TA Policies

Option 3 - Overview

12. IAWAI collaborates with HCC and WDC to review and expand the scope of their existing DC policies to include additional capital expenditure aligned with IAWAI's broader infrastructure programme. Under this arrangement, councils would continue to charge and collect DCs under their own policies.

Option 3 - Key Considerations

13. This option may enhance short-term revenue by incorporating a wider range of water-related infrastructure costs. It leverages existing council systems, potentially accelerating implementation and reducing administrative burden. However, it is contingent on the councils' willingness and capacity to revise their policies within their respective LTP cycles.
14. IAWAI would have limited influence over the final policy content, prioritisation, and methodology, which may not fully reflect its strategic infrastructure objectives. While this approach may reduce immediate revenue shortfalls, it offers limited long-term policy autonomy and may not align with future legislative frameworks.

Option 3 - Risks

15. There is legal uncertainty under the current drafting of the Water Services Bill regarding the feasibility of this approach. Inconsistencies between HCC and WDC DC policies and methodologies may result in uneven application across IAWAI's catchment, potentially causing confusion or dissatisfaction among developers.

16. An immediate increase in DC charges could be unexpected for the development community, particularly given the anticipated review cycle in 2027. Additionally, DCs collected must be spent on the infrastructure for which they were collected. IAWAI must be confident in the delivery of the proposed capital programme to ensure compliance with expenditure obligations.

Option 4: Develop new IAWAI policy operative 1 July 2026

Option 4 - Overview

17. IAWAI develops a standalone DC policy tailored to its operational and strategic needs, incorporating full financial modelling, stakeholder engagement, legal review, and software implementation. This policy would be implemented from 1 July 2026 and later transition to a levy policy once the relevant legislation is enacted.

Option 4 - Key Considerations

18. This option provides IAWAI with full control over the scope, design, and implementation of its charging regime, allowing for precise alignment with infrastructure investment plans. It supports integration of strategic goals from the outset and may serve as a strong foundation for future levy policy development.
19. However, it requires substantial resources across technical, legal, and administrative domains. Delivering a comprehensive policy within the available timeframe is likely to be challenging. Software development and testing alone may require up to 12 months subject to the approach taken with a DC model, and integration with existing council systems may be complex due to differing platforms.

Option 4 - Risks

20. This option presents high overall risk due to tight timeframes and the potential inability to complete all necessary work satisfactorily. It places significant pressure on staff resources across multiple workstreams, including modelling, legal review, stakeholder engagement, and system implementation.
21. Software development may not be completed in time, and integration with council systems could be problematic. If timeframes are missed, it then will roll into the potential window of DLs being available, compounding inefficiencies if IAWAI then adopted the DL framework. A hastily developed policy may be vulnerable to legal challenge, and stakeholders may question its robustness and fairness. These risks must be carefully weighed against the benefits of policy autonomy and strategic alignment.

Resourcing

22. Developing a new growth funding framework for IAWAI is a major undertaking that demands significant technical, financial, and organisational resources. It involves complex software development, detailed infrastructure modelling, legal review, and stakeholder engagement - alongside the integration of two distinct GIS and regulatory systems from HCC and WDC. These tasks are not only costly and time-consuming but also carry risks of delay, especially in light of potential legislative changes. As the scope of policy development expands, so too do the costs and risks, requiring expert consultancy and careful coordination across multiple domains to ensure the policy is robust, defensible, and fit for purpose. The delivery of a robust IAWAI DC Policy is estimated to require around 5,000 hours of staff time across HCC and WDC.
23. It's also important to recognise the operational realities facing both councils. HCC and WDC are managing heavy workloads and are already committed to delivering their own programmes and

priorities. The policy development process should be designed to complement, not compete with, council operations - ensuring that IAWAI's needs are met without compromising the capacity or strategic direction of its partner organisations.

24. The estimated external cost to develop a standalone IAWAI DC or levy policy is approximately \$1.4 million, covering software development, legal review, and specialist consultancy support. This includes around \$900k for new software setup and integration, and \$500k collectively for legal advice, infrastructure cost allocation modelling, and external analytics review. These components are essential to ensure the policy is technically robust, legally sound, and operationally ready, but they also highlight the scale of investment required to deliver a comprehensive and defensible charging framework.

Under-recovery

25. Under-recovery refers to the inability to fully collect growth-related costs through DCs. Under-recovery of DCs presents a financial risk for IAWAI. Firstly, the current IAWAI programme is substantially larger than the water infrastructure programmes included in HCC and WDC LTPs. Secondly, in practice full recovery of growth-related costs through DCs is impossible due to a combination of legislative constraints, economic realities, and deliberate policy choices (in the case of HCC). The causes and impact of under-recovery are discussed in the "HCC DC Revenue" memo in Attachment 3.
26. While a theoretical IAWAI DC policy would generate higher contributions due to an increased capital program, the systemic issues associated with DCs means there are only a few options available for IAWAI to capture a greater proportion of growth-related revenue under the current DC legislation. As a result, the revenue impact of operating under existing council policies in the short term is moderated.
27. The Board discussed the risk of under-recovery in detail, especially the gap between IAWAI's likely capital programme and what is currently in council LTPs. Adopting existing policies will result in some under-recovery in the interim, but this can be addressed when IAWAI's own framework is developed. There is also a potential opportunity to include additional Capex in WDC's policy as a mitigation.
28. HCC's updated DC policy, effective from July 2024, incorporates recent modelling and consultation but includes remissions and capping provisions that also constrain full cost recovery. WDC's policy, effective from July 2025, is currently utilising the 2024 Enhanced Annual Plan model, while its draft model is being reviewed. The review outcome of that work may change recovery levels (likely increase, broadly), and its path forward is expected to be understood within the next six weeks.

Other considerations

29. IAWAI's growth funding strategy will be shaped by a range of external and inherited factors, including broader planning shifts, legislative developments, and existing council obligations. Fast-track consents and emerging growth areas pose risks of under-recovery and inconsistent cost allocation, requiring interim charging protocols and infrastructure alignment. IAWAI will also inherit water-related development agreements that may carry legal and financial risks, necessitating a formal review process. Additionally, HCC's current DC policy includes remissions and capped charges that may not align with IAWAI's future funding model, prompting the need to assess whether to retain, phase out, or replace these provisions.
30. The Board highlighted the need for joint development agreements, especially in fast-track and boundary areas, to ensure all relevant parties are signatories and to avoid misalignment. There are unique challenges in these areas, and ongoing legal advice is required.

31. Differences in DC methodologies between HCC and WDC could lead to uneven revenue collection and stakeholder concerns, particularly in shared-service areas like those involving Watercare.
32. Strategic risks also include timing manipulation by developers, gaps in capital programme coverage, and the potential for policy rework due to legislative changes. These challenges highlight the importance of a phased, well-reviewed approach to policy development—one that balances financial sustainability, legal robustness, and operational feasibility.

Board meeting 15 10 25

Public session

Insurance Programme Transitional Arrangements

Prepared by Julia Kofoed.

Approved by IAWAI Acting Chief Financial Officer – Gary Connolly

Recommendation(s)

1. That the Board:
 - a. Approves IAWAI's participation in the Waikato Collective Group Insurance Policy as an insured party for the 2025/26 renewal period, in accordance with the brokerage services arrangement facilitated by Aon under the Waikato LASS agreement.
 - b. Notes that this participation ensures continuity of insurance cover across IAWAI's operational period commencing 1 July 2026 (with coverage through to the next renewal period to November 2026).
 - c. Notes that IAWAI management will undertake a review of the insurance programme prior to the 2026/27 renewal, including consideration of alternative placement options and governance structures.

Key points

2. Hamilton City Council and Waikato District Council insure water assets through a jointly procured programme facilitated by Co-Lab, with brokerage services provided by Aon. The renewal date of the policy is 1 November 2025, with coverage through to November 2026.
3. Although assets will not transfer from councils to IAWAI until 1 July 2026, given the renewal cycle timing, it is proposed that IAWAI joins the existing policy to utilise existing insurance coverage from the date of transfer to November 2026.
4. The group policy includes coverage across core asset and liability classes, including a newly established \$100 million excess layer for material damage.
5. Remaining in the group policy offers continuity of cover, cost efficiencies, and access to established market relationships. It supports a smooth transition following the transfer of assets at a time of significant change.
6. Alternatives were considered, including a standalone insurance arrangement, a joint programme with other water CCOs, and alternative risk financing models such as self-insurance, captives, parametric cover, or mutual schemes. These options are not recommended at this stage, due to the timing of the policy renewal with the transfer of assets.
7. Further work is required to validate loss limits through updated modelling and aligning insured asset values across HCC and WDC.
8. A full review of the insurance programme is recommended prior to the 2026/27 renewal to assess alternative placement options and governance structures.

Background

9. HCC and WDC has existing insurance arrangements, including joint procurement via Co-Lab, broker engagement through Aon, and coverage across physical and liability policies.
10. Recent claims activity, including material damage at Pukete WWTP and statutory liability proceedings under the RMA, reinforces the importance of maintaining comprehensive cover.
11. IAWAI also currently holds a standalone Directors & Officers (D&O) policy. A broader liability programme is being developed with Aon.

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

12. This proposal supports IAWAI's obligations under Te Ture Whaimana o Te Awa o Waikato by ensuring water infrastructure is protected through robust insurance arrangements that contribute to the health and wellbeing of the Waikato River.
13. It aligns with Te Tiriti o Waitangi principles by promoting transparent risk management and recognising the need for future engagement with iwi to reflect partnership in asset protection and insurance governance.

Financial Implications

14. Insurance budgets for water assets are currently held individually by HCC and WDC. Premiums for the 2025/26 renewal are yet to be confirmed, but market feedback suggests favourable pricing. Final pricing will be confirmed with IAWAI Board.

Consultation

15. This paper has been prepared by HCC and IAWAI. The recommendation to commence IAWAI coverage in the first instance through the Waikato Collective Group Insurance Policy has been consulted on with WDC Acting Chief Financial Officer Paul Conder.

Next Steps

16. Finalise renewal placement for 1 November 2025 and add IAWAI to the brokerage agreement.
17. Continue work with Aon to complete development of the liability programme.
18. Prepare a future paper prior to the 2026/27 renewal to assess alternative placement options.

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.
Confirmation of Public Excluded Minutes	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)
Pookeno Development Discussion	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)