

Agenda for a meeting of IAWAI Flowing Waters Board of Directors**to be held in Committee 1 at Hamilton City Council, 260 Anglesea Street, Hamilton 3204****on Friday 27 February 2026, 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	Gavin Ion	Note	Attached
IAWAI Projects				
8	IAWAI 6 Monthly Report	Natasha Yarrall	Approve	Attached
9	Approve Water Services Strategy for Submission to Councils and Consultation	Vishal Ramduny	Approve	Attached
10	Transferred Projects Portfolio Update	Jackie Colliar	Note	Attached
11	Infrastructure Acceleration Fund Programme Update	Andrew Parsons	Note	Attached
IAWAI Policies				
12	Health and Safety	Michelle DeBeer	Approve	Attached
13	Recent Government Submissions for Awareness	<i>Information only</i>	Note	Attached
14	Resolution to Exclude the Public	Chair	Approve	Attached

Public Excluded

Item No	Item	Lead	Purpose	Format
15	Confirmation of Public Excluded Minutes	Chair	Approve	Attached
16	Negotiation of Transfer Agreements	Gavin Ion	Approve	Attached
17	Capital Programme Update	Andrew Parsons	Approve	Attached
18	Transferred Projects Portfolio Update	Jackie Colliar	Note	Attached
19	Digital Water Service Operations Partnership Programme Implementation	Jo-Ann Pass	Approve	Attached

IAWAI – Flowing Waters, Board Meeting

[UNCONFIRMED] OPEN MINUTES

18 December 2025, 9.30am

Minutes of a meeting of the IAWAI – Flowing Waters Board, held in the Committee Room, Waikato District Council, on Wednesday 18 December 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

5. Public Forum

Te Kopa King presented to the IAWAI Board his opposition to the preferred location of the Southern Wastewater Treatment Plant. He wasn't against the plant; however, he was concerned about environmental impacts of discharge at the proposed location. He considered this conflicted with parts of the Kiingitanga Accord and hadn't undergone proper consultation with mana whenua. His message to the Board was to find another location.

The Board thanked Te Kopa for his presentation. They asked if he had another location in mind. He referenced Site 2 at Penniket Road.

[Post meeting note: IAWAI would like to acknowledge the critical role of iwi and mana whenua in this project. Through a dedicated Kaitiaki Roopuu, they are represented at all levels of governance and have been instrumental in shaping the project to date, including the selection of the preferred site and the short-listing of discharge options.

Decisions have not been made yet on how or where the treated water will be discharged. At the heart of this work is a commitment to deliver 'Best for River' outcomes by giving effect to *Te Ture Whaimana*

o te Awa o Waikato – the Vision and Strategy for the Waikato River. This means treating wastewater to a very high standard and aiming to improve water quality, not just maintain it.

IAWAI is committed to ensuring that the project meets the expectations of the surrounding community, and that we are seen as a ‘good neighbour’. At the core of this is the commitment to ensuring that there are no unacceptable effects beyond the site that impact the environment as it is now, and as it evolves over time.]

6. Chair’s report

Kevin Lavery presented his Chair’s report, which was taken as read.

He noted IAWAI is still progressing the appointment of a Chief Financial Officer. An announcement was expected soon.

He noted the good conversation with the IAWAI Forum, including discussions on future Board arrangements. A recruitment process will commence in the new year for remaining Board members.

7. Establish IAWAI Programme Report

Gavin Ion presented this report. He noted that overall, the work programme is on track – although there are a few issues being worked through.

The stormwater workstream was particularly complex, and there were some issues being worked through on the Day 1 digital systems (being provided as a shared service). Progress was being made to bring these back on track.

The Draft Transfer Agreement is a significant undertaking. It’s expected to be received later today. This is the key document to transfer assets. Not everything will be transferred by 1 July 2026. There are challenges, for example, around some land on designated reserves. The aim is to work through what we can transfer on 1 July 2026, prioritise key assets by significance and size, and then ensure there is a licence to occupy until the transfer is complete.

The Board noted the scale and scope of the work. In reality, it will take time for the land to move across, and we will need to be pragmatic. At the same time, the land transfer is key for success.

The strong foundational documents ensure that we are well-placed for the transfer – with the key principles in place. The transfer itself is relatively mechanical.

Dave noted appreciation for the live tracker. He noted the 536 contracts that need to be transferred – and asked whether there were any issues to flag.

Dave welcomed the finance tool under development and offered any help drawing on his own experiences.

He asked about consideration of the retention plan and any slippage in reporting requirements, revenue collection and policies – which will be key.

Gavin responded that these were large streams of work, but overall, things were in hand.

8. Confirmation that IAWAI is a Water Services Organisation

Natasha Yarrall presented this report.

The Local Government Water Services Act requires that the Board of Directors adopts a paper within 6 months of its establishment to confirm that it complies with the requirements set out in the Act.

Requirements include the incorporation of IAWAI under the Companies Act, it's role as a water organisation, and the competency-based appointments of a Board of Directors.

The paper set out that IAWAI meets these requirements.

Resolved

The Board:

1. **Adopted the paper** as the formal document required under Clause 8 of Schedule 1 in order for IAWAI to continue to be taken as a water services organisation.

9. Update on the Water Services Strategy

Vishal Ramduny presented an update on the development of IAWAI's Water Services Strategy (WSS). He noted the focus in responding to shareholder feedback, in particular a savings programme to reduce the 22% average increase in water charges forecast in the Water Services Delivery Plan (WSDP).

Financial modelling was underway, informed by an assessment of the capital works programme for deliverability and affordability and a savings programme. A key risk was the delay of financial modelling and flow-on impacts, and the delay in government economic regulation guidelines.

The Board noted the WSS is the big decision for IAWAI. They expressed concern about the lateness of the financials. The Board agreed that it would be important to understand and communicate the shift from the WSDP to the WSS. They noted that some things may have to be tidied up through the second Water Services Strategy.

They emphasised the importance of preparing the community so that they are ready to provide any feedback on the WSS.

Vishal noted key documents to come back to the Board in the new year including the draft WSS and related policies (including the significance and engagement policy, waiver policy and investment and liability policy).

10. Strategic investment portfolio

Jackie Colliar presented this report.

She noted that progress continues on the transferred projects. This requires proactive management and oversight. There is a large programme of work – with possibly the largest number of Fast Track applications. Challenges include refining reporting and governance structures and resourcing the significant workload. The team is working to mitigate risks and ensure smooth transition to 1 July.

The Board noted how busy the programme was, as evidenced through the report. They reiterated the view that IAWAI is open for business. But we need to ensure we are realistic about delivery (i.e. under-promise and over-deliver).

The Board and staff discussed the staff time cost-recovery structure agreed across council and future proof. However, given the reactive nature, resourcing is challenging. They discussed staff looking at the overall resourcing in the new year – looking at who the team is to respond to new Fast Track proposals and the importance of strong expertise for commercial negotiations.

The Board requested that future portfolio reporting include health, safety and wellness reporting, as well as financial reporting, so the Board can track progress; and consideration of how we communicate what we are doing (including the why).

11. 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.
Strategic Investment Portfolio Update	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)
Known growth and Fast Track Consents	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)
Ohinewai Development Agreement Proposed Terms	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)
Te Kowhai Development Agreement Proposed Terms	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)

Water network (water metering and management service)	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)
Digital Foundations and Digital Water Service Operations Partnership Programme	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)
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)
Confirmation of Public Excluded Minutes (out-of-cycle)	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)

Meeting ended 11:30am

Board meeting 27 02 2026

Public session

06 Chief Executive's Report

After years (and years) of conversation, debate, planning and consultation about the need for water reform – we're now 84 days from it becoming a reality.

In 84 working days, IAWAI will be standing up as a new organisation – operating, planning, building, and maintaining drinking water and wastewater services and managing stormwater for our communities across Hamilton city and Waikato district.

Getting ready has been relentless. But we can all be proud of where we're at.

The Water Services Strategy

Today's meeting will consider IAWAI's first draft Water Services Strategy for submission to shareholders, and for public consultation. This plan sets out the projects we'll deliver and what water charges could look like from next year.

The issues IAWAI has been grappling with are considerable. The strategy is designed to address historic under-investment in water and wastewater infrastructure, while continuing to deliver the critical services our communities need to survive and thrive and keep water charges as low as we prudently can.

IAWAI must manage significant population growth, meet increasingly stringent regulatory standards, and do so in a way that keeps costs as low as possible for those who ultimately fund this work.

We've proposed lower charges, than previously forecast by councils, while still investing in an ambitious \$3 billion capital programme.

Establishment

The next critical milestone in the Establishment process is the completion of the Transfer Agreements between the two shareholding councils and IAWAI. Those agreements are necessary to provide the legal basis of the transfer of responsibilities for water and wastewater services to IAWAI, along with the transfer of assets, liabilities, land, the transfer of waters-related debt from each council in the form of shareholder loans, the legal underpinnings for the transfer of staff, as well as the framework for shared services, and the equity shareholding in IAWAI.

Councils will formally consider the Transfer Agreement on 11 and 12 March 2026. This is a critical milestone.

As soon as the councils have approved the Transfer Agreement we will commence the process of making offers of employment to all transferring staff. This will be the next major milestone in the Establishment Process.

Emergency management

Two of our neighbouring councils recently declared a state of emergency. Closer to home, Watercare temporarily shut down the Huntly Water Treatment Plant after severe weather impacted water quality in the Waipā River. The Te Kauwhata Water Treatment Plant also closed briefly while filters were changed after reduced raw water quality caused blockages.

It's a powerful reminder of just how vital water services are and how quickly weather events can affect supply, even in places where the impacts may not be immediately visible.

As we complete the Establishment process a critical part of our work is to ensure that we are fully prepared to effectively deal with incidents of any scale and play our part in emergency management and critical response. As we bring together the network, understanding vulnerabilities and ensuring that our investment in the network improves resilience and reduces our exposure to risk associated with single points of failure is critical.

Board meeting 27 02 2026

Public session

07 Establish IAWAI Progress Update

*Prepared and recommended by Establish IAWAI Programme Manager – Natasha Hansen.
Approved by Establish IAWAI Programme Director – Gavin Ion*

Recommendation

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 29 November 2026 to 9 February 2026.
5. Overall, the programme is on track, but workloads are relentless with little capacity for unexpected events. Progress over the period includes:
 - a. **People, Health and Safety:** Work this period has included the Health and Safety Framework (under separate report) and Remuneration Strategy and Framework. The day 1 IAWAI structure has been pending resolution of financials. Bargaining for the Multi Union Collective Agreement is underway with productive meetings reported. Preparatory work on track for offers to staff for March 2026.
 - b. **Legal and contracts:** Focus this period has been primarily on the Transfer Agreement – both the body of the document and completing the schedules. The latter has involved identifying every contract, private development agreement, environmental approval and asset and whether each should and can be transferred. The Transfer Agreement is covered under separate report to the Board.
 - c. Legal advice received relating to:
 - i. Practical options to transfer rights to varying types of land with water and wastewater services
 - ii. Clarification of new legislation with respect to By-laws
 - iii. Review of proposed Significance and Engagement Policy and Waiver Policy
 - iv. Transfer Agreement drafting, ancillary documents and related matters including treatment of stormwater employees, delegations, Watercare contract.
 - d. **Shared Services and SLA:** Completed 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. Underway on areas identified that need further clarification. This workstream will produce two key documents: agreement(s) with the Councils outlining the nature of the shared services they will provide to IAWAI; and a relationship agreement which will describe the approach to workflows that move between the parties.

- e. **Finance:** Unanticipated iterations of the Water Service Strategy financial modelling has impacted delivery of other deliverables in the workstream, which has been challenging given concurrent inputs required for the Transfer Agreement. Additional resources have been identified and are providing some relief.
 - f. **Customer activities** require a review and reset. There is time to address the tasks ahead of 1 July 2026 but it will need attention from the programme team as soon as the Transfer Agreement is in hand.
 - g. **Digital and operational technology critical activities:**
 - i. HR Information System including payroll: HCC roll out of SAP Success Factors is on track, in user acceptance testing currently with no critical issues identified. Vendor is underway on IAWAI instance of SAP Success Factors however the team have been asked to review the Statement of Work including key steps and milestones.
 - ii. Billing systems: collection of water revenue via Councils' rating systems
 - iii. HCC: Design completed, now in implementation, user acceptance testing being scripted, with planned completion by 10 April.
 - iv. WDC: design decision for fixed charges related to billing has been pending CFO return from leave. Estimated time to complete the work is early April.
 - v. Health and safety systems: Reviewing options with vendors regarding best approach using existing HCC software. Approach and recommendation expected this week.
 - vi. Access across multiple software systems: 44 identified, 19 underway, 9 not started, 16 complete. Passed contracts to legal & contracts workstream for review of licensing.
 - vii. Corporate systems (MS suite & log on): Hosting environment complete, resourcing being worked through and is a current focus to support delivery and readiness.
 - viii. Asset data model: Samples from Watercare to support integration of WDC asset data expected within the next week. HCC data team on standby to map and process asset data into current asset data model.
6. Development of the IAWAI brand and commenced work on the website.
7. Priorities for the next period include:
- a. Offers for staff, commencing work on training and change management
 - b. Implementing changes required to support shared services.
 - c. Preparatory work to transfer environmental approvals, contracts, land etc.
 - d. Confirming arrangements and requirements to the two councils to collect water charges on behalf of IAWAI.

8. **Attachment 1** provides an update on progress of key activities

Risks

9. **Attachment 2** outlines the top risks that the Programme Steering Group is tracking.

Finances

10. Programme costs (in line with council approved budget of \$7.35 million for establishment) are on track.
11. The current Forecast Estimate at Completion (EAC) on 30/6/26 is:

As at	Forecast EAC ¹ Cost	Allowance for risk	Forecast EAC + Contingency	Council approved Budget	Forecast Under- or (Over-) spend
09/02/2026	6,195,000	553,000	6,748,000	7,354,388	606,388

12. Key changes relate to:
- Legal advice regarding specific matters related to the Transfer Agreement
 - Team resourcing including changes to the Programme Director, the digital lead and implement new bylaw requirements
 - Updated allowance for risk.
13. Key remaining cost risks include:
- legal advice and fees associated with transfer of individual assets (notably land), contracts, environmental approvals etc.
 - changes required to access software
 - new activities not budgeted because they were not identified, or emerge from changing regulatory environment

¹ EAC is Estimate at Completion at 30/6/26

Board Pack - 27 February 2026 - Public Agenda - 07 Establish IAWAI Report

Establish IAWAI Go Live Checklist and Tracker

Date: 11/02/2026

Version: 16

Work Area	Deliverable	Status	Traffic Lights	Planned Date:	Deadline	Waiting on:	Governance				Management		
							IAWAI	Forum	HCC	WDC	IAWAI	HCC	WDC
Leadership & Governance							None	None	None	None	None	None	None
Shareholder Governance							None	None	None	None	None	None	None
	Council Induction	Completed	Completed	Completed	Completed		Engage	Engage	Engage	Engage	Inform	Inform	Inform
	IAWAI Forum appointments made	Completed	Completed	Completed	Completed				Decide	Decide		Engage	Engage
	Responsible staff identified	Completed	Completed	Completed	Completed						Inform	Decide	Decide
	Secretariat functioning	Completed	Completed	Completed	Completed						Engage		Decide
	Governance Reporting and advice framework	Not Started	On Track	31/03/2026	31/03/2026		Engage	Engage	Decide	Decide	Engage	Engage	Engage
IAWAI Board							None	None	None	None	None	None	None
	Establishment Board	Completed	Completed	Completed	Completed								
	Day 1 Board	In Progress	On Track	29/05/2026	29/05/2026		Engage	Decide	Engage	Engage	Engage	Engage	Engage
	Recruiter confirmed	Completed	Completed	Completed	Completed			Engage			Engage	Decide	Decide
	Skills requirements confirmed	In Progress	On Track	28/02/2026	28/02/2026		Engage	Decide	Engage	Engage	Engage	Engage	Engage
	Recruitment underway	Not Started	On Track	28/02/2026	28/02/2026		Inform	Inform	Inform	Inform	Inform	Decide	Decide
	Recruitment complete	Not Started	On Track	30/04/2026	29/05/2026		Engage	Decide	Engage	Engage	Inform	Inform	Inform
	Induction complete	Not Started	On Track	30/06/2026	30/06/2026		Engage	Engage	Engage	Engage	Decide	Decide	Decide
	Board governance framework in place (committees)	Not Started	On Track	30/06/2026	30/06/2026		Decide	Inform	Inform	Inform	Engage	Inform	Inform
CE Appointment							None	None	None	None	None	None	None
	Recruiter confirmed	Completed	Completed	Completed	Completed		Decide	Inform	Inform	Inform	Inform	Inform	Inform
	Recruitment complete	Completed	Completed	Completed	Completed		Decide	Inform	Inform	Inform	Inform	Inform	Inform
	Induction	Completed	Completed	Completed	Completed		Decide	Inform	Inform	Inform	Inform	Inform	Inform
GM Appointments							None	None	None	None	None	None	None
	Initial Roles for Recruitment agreed	Completed	Completed	Completed	Completed		Engage	Inform	Inform	Inform	Decide	Inform	Inform
	Recruitment for initial roles complete	Completed	Completed	Completed	Completed		Inform	Inform	Inform	Inform	Decide	Inform	Inform
	Induction for Initial Roles	In Progress	On Track	28/02/2026	28/02/2026	Planned but completion delayed due to start dates.	Inform				Decide		
	Roles as Part of Transfer Complete	In Progress	On Track	31/03/2026	31/03/2026		Inform				Decide	Decide	Decide
Risk & Assurance							None	None	None	None	None	None	None
	Risk & Assurance framework in place	In Progress	On Track	31/03/2026	29/05/2026		Decide	Inform	Inform	Inform	Decide	Inform	Inform
	Risks reviewed	In Progress	On Track	31/03/2026	29/05/2026		Decide	Inform	Inform	Inform	Decide	Inform	Inform
	Mitigations in place	In Progress	On Track	31/03/2026	29/05/2026		Decide	Inform	Inform	Inform	Decide	Inform	Inform
	Operating systems & processes risk review	In Progress	On Track	31/03/2026	29/05/2026		Decide	Inform	Inform	Inform	Decide	Inform	Inform
	Operating systems & processes confirmed good to go	In Progress	On Track	31/03/2026	29/05/2026		Decide	Inform	Inform	Inform	Decide	Inform	Inform
	Work orders and connections to complaints / service requests etc	Not Started	On Track	31/03/2026	29/05/2026		Decide	Inform	Inform	Inform	Decide	Inform	Inform
	Watercare interfaces	Not Started	On Track	31/03/2026	29/05/2026		Decide	Inform	Inform	Inform	Decide	Inform	Inform

Board Pack - 27 February 2026 - Public Agenda - 07 Establish IAWAI Report

Work Area	Deliverable	Status	Traffic Lights	Planned Date:	Deadline	Waiting on:	Governance			Management		
							IAWAI	Forum	HCC	WDC	IAWAI	HCC
People, Health and Safety												
Staff Transition												
	People Transition Process agreed	Completed	Completed	Completed	Completed		Inform			Decide	Decide	Decide
	Staff mapping and structure complete	In Progress	Off Track	12/12/2025	12/12/2025	Pending confirmation of budget for payroll	Inform			Decide	Decide	Decide
	Retention Plan Consideration	In Progress	Off Track	1/12/2025	12/12/2025	Pending confirmation of staff structure	Inform			Decide	Decide	Decide
	Offers made	Not Started	On Track	13/03/2026	13/03/2026		Inform			Decide	Decide	Decide
	All employment agreements concluded	Not Started	On Track	31/03/2026	31/03/2026		Inform			Decide	Decide	Decide
	Staff Induction	Not Started	On Track	1/06/2026	30/06/2026		Inform			Decide	Decide	Decide
	Transfer complete	Not Started	On Track	30/06/2026	30/06/2026		Inform			Decide	Decide	Decide
	Remuneration Model Framework	In Progress	Off Track	12/12/2025	31/01/2026	Reprioritised to focus on higher priority work. Paper drafted.	Inform			Decide	Decide	Decide
	Employment Brand (org values culture & engagement)	In Progress	Off Track	1/12/2025	31/01/2026	Reprioritised to focus on higher priority work. Propose new deadline April.	Decide			Decide	Inform	Inform
	Communication & Change Plan Approved	Completed	Completed	Completed	Completed		Inform			Decide	Decide	Decide
	Training - Emergency Management	Not Started	On Track	29/05/2026	30/06/2026		Inform			Decide	Decide	Decide
	Training - Shared Services	Not Started	On Track	29/05/2026	30/06/2026		Inform			Decide	Decide	Decide
	Training - Culture	Not Started	On Track	29/05/2026	30/06/2026		Inform			Decide	Inform	Inform
Health & Safety							None	None	None	None	None	None
	IAWAI Health & Safety policy adopted	In Progress	On Track	1/03/2026	1/03/2026		Inform			Decide	Inform	Inform
	H&S capability in place	Not Started	On Track	29/05/2026	30/06/2026		Inform			Decide	Inform	Inform
	H&S systems good to go	Not Started	On Track	29/05/2026	30/06/2026		Inform			Decide	Inform	Inform
	H&S contractor requirements checked and confirmed	Not Started	On Track	29/05/2026	30/06/2026		Inform			Decide	Inform	Inform
Shared Service & SLAs							None	None	None	None	None	None
Shared Services							None	None	None	None	None	None
	Shared Services Principles Agreed	Completed	Completed	Completed	Completed		Inform		Inform	Inform	Decide	Decide
	Responsible Managers Confirmed	Completed	Completed	Completed	Completed						Decide	Decide
Scope & Costs							None	None	None	None	None	None
	Scope and Costs Agreed	In Progress	Off Track	12/12/2025	30/01/2026	Board & Council decisions	Engage				Decide	Decide
	Stormwater Definition Agreed	In Progress	Off Track	27/03/2026	30/01/2026	Deferred to focus on Stormwater Service Level Agreement	Inform		Inform	Inform	Decide	Decide
	Stormwater Service Agreement Added to Shared Service Agreement	In Progress	On Track	31/03/2026	31/03/2026	Deadline brought forward to 19 Feb to consider with Shared Service Agreement. Note risks associated with accelerated working.	Decide	Inform	Decide	Decide	Engage	Engage
	Processes & Software Systems Requirements Identified	Completed	Completed	Completed	Completed		Inform	Inform	Inform	Inform	Decide	Decide
Agreement							None	None	None	None	None	None
	Shared Services Agreement	In Progress	On Track	31/03/2026	31/03/2026		Engage	Inform	Inform	Inform	Decide	Decide
	Relationship Agreement	In Progress	On Track	31/03/2026	31/03/2026		Engage	Inform	Inform	Inform	Decide	Decide
Emergency Management							None	None	None	None	None	None
		Not Started	On Track	30/04/2026	30/05/2026		Inform	Inform	Inform	Inform	None	None

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							IAWAI	Forum	HCC	WDC	IAWAI	HCC	WDC
Digital & Operating Systems							None	None	None	None	None	None	None
	Shared Service Systems	In Progress	On Track	31/05/2026	30/06/2026		Inform	Inform	Inform	Inform			
	Day 1 HRIS & Payroll	In Progress	On Track	30/04/2026	30/06/2026	Signed Statement of Work	Inform				Decide	Decide	Decide
	Select Day 1 Payroll & HRIS Solution	Completed	Completed	Completed	Completed		Inform				Decide	Decide	Decide
	Day 1 Payroll systems dev complete	In Progress	On Track	31/03/2026	31/03/2026		Inform				Decide	Decide	Inform
	Day 1 Payroll - Staff loaded, tested & ready to go	Not Started	On Track	30/04/2026	30/06/2026		Inform				Decide	Decide	Inform
	Day 1 Financial Systems	In Progress	On Track	31/05/2026	30/06/2026		Inform				Decide	Decide	Inform
	Day 1 Billing Systems	In Progress	On Track	31/05/2026	30/06/2026		Inform				Decide	Decide	Inform
	Billing Systems Testing Complete & Ready	In Progress	On Track	31/05/2026	30/06/2026		Inform	Inform	Inform	Inform	Decide	Decide	Decide
	Asset management systems	In Progress	On Track	31/05/2026	30/06/2026						Decide	Decide	Inform
	IAWAI Health and Safety Systems Operational	In Progress	On Track	31/05/2026	30/06/2026		Inform				Decide	Engage	Engage
	Security	Not Started	On Track	31/05/2026	30/06/2026		Inform				Decide	Engage	Engage
	IAWAI Cyber security strategy	In Progress	On Track	31/03/2026	31/03/2026		Inform				Decide	Engage	Engage
	Control Environment Testing	Not Started	On Track	1/03/2026	30/06/2026		Inform				Decide	Engage	Engage
	IAWAI Data Management Plan	In Progress	Off Track	12/12/2025	31/01/2026	Reprioritised to focus on higher priority work. Propose deadline March 26.	Inform				Decide	Engage	Engage
	Data migration / Access completed	Not Started	On Track	31/05/2026	30/06/2026		Inform				Decide	Engage	Engage
	Core platform (Azure)	In Progress	On Track	15/04/2026	30/04/2026		Inform						
Legal & Contracts							None	None	None	None	None	None	None
Transfer Agreement							None	None	None	None	None	None	None
	Principles of Transfer	Completed	Completed	Completed	Completed		Engage	Inform	Inform	Inform	Decide	Decide	Decide
	Framework of Transfer Agreement Agreed	Completed	Completed	Completed	Completed		Engage	Engage	Engage	Engage	Decide	Decide	Decide
	Register of matters to Transfer	In Progress	At Risk	31/01/2026	31/01/2026	Legal counsel to confirm land and contract that can transfer on case by case basis.	Inform				Decide	Decide	Decide
	Asset Valuation Agreed and Resolved	Completed	Completed	Completed	Completed		Decide	Engage	Engage	Engage	Decide	Decide	Decide
	Valuation of Debt to Transfer Agreed	Completed	Completed	Completed	Completed		Decide	Engage	Engage	Engage	Decide	Decide	Decide
	Debt transfer structure agreed	Completed	Completed	Completed	Completed		Decide	Engage	Engage	Engage	Decide	Decide	Decide
	Asset Valuation - Mop Up after Audit	Not Started	On Track	30/10/2026	31/10/2026		Decide		Decide	Decide	Engage	Engage	Engage
	Board consideration of Transfer Agreement	In Progress	At Risk	13/02/2026	28/02/2026	Board meeting	Decide	Engage			Engage	Engage	Engage
	Councils approval of Transfer Agreement	In Progress	On Track	28/02/2026	13/03/2026		Engage	Engage	Decide	Decide	Engage	Engage	Engage
	All matters ready for transfer	In Progress	On Track	29/05/2026	29/05/2026		Inform				Decide	Decide	Decide
	Transfer executed / complete	In Progress	On Track	30/06/2026	30/06/2026		Inform	Inform	Inform	Inform	Decide	Decide	Decide
Bylaws							None	None	None	None	None	None	None
	Implementation Plan	Completed	Completed	Completed	Completed		Inform		Inform	Inform	Decide	Decide	Decide
	Possible Council & IAWAI Decisions re pathway	Completed	Completed	Completed	Completed		Decide	Engage	Decide	Decide	Engage	Engage	Engage
Policy and Procedures							None	None	None	None	None	None	None

Board Pack - 27 February 2026 - Public Agenda - 07 Establish IAWAI Report

Work Area	Deliverable	Status	Traffic Lights	Planned Date:	Deadline	Waiting on:	Governance				Management		
							IAWAI	Forum	HCC	WDC	IAWAI	HCC	WDC
Finance							None	None	None	None	None	None	None
Financial Systems							None	None	None	None	None	None	None
	LGFA membership confirmed	In Progress	On Track	1/04/2026	1/05/2026		Decide	Inform	Inform	Inform	Engage	Engage	Engage
	Working capital resolved / in place	In Progress	On Track	1/05/2026	31/05/2026		Decide				Decide	Engage	Engage
	Treasury management advice in place	Completed	Completed	Completed	Completed		Inform				Inform	Decide	Decide
	Financial reporting requirements	In Progress	Off Track	1/12/2025	31/01/2026	Commerce Commission Template. New deadline recommended to 29/5/26	Decide				Decide	Engage	Engage
	Revenue collection & policies	In Progress	Off Track	1/12/2025	31/01/2026	HCC Digital to allocate resource	Decide				Decide	Engage	Engage
	Water Services Financials	In Progress	Off Track	27/01/2026	2/02/2026	Further iterations required based on Board direction. New deadline recommended to 16/02/26	Decide	Inform	Inform	Inform	Decide	Engage	Engage
Financial Systems - Billing							None	None	None	None	None	None	None
	Set up Billing for proposed water charges	In Progress	On Track	30/05/2026	30/06/2026		Inform				Decide	Engage	Engage
	Invoicing for services / consents etc. and revenue handling in place	Not Started	On Track	31/05/2026	30/06/2026		Inform				Decide	Engage	Engage
Financial Model							None	None	None	None	None	None	None
	Bottom up financial model	Completed	Completed	Completed	Completed		Inform				Decide	Decide	Decide
	Budget for 2026/27	In Progress	On Track	28/02/2026	30/06/2026		Decide	Engage	Engage	Engage	Decide	Engage	Engage
Comms, Consultation & Customer							None	None	None	None	None	None	None
	Brand	Completed	Completed	Completed	Completed		Decide	Inform	Inform	Inform	Decide	Inform	Inform
	WSS Consultation and engagement strategy	Completed	Completed	Completed	Completed		Decide	Inform	Inform	Inform	Decide	Engage	Engage
	Customer service plan	Not Started	Off Track	12/12/2025	31/01/2026	Review & reset required	Inform				Decide	Engage	Engage
	Complaints policy & process updated & operational	Not Started	On Track	30/05/2026	30/06/2026		Inform				Decide	Engage	Engage
	Crisis communication plan	In Progress	At Risk	2/02/2026	30/04/2026	Review & reset required	Inform				Decide	Engage	Engage

Attachment 2 Key Risks

Risk	Controls (Implemented)	Planned Treatment	Actions implemented this period
<p>Pace & capacity impacting operations</p> <p>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.</p>	<ul style="list-style-type: none"> - Minimise changes to existing functions - Extend and novate the Watercare contract to 30 June 28 - Messaging advising no change unless explicitly approved. 	<ul style="list-style-type: none"> - Resource to review roles descriptions that are changing - Resource to review operating procedures, focusing on those that cut across boundary between Councils and CCO - Resource to implement changes to digital and operating technology and manage associated change for people 	<ul style="list-style-type: none"> -
<p>Wellbeing</p> <p>Due to the speed and scale of change there is an increased risk to health for impacted staff.</p>	<ul style="list-style-type: none"> - CEs reinforce messages to Elected Members regarding minimising expectations from staff - CEs reinforce messages to staff regarding prioritising work and escalating health issues - Psychological Safety training - Identify roles requiring backfill - Detailed resource plan and plan for recruitment for project - Resist changes that are not essential - MVP approach especially re: digital, & Watercare" - Regular catch ups with key people to assess workload and resources needed. - "Check in" conversations with People Leaders around their people and whether any supplementary resourcing needed 	<ul style="list-style-type: none"> - Active management of workload and expectations 	<ul style="list-style-type: none"> - Regular catch-ups with workstream leads have highlighted a few areas where milestones need re-programming, work needs reprioritising, and in some cases additional resource is required to manage the workload.
<p>Poor Level of Service delivered by Shared Services</p> <p>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.</p>	<ul style="list-style-type: none"> - Project plan and extensive work to develop scope and resourcing requirements with SMEs - Project management framework to ensure effective governance and oversight of progress - Reporting framework that will enable early intervention - CE reinforce priority to be given to the programme - Workshops to define shared services focussed on existing ways of working 	<ul style="list-style-type: none"> - Define levels of service and KPIs - Complete shared services agreement - Culture change plan to programme to support service delivery - Complete changes to authority & IPS to support financial and asset management 	<ul style="list-style-type: none"> - Collaboration with SMEs and Managers: Worked with subject matter experts and relevant managers to develop and review shared services and partnership agreement schedules, ensuring clarity of scope and responsibilities. Majority of shared services and partnership schedules have now been shared with relevant senior managers for review. - Implementation Planning: Work underway on a forward-looking plan for deliverables over the next six months to provide structure and inform next steps. - Systems Review: Identified software systems requiring further work on licensing and access requirements to reduce operational bottlenecks and ensure readiness. - Stakeholder Engagement: Met with HCC and WDC Shared Service representatives to discuss progress and agree next steps, strengthening alignment and shared accountability.

Risk	Controls (Implemented)	Planned Treatment	Actions implemented this period
<p>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. <i>Complexities around revenue processes require significant time to work through and the required decisions may delay confirmation of the scope of system changes.</i></p>	<ul style="list-style-type: none"> - Consultation material on CCO vs alternatives was clear that all options come with an increase in cost. Water service delivery option selected to minimise costs. - Communication education regarding the value of water. - Decision to use existing Council rate systems for billing. - Existing direct debits with Councils now confirmed as feasible for customer payment of water charges. 	<ul style="list-style-type: none"> - Implement systems changes 	<ul style="list-style-type: none"> - Work on development contributions policy and optimising revenue pathways. - Tax advice received on revenue collection. - Bank confirmed existing direct debits may be used by customers to pay IAWAI water charges. - Engaging with suppliers around software changes required to ensure IAWAI can invoice and receive income from Day 1.

1. Other changes this period are:

- a. Programme Leadership risk was closed.

Financial sustainability risk was transferred to IAWAI for water and wastewater and, Councils for stormwater.

Board meeting 27 02 2026

Public session

08 Approval of IAWAI Six-Monthly Report (1 July – 31 December 2025)

Prepared and recommended by: Natasha Yarrall, Director of Chief Executive Office and Governance

Recommendations

That the Board:

1. Approves the IAWAI Six-Monthly Report for the period 1 July – 31 December 2025, subject to any final/ minor editorial corrections.
2. Notes that the report will be provided to Hamilton City Council, Waikato District Council, and Waikato-Tainui in line with shareholder expectations, and be published on our website.

Key points

3. Approval is sought to IAWAI first six-monthly report, which outlines IAWAI's progress made in the six months from 1 July 2025 – 31 December 2025, and the financials for this period.
4. The report reflects the momentum and collaborative approach to establish IAWAI, in line with shareholder expectations. Key achievements include:
 - a. A regular sequence of Board meetings to oversee IAWAI.
 - b. Development of IAWAI's first draft Water Services Strategy, due for consultation in early 2026.
 - c. Design of IAWAI's Day 1 organisational structure and recruitment of key leadership roles.
 - d. Advancement of key projects transferred from shareholder councils to IAWAI.
 - e. Launch of a residential water-metering pilot across 200 homes in Hamilton.
5. These activities are described in the report, and are being delivered within the budget set for establishment of IAWAI.

Next Steps

6. Subject to Board approval, the report will be finalised and provided to shareholder councils, Waikato Tainui, and published on our website.

Attachment 1: DRAFT IAWAI – Flowing Waters Ltd – Six Monthly Report

Note from the Chief Executive

Nau mai, haere mai

Thank you for taking the time to read IAWAI's first six-monthly report.

IAWAI was created by Hamilton City Council and Waikato District Council on 1 July 2025, in response to the Government's Local Water Done Well reform, and the need to take a different approach to water services delivery.

We have a huge task ahead. There's no single fix for the challenges the water industry faces. Growth pressures, ageing infrastructure, environmental compliance and cost pressures are deeply connected. IAWAI creates the opportunity to do things differently. How we respond must be realistic, fair and financially sustainable.

In the pages that follow, you will read about IAWAI's immediate focus on establishing strong governance for IAWAI, setting a clear strategic direction, advancing key transformational projects across the network.

A big focus over the past 6 months has been preparing for the responsibility we will take on from 1 July 2026, when we become responsible for planning, building, managing and maintaining drinking water and wastewater services for communities across Hamilton city and the Waikato district, and managing stormwater for each Council.

Our work is guided by a clear set of expectations developed jointly by our shareholder councils and Waikato-Tainui.

The pace is fast. The momentum is growing. I am confident in the path we are shaping together, one built on collaboration, transparency, and a long-term commitment to the health and wellbeing of our people and our awa.

This report reflects the collective effort of many, and the steady progress we are making.

Ngaa mihi nui

Peter Winder

Chief Executive

Activities and Achievements (1 July 2025 – 31 December 2025)

The period 1 July 2025 to 31 December 2025 has been busy, with a mixture of getting the team into place, and strategic planning on what the future for IAWAI looks like.

Key activities and achievements include:

Establishing strong Governance

In June 2025, shareholder Councils together with Waikato Tainui appointed three Directors to the establishment Board.

The Board has come up to speed quickly on issues through a regular series of engagements:

- 5 Establishment Board meetings (publicly broadcast here [add link]).

- 16 informal workshops – focused on understanding IAWAI’s business, framing strategic choices, and the choices we have in tackling major issues going forward.
- Ongoing engagements with Elected Members, Waikato – Tainui representatives, stakeholders and staff to seek advice and test our thinking.
- Site tours of existing infrastructure, major projects and growth areas across Hamilton City and Waikato District.

Shareholders will appoint remaining members of the Board to commence from 1 July 2026.

The IAWAI Board provides independent and strategic governance for water service delivery. It ensures financial sustainability, regulatory compliance, and alignment with the expectations of our shareholding councils. The Board also oversees planning, risk management, and stakeholder engagement, while remaining accountable to the public, our shareholder councils and Waikato-Tainui.

Water Services Strategy

A key expectation from shareholders is the development of IAWAI’s Water Services Strategy.

IAWAI is on track to sign off our draft Water Services Strategy by the end of February 2026. This will then go through formal consultation with each Council and the wider public.

A key focus for the Board has been finding the right balance between setting water charges as low as possible, having prudent levels of debt, and at the same time delivering a capital works programme that removes existing compliance issues, responds to growth, and delivers the necessary investment in renewals. There’s no single fix for the challenges we face. Growth pressures, ageing infrastructure, environmental compliance and cost pressures are deeply connected, and our response must be realistic, fair and financially sustainable.

The Board is committed to taking a more commercially minded approach to align costs with revenue. This includes moving closer to the principle that growth pays for growth, reviewing major accounts, and looking at how we achieve long term financial sustainability.

There will be a big focus on boosting renewals, right sizing the capital programme to ensure it is deliverable and looking at the best approach to fund depreciation.

Given the evolving nature of the water services regulatory environment, we will need to do a full 10-year update of the water services strategy next year (2026/27).

The draft strategy will be submitted to shareholder Councils by 1 March 2026, ahead of consultation with the community.

IAWAI day 1 structure – locked in

While a small team of staff are already supporting IAWAI, waters staff from Hamilton City Council and Waikato District Council will transfer from 1 July 2026. A focus for IAWAI has been confirming IAWAI’s organisational structure to give staff certainty.

Key leadership roles recruited, or with recruitment underway include a Chief Executive, Chief Financial Officer, Chief Digital Officer, and Pou Aronui.

Digital partnership agreed

IAWAI is working with Tauranga and Western Bay of Plenty to procure a common digital platform for water services under an agreed digital partnership. This work is progressing well and is evidence of collaborative working.

Transferred projects

While IAWAI won't be operating the network until 1 July 2026, responsibility for a number of transformational projects was transferred to IAWAI to enable IAWAI to plan and leverage the benefits of working across boundaries.

Progress in the six months from 1 July 2025 – 31 December 2026 includes:

Treatment plants

Planning for major upgrades to Hamilton's only wastewater treatment plant in Pukete to increase capacity, performance and resilience is well advanced, with some contracts underway. The upgrade of Pukete will be one of IAWAI's single largest spends, and will support significant future population growth, improve environmental outcomes, and will be a step towards our first sub-regional plant.

Upgrades to the Huntly and Ngaaruwaahia Wastewater Treatment Plants to bring these into compliance and support future growth is also progressing well. Contracts to design and build are also expected to be awarded in 2026.

A preferred site has been selected for a new, Southern Wastewater Treatment Plant and designation and discharge consent work is underway. The Plant will be built to modern standards, and in stages to support growing communities, it will treat wastewater, reduce pressure on Pukete, and enable new housing and business growth while protecting the Waikato River.

Reservoirs

IAWAI is on track to deliver on Hamilton City Council's contract with the Government to build a 25 million litre reservoir for central Hamilton by 2028, adjacent the existing Ruakiwi reservoir. Tenders for construction will be advertised in 2026 Q2 to meet government contract requirements. This will improve water supply resilience including firefighting capacity, support long-term city growth, and enable around 4000 new homes in the city centre.

New reservoirs, pump station and large water pipes to improve water supply resilience and level of service for the community are also a key priority. The Hilcrest Reservoir project will reduce water loss, improve efficiency, strengthen resilience to demand changes, and create capacity to support future growth, including the University of Waikato's needs for the new priority Medical School.

Planning to reduce capacity constraints

Decades of underinvestment in infrastructure, coupled with faster than ever growth, has left areas of Hamilton City and Waikato District constrained.

Joined up with Councils, IAWAI is developing at pace plans for the partnerships and infrastructure required to support greater servicing capacity across parts of the network. This will take time, but there are some exciting partnership opportunities. Keep an eye out to hear more on this.

IAWAI has taken its first step toward exploring the benefits of residential water metering

IAWAI has commenced a water meter pilot, with 200 households onboard. This is all about testing and learning before any Hamilton city-wide rollout. We'll be trialling multiple meters and software options in Hamilton East – chosen for its tricky mix of copper pipes, trees, and aging infrastructure. The pilot also includes 23 commercial properties and 27 households in Te Akau – chosen to test the technology in a rural setting.

The future of our network

As IAWAI looks at the future, one of the benefits that can be achieved is the ability to manage water takes and discharges over a longer stretch of the Waikato River, leading to more effective control and mitigation of environmental impacts.

IAWAI is rebuilding its capital programme to make the most of the opportunities that exist from a single, joined up network.

Future Focus:

The priority for the next six months is to finalise the Water Services Strategy, to ensure a clear direction of effort for IAWAI going forward. Community consultation on the strategy is expected in March 2026.

IAWAI's service area is extensive, covering both the Waikato District and Hamilton City. We face significant challenges related to growth, compliance, renewal of aging infrastructure, and resilience. Addressing these challenges will require substantial investment in three waters infrastructure over the next 10 years and beyond.

The first few years will be critical to building IAWAI with our customers at the heart of everything we do. Our goal is to maintain a seamless service experience throughout this journey, guided by a consistent focus on our strategic outcomes and objectives.

Who we are

- **'Ia'** means current or flow – movement, life, energy.
- **'Wai'** means water – the heart of everything we do.
- And IAWAI is a palindrome – the same forwards and backwards. Like water, it flows in cycles.

The name IAWAI centres around a local whakataukii **'Me te IAWAI e rere ana'** – like flowing water. It speaks to how water moves through our environment: from underground

springs to rivers, through catchments, and into our communities. Everything is connected to the source.

IAWAI is about collective effort. Just as water flows and connects us all, delivering safe water relies on many working together – councils, communities, and partners – to maintain and care for this essential resource for generations to come.

Financial statements

A detailed budget for the 2025/26 financial year was prepared and approved by shareholder councils on 29 May 2025, reflecting the full establishment work programme across both councils.

The total cost to establish IAWAI for the 2025/26 financial year is budgeted at \$7.35 million. The budget also anticipates operating costs in the first year (2025/26) of \$3.95 million.

Costs are debt-funded by Hamilton City Council and the debt will then be transferred to IAWAI as part of the transaction to transfer waters assets, liabilities, and staff (i.e. the net deficit shown in this report will become part of the waters related debt that IAWAI takes on through the transfer).

These financial reports show operating budget costs incurred by IAWAI only. Other costs will be on-charged to IAWAI as part of the transfer on 1 July 2026.

IAWAI Half Yearly Report

Statement of Comprehensive Income & Expense

For the six month period ended 31 December 2025
(unaudited)

	2025 \$ '000	2024 \$ '000
Revenue		
Water charges	-	-
Fees & charges	30	-
Total operating revenue	30	-
Capital revenue	-	-
Development and capital contributions	-	-
Vested assets	-	-
Total capital funding	-	-
Total Revenue	30	-
Expenses		
Personnel costs	193	-
Operating & maintenance Costs	462	-
Professional costs	256	-
Administration and property costs	28	-
Total direct expenses	940	-
Net financing costs	-	-
Depreciation & amortisation	-	-
Total Expenditure	940	-
Net Surplus / (Deficit)	(910)	-

Statement of Financial Position

As at 31 December 2025
(unaudited)

	2025 \$ '000	2024 \$ '000
Current Assets		
Cash & Cash Equivalents	-	-
Receivables	15	-
Other current assets	-	-
	15	-
Non Current Assets		
Property plant and equipment	-	-
Investment Property	-	-
Other non-current assets	-	-
	-	-
	-	-
Total Assets	15	-
Current Liabilities		
Payables and deferred revenue	253	-
Employee entitlements and provisions	25	-
	278	-
Non Current liabilities		
Borrowings	647	-
Other Liabilities	-	-
	647	-
Total Liabilities	925	-
Net Assets	(910)	-
Equity		
Share Capital	-	-
Retained Earnings	(910)	-
Revaluation reserves	-	-
Total Equity	(910)	-

Statement of Changes in Equity

For the six month period ended 31 December 2025

(unaudited)

	Share Capital \$ '000	Retained Earnings \$ '000	Revaluation Reserves \$ '000	Total \$ '000
Opening Balance - 1 July 2024				
Net Profit/(loss) after tax				-
Other comprehensive income				-
Total comprehensive income	-	-	-	-
Closing Balance - 31 December 2024	-	-	-	-
Opening Balance - 1 July 2025	-	-	-	-
Net Profit/(loss) after tax	-	(910)	-	(910)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	(910)	-	(910)
Closing Balance - 31 December 2025	-	(910)	-	(910)

DRAFT

Board meeting 27 02 2026

Public session

09 Approval of the Water Services Strategy for Consultation

Prepared and recommended by: Vishal Ramduny, Water Services Strategy Manager

With input from: Hannah Beaven, Planning Policy and Bylaw Lead

Approved by: Andrew Parsons, Head of Strategy and Delivery

Recommendations

That the Board:

1. Approves the following documents for submission to shareholder councils, Waikato Tainui, and for public consultation (subject to any minor amendments):
 - the draft Water Services Strategy 2026–2036 (consultation version (**Attachment 1**) and full version (**Attachment 2**)) including the Financial Strategy and prospective Financial Statements.
 - the Significance and Engagement Policy (**Attachment 5**)
 - the Waiver Policy (**Attachment 6**)
2. Notes that for Hamilton customers the average increase in the proposed water charges has dropped from \$265 to \$174 compared to the Water Services Delivery Plan (2025). For Waikato District customers, proposed increases in water and wastewater fixed charges fall from \$364 to \$142 per year. This combined with volumetric charges (based on average water use*) brings down the previously forecast increase in charges for Waikato District customers to \$174 (*average water use is 210m³ per annum).
3. Notes that, to ease the burden on existing households, a Water Supply Growth Charge of \$200 per Household Unit Equivalent (HUE) per year applied over a 25-year period and a Wastewater Growth Charge of \$300 per HUE applied over the same period is factored into the Financial Strategy.
4. Notes that an annual Water Supply Growth Charge and a Wastewater Growth Charge for commercial developments are calculated using a tiered structure based on each additional 100 m² of gross floor area.
5. Approves that public consultation be undertaken from 3 March to 6 April 2026.

Key points

6. The Water Services Strategy (WSS) is IAWAI's primary strategic, financial, and infrastructure planning and accountability document. It sets out how IAWAI will meet legal requirements and the expectations set by Hamilton City Council, Waikato District

Council and Waikato-Tainui for the delivery of water and wastewater services in the Hamilton and Waikato District area.

7. How Councils deliver water services has been a focus of local and central government for years. The challenges IAWAI must address are huge. There is no easy fix to the combination of growth pressures, ageing infrastructure, environmental compliance requirements, and cost pressures faced up and down the country.
8. This WSS focuses on ensuring that IAWAI's response is realistic, fair, and financially sustainable. In response to shareholder and Tainui feedback, IAWAI has focused on reducing the 22% average increase in charges, forecasted through the Water Services Delivery Plan, while still investing significantly in our capital programme and environmental protections.
9. To test key areas of focus with partners, briefings on IAWAI and the WSS have taken place with shareholders and IAWAI's partners and stakeholders since November 2025. These have occurred through the IAWAI Forum, workshops with elected members from both councils, Toituu Marae, Nga Karu Atua o te Waka, the Future Proof Implementation Committee, and developers. Further engagements are planned over the coming weeks both prior and during the formal consultation.
10. Approval is sought to approve the draft Strategy for submission to shareholder councils and for public consultation.

Background

11. How Councils deliver water services has been a focus of local and central government for years. Large-scale investment is needed nationwide to keep water safe and affordable in response to rapid growth and regulation.
12. IAWAI was formed as a joint council-controlled organisation (CCO) by Hamilton City Council and Waikato District Council to manage water services through regional collaboration. While established in July 2025, it is scheduled to be fully operational with transferred staff and assets by 1 July 2026.
13. This change was needed because under the individual council water services models, addressing the existing infrastructure deficit and meeting increasingly stringent compliance and regulatory requirements — while continuing to deliver affordable water services to current ratepayers — was no longer financially sustainable.
14. This is IAWAI's first WSS. It is informed by legislation, shareholder and partner Statement of Expectations, and government regulatory mandates for water providers.
15. The WSS includes IAWAI's proposed fees and water charges, a 10-year capital works programme for water and wastewater and a 30-year overview of projects which will require further decisions through subsequent WSSs.
16. IAWAI must adopt the WSS by 1 July 2026. The WSS will be updated in 2026/2027 to align with shareholding councils' long-term plans for 2027–2037.

Discussion

17. There is no single fix for the challenges IAWAI faces. Growth pressures, ageing infrastructure, environmental compliance requirements, and cost pressures are all interconnected.
18. The WSS focuses on ensuring that IAWAI's response is realistic, fair, and financially sustainable.
19. The key responses the WSS is proposing include:
 - **Affordability:** The draft strategy proposes a lower average increase than previously forecast by introducing a year-on-year savings programme, creating new revenue streams, and carefully leveraging long-term debt.
 - **Maintaining and extending the life of existing assets:** We are putting more emphasis on looking after the infrastructure we already have, getting the most from the investments already made and reducing the cost of unplanned maintenance.
 - **Protecting the Awa:** IAWAI will inherit two non-compliant wastewater treatment plants that must be upgraded. IAWAI will also invest in a new upgraded Pukete Wastewater Treatment Plant and a new southern plant. This is critical to meeting compliance standards and IAWAI's environmental commitments and to support growth.
 - **Operating as a single entity:** Will enable IAWAI to plan and manage water infrastructure in a boundary-less way. This not only creates efficiencies of scale for infrastructure planning and operations but also supports a more comprehensive approach to Tu Ture Whaimana.
 - **Changing how we pay for growth:** IAWAI intends moving toward a much clearer "growth pays for growth" approach rather than relying on existing water users to subsidise growth. We are proposing a growth levy on all new builds for 25 years, payable by those who create the demand.
 - **Addressing water and wastewater constraints:** The strategy includes infrastructure to unlock constrained areas over time. In high-growth areas, we are also exploring alternative delivery models, including private partnerships, to share costs more fairly and unlock development sooner.
 - **Strengthening resilience:** The strategy includes maintaining existing backup systems – with incremental upgrades and developing critical rapid response and recovery strategies to keep water flowing, no matter how difficult the circumstances.
 - **Moving away from CV-based charging:** The proposed roll out of residential water meters in Hamilton will support the transition from capital value-based charging to volumetric charging, as required by legislation. No final decisions will be made until after the outcome of the pilot that is currently underway.
 - **Levels of Service: For 2026/2027** – We are keeping the targets for both HCC and WDC as per LTP except for: Compliance with resource consents for

discharge from WDC's sewerage system - we are proposing to change the target from <2 to 0 for Year 2 and 3 (HCC's is 0 for all three years).

- **Building IAWAI in a cost-conscious way:** By using existing council systems, offices and people, and partnering with other water organisations to share systems, technology and expertise, we can reduce duplication, control costs and deliver better long-term outcomes.

20. The WSS is supported by two key policies:

Significance and Engagement Policy (Attachment 5):

21. This policy outlines how IAWAI will assess the importance of an issue, proposal, or decision, and how it will involve the public in that process.
22. The policy is based on the principle that decisions of higher significance require higher levels of engagement. Overall, it aligns with the existing Significance and Engagement Policies of HCC and WDC but differs from them in the following ways:
23. Contract significance and engagement responsibilities: It introduces criteria for identifying and reporting significant contracts, clarifies who (IAWAI, HCC, or WDC) leads engagement, and sets out an approach for engaging with mana whenua, as required by the Act.
24. Annual budget consultation: It reflects the Act by noting that IAWAI is not required to consult on its annual water services budget, even if it differs significantly from the WSS.
25. Unprogrammed public/private partnership agreements: It clarifies that community consultation is not required when IAWAI negotiates or enters unprogrammed public/private partnership development agreements where commercial sensitivity requires confidentiality and financial thresholds are not triggered. However, if the financial thresholds in paragraph 5.1 of the Shareholders' Agreement are triggered, IAWAI must obtain approval from both HCC and WDC.
26. Broader geographic application: The policy applies across a wider range of communities - including Hamilton City, rural towns, rural areas, and coastal settlements - and recognises that different communities have different engagement preferences.

Waiver Policy (Attachment 6):

27. This policy allows IAWAI to reduce or waive water charges or penalties under specific circumstances, such as financial hardship or water leaks. It maintains the same types of waivers and remissions previously offered by both HCC and WDC. Unlike the existing HCC and WDC Rates Remission and Postponement Policies, the proposed IAWAI Waiver Policy does not include postponement of water charges, as postponements are not permitted under the Local Government (Water Services) Act 2025. However, the policy includes Hamilton City Council's "Hardship Relief for Not-for-Profit Community Organisations" waiver to ensure consistent support and alignment with HCC's Rates Remission and Postponement Policy.
28. To further support the WSS, an IAWAI Development Contributions Policy will be brought to the IAWAI Board for approval in a subsequent report. Consultation on this policy is not

required as it will reflect current WDC and HCC Development Contribution Policies as they relate to water and wastewater.

29. For the WSS, IAWAI will apply penalties for the non-payment of water charges in the same way as WDC and HCC have previously applied rates for water services in their respective areas as per their LTP. Staff will seek the Board's decision on any change to this approach in a future report.

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

30. Te Ture Whaimana o Te Awa o Waikato (Vision and Strategy for the Waikato River) and the health and wellbeing of waterways, waterbodies and the moana is central to the WSS. To give effect to this IAWAI is guided by its purpose: To care for wai as Taonga – sustaining life and safeguarding water for future generations.
31. 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 in delivering water services in a culturally and environmentally responsible way.
32. The commitments made by our shareholding councils to iwi and hapuu through their respective Joint Management Agreements are acknowledged – and protection of the environment has been a core consideration in developing the Strategy.

Financial Implications

33. The IAWAI Board has been clear: prices must be kept as low as possible while still ensuring customers receive the water services they need. This has been done by introducing a 2.5% savings programme year on year (with full effect from 2028/2029); developing a 'right sized' \$3 billion capital works programme; a commitment to use debt prudently and taking a longer pathway to financial sustainability; and a focus on organisational efficiency.
34. Before IAWAI, ratepayers were facing steep increases in charges¹ (by 2034: Waikato District \$8,124; Hamilton \$2,751). Neither council had the debt capacity to fund required investment. The 2025 Water Services Delivery Plan forecast 22% average rates increase for customers, with a further increase in depreciation funding requirements if assets had remained in councils further (to around 34%).
35. By reworking the capital and operating programmes, revenue, and debt settings, IAWAI has reduced the median residential increase in 2026/27 to \$174 for both councils (6% for Waikato District and 18.4% for Hamilton, due to different starting points). Compared with the LTP/WSDP forecasts, that's a decrease for the median residential customer of \$91 for Hamilton customers (down from \$265). For Waikato District customers, proposed increases in water and wastewater fixed charges fall from \$364 to \$142 per year. This combined with volumetric charges (based on an average water use*) brings down the previously forecast increase in charges for Waikato District customers to \$174 (*average water use is 210m³ per annum).

¹ Excluding stormwater

36. Future increases are well below WSDP levels and far lower than an in-house council model. This is achieved while still tackling the infrastructure deficit, supporting growth, and delivering the capital works programme — more than either council could deliver alone.

37. IAWAI wants to move to a genuine 'growth pays for growth' approach through the introduction of a Water Supply Growth Charge and a Wastewater Growth Charge on new water and wastewater connections for residential and commercial developments consented on or after 1 July 2026 calculated as follows:

Residential development

- Water Supply Growth Charge \$200 per Household Unit Equivalent (HUE) per year applied over a 25-year period.
- Wastewater Growth Charge \$300 per HUE applied over a 25-year period.

The calculation for new residential developments is as follows:

- Each new dwelling over 70m² is treated as 1 HUE, regardless of the number of bedrooms.
- Each new dwelling of 70m² or less for which no resource or building consent is required (granny flats and tiny homes) is treated as ½ a HUE.
- Multi-unit developments are charged per dwelling.
- Where redevelopment occurs, the charge applies only to the net increase in demand.
- Growth charges related to papakaainga housing may be discounted or waived subject to negotiation, the specific context, and any prior agreements relating to servicing.

Non-residential development

The annual Water Supply Growth Charge and Wastewater Growth Charge charges for commercial developments are calculated using a tiered structure based on each additional 100 m² of gross floor area:

Water Supply Growth Charges:

- \$200 for the first 100 m² (first HUE),
- \$40 per additional 100 m² for HUEs 2 to 100, and
- \$20 per additional 100 m² for HUEs 101 and above.

Wastewater Growth Charges:

- \$300 for the first 100 m² (first HUE),
- \$60 per additional 100 m² for HUEs 2 to 100, and
- \$30 per additional 100 m² for HUEs 101 and above.

The non-residential charges are also applied over a 25-year period.

Legal requirements

38. The development of the WSS conforms to the requirements of the Local Government (Water Services) Act 2025.

39. IAWAI has received legal advice that confirms the proposed growth charges fit within the legal framework of charging set out in the LGWSA. This advice is legally privileged and is provided in the Public Excluded section of the agenda.

Engagement and Consultation

40. Formal public consultation on the WSS will occur between 3 March and 6 April 2026.

The consultation approach will entail the following:

- Engagement forums
- Stakeholder communication
- Community presence
- Digital channels
- Media
- Internal communication

41. The key milestones for the WSS are as follows:

- 3 March to 6 April 2026 – Formal public consultation on the WSS, Significance and Engagement Policy and Waiver Policy.
- June 2026 – The IAWAI Board will consider adoption of the WSS, Significance and Engagement Policy and Waiver Policy.
- July 2026 – The IAWAI Board to adopt the relevant provisions of the councils' 2025 Development Contributions Policy.

Attachments

Attachment 1- Water Services Strategy Consultation Document

Attachment 2 - Water Services Strategy (full version)

Attachment 3 - Waikato District Council Population and Household Projections LTP 2025

Attachment 4 - Hamilton City Growth Projection LTP 2024

Attachment 5 - Significance and Engagement Policy

Attachment 6 - Waiver Policy

I A W A I

A summary of our Water Services Strategy 2026–2036

HAMILTON
CITY COUNCIL
WAIKATO
DISTRICT COUNCIL
WAIKATO-TAINUI

“Tooku awa koiora me oona pikonga
he kura tangihia o te maataamuri”

The river of life, each curve more
beautiful than the last

Kiingi Taawhiao

For Waikato-Tainui, the Waikato River is a tupuna with its own mana, embodying the mana and mauri of the iwi. It is regarded as a single indivisible living being that flows from Taheke Hukahuka to Te Puuaha o Waikato.

The deep relationship Waikato-Tainui hold with the awa, and the respect they afford it, sits for at the heart of their spiritual and physical wellbeing, as well as their identity and whakapapa.

This relationship underpins the shared vision expressed in *Te Ture Whaimana o Te Awa o Waikato*:

For 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.

Let's work together for better water

Share your views on our
Water Services Strategy

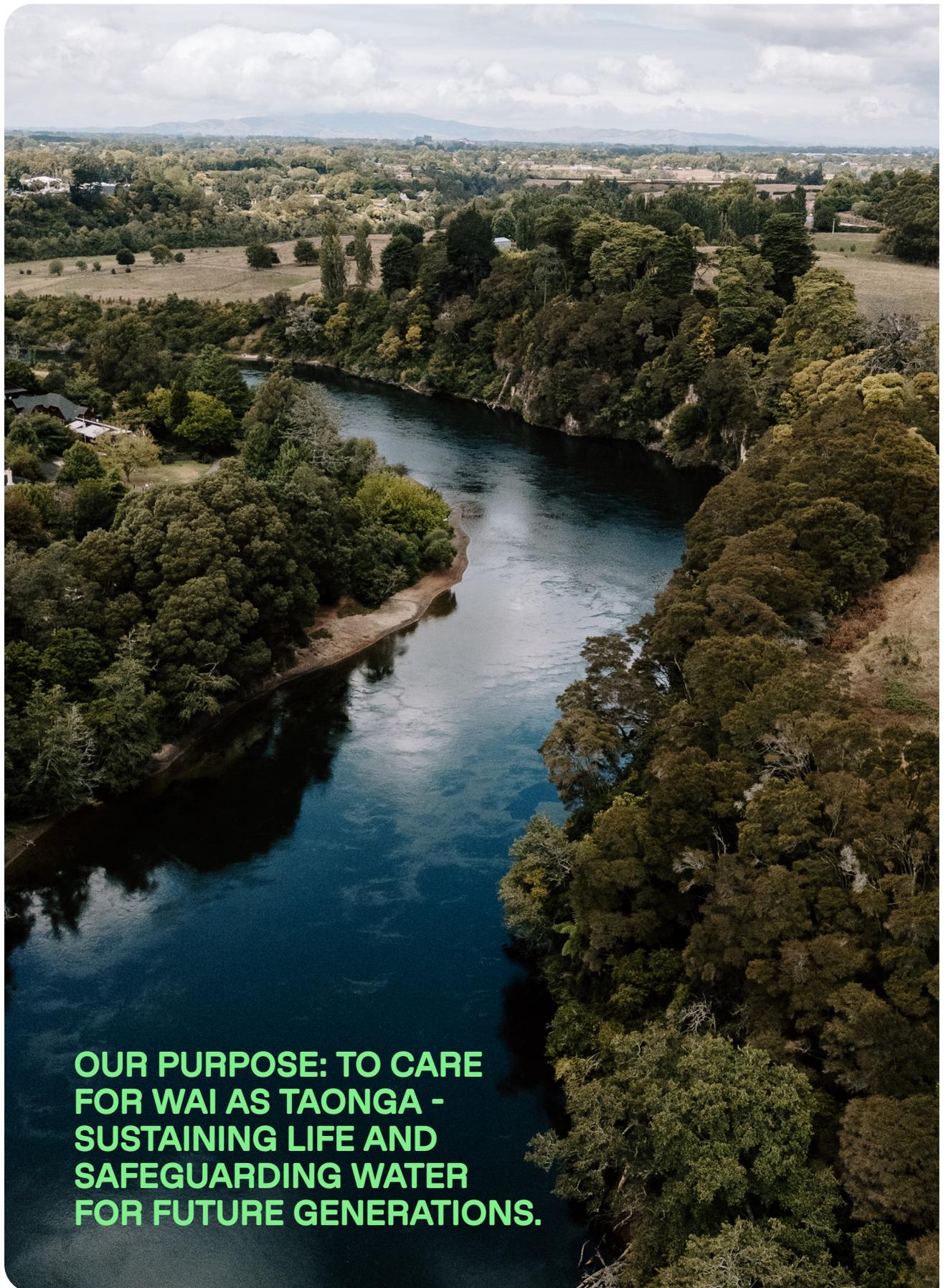
Feedback is open from
3 March - 6 April 2026.

Head to hamilton.govt.nz/IAWAI

Throughout this document there may be variations in te reo Maaori spelling. In the Waikato iwi dialect, double vowels represent long vowel sounds, reflecting local language practices.

In some instances however, macrons are used - particularly in the names of other councils or place names where the official spelling includes a macron. This approach ensures consistency while respecting both iwi and organisational preferences.

When referring to the principal iwi in our sub-region, we use 'Waikato'. 'Waikato-Tainui' is used specifically when referring to our partnership with the tribal organisation.



**OUR PURPOSE: TO CARE
FOR WAI AS TAONGA -
SUSTAINING LIFE AND
SAFEGUARDING WATER
FOR FUTURE GENERATIONS.**

RAARANGI TAKE

Contents

WHAT IS IAWAI?	6	HOW WE PLAN TO RESPOND TO THESE CHALLENGES	14
WHAT IS OUR WATER SERVICES STRATEGY?	7	BEHIND THE SCENES	16
FROM OUR CHAIRPERSON AND CHIEF EXECUTIVE	8	KEY PROJECTS	19
WHERE WE OPERATE	9	THE FINANCIALS	22
WHAT WE DO	10	INTRODUCING NEW GROWTH CHARGES	24
IAWAI BY THE NUMBERS	11	PROPOSED DEBT AND BORROWING LIMITS	26
WHAT AND WHO GUIDES US	12	LOOKING AHEAD	27
THE CHALLENGES AHEAD	13		

KO WAI A IAWAI

What is IAWAI?

IAWAI is a publicly-owned water company formed by Waikato District Council and Hamilton City Council. We plan, build, manage and maintain drinking water and wastewater services for communities across Hamilton City and the Waikato District. We also manage stormwater for both Councils.

From July 1 2026, IAWAI will own the water and wastewater assets (treatment plants, reservoirs, pumpstations, pipes and more) previously managed separately by each Council. Debt related to water services will also be transferred from each Council, to IAWAI. Over time, IAWAI will deliver water services faster, more cost-effectively and more affordably.

We work in partnership with Waikato-Tainui, sharing a strong commitment to restore and protect the health of the Waikato River. IAWAI is governed by an independent Board of Directors.

TE OROKOHANGA O IAWAI

How did IAWAI come about?

Over the past 10–20 years, it's become clear that New Zealand faces serious challenges with water infrastructure. Decades of under-investment have led to failures in some parts of the country, putting people and the environment at risk. The cost of fixing these problems has also continued to rise, placing huge pressure on ratepayers, who have carried most of the burden.

Ratepayers have paid more than their fair share to support growth, but in some areas it hasn't been enough. Councils, which were previously responsible for water infrastructure, haven't been able to build what was needed fast enough. In many cases this was because communities simply couldn't afford it, or there wasn't enough contracting capacity to do the work.

As a result, last year our shareholding councils forecast increases to water charges of 14.4% (Waikato) and 28.2% (Hamilton) for households over the next decade. Successive governments have recognised that something had to change – and it has.

Last year, Hamilton City Council and Waikato District Council responded to strong direction from the government to make major changes to how water services are delivered. They were encouraged to work together to create a larger, more efficient water services organisation that can invest more over time while keeping costs as low as possible.

After public consultation, IAWAI was formed. We will be fully operational from July 2026 and we are already taking steps to tackle the significant challenges ahead.

"OVER TIME, IAWAI WILL DELIVER WATERS SERVICES FASTER, MORE COST-EFFECTIVELY AND MORE AFFORDABLY FOR THE PEOPLE WE SERVE."

HE AHA TE RAUTAKI RAATONGA WAI?

What is our Water Services Strategy?

This document is a summary of our Water Services Strategy. The Strategy, required by law, is a 10-year plan (2026 – 2036) outlining our priorities for the next decade. It sets out how we will deal with huge growth, look after our existing water assets, meet rules and regulations, and provide the critical water and wastewater services the residents and businesses of our communities need.

IAWAI is required to give effect to Te Ture Whaimana o Te Awa o Waikato. This Strategy is the first expression of the works and activities that IAWAI will undertake to help to realise the vision for the future health and vitality of the Waikato River and of the communities it sustains.

It outlines where we operate, the services we provide, our plans for the future and our commitment to the Waikato River.

This strategy is a first step. We'll be completely reviewing it again in 2027 (to align with Council long-term plans) to make sure we have it right.



To see a copy of our full Water Services Strategy visit hamilton.govt.nz/IAWAI

We're also consulting on two policies:

- **Significance and Engagement Policy** This policy sets out how IAWAI determines the significance of decisions and issues, and outlines when and how the community will be engaged before decisions are made.
- **Waiver Policy** This policy sets out the circumstances in which IAWAI may waive fees, requirements, or conditions, and the criteria used to consider and approve waiver requests. Nothing changes for ratepayers under the proposed policy – the same waivers will still apply.



Read these Policies and share your feedback at hamilton.govt.nz/IAWAI



“WE ALL NEED TO BE PART OF THIS STORY... WE ALL HAVE A VESTED INTEREST IN GETTING IT RIGHT.”

**HE KUPU NAA
TE HEAMANA
ME TE TUMU
WHAKARAE
O IAWAI**

**From our
Executive
Chair
and Chief
Executive**

This strategy begins and ends with the health and vitality of the Waikato River, the moana (ocean), and the communities these sustain. It is grounded in Te Ture Whaimana o Te Awa o Waikato, the vision and strategy of the Waikato River. For IAWAI this vision is foundational, guiding how water services are planned, delivered and invested in, and ensuring the wellbeing of the Waikato River remains central to all decision making. As you read through the strategy, we hope you too are guided by the principles of Te Ture Whaimana – recognising the river’s health and life-giving role.

This is a first cut of a long-term strategy that we know will challenge all of us – our shareholders, our partners, and our wider community.

The issues we face are considerable.

This strategy is designed to address decades of under-investment in water and wastewater infrastructure, while continuing to deliver the critical services our communities need to survive and thrive.

We know we must do our part – quickly and safely – to remove barriers that are already holding back the development of new housing and businesses, which are essential to keeping neighbourhoods and communities viable.

At the same time, IAWAI must manage significant population growth, meet increasingly stringent regulatory standards, and do so in a way that keeps costs as low as possible for those who ultimately fund this work.

We all need to be part of this story – water consumers, property developers, civil contractors, mana whenua, shareholders, and the regulatory agencies who will take a close interest in what we do.

We all have a vested interest in getting this right. That is why we intend to use

every tool available to us.

We are proposing an ambitious capital works programme of \$3 billion over 10 years. Delivering this will require us to leverage our size and scale, and to build strong, commercial relationships with the construction sector that may not have been possible before.

We intend to make smarter use of long-term debt so we can make substantive progress without unduly penalising existing ratepayers. We must drive changes to our financial position.

We are also exploring new revenue streams to ensure growth is paid for by those who drive that growth, rather than by existing water and wastewater users.

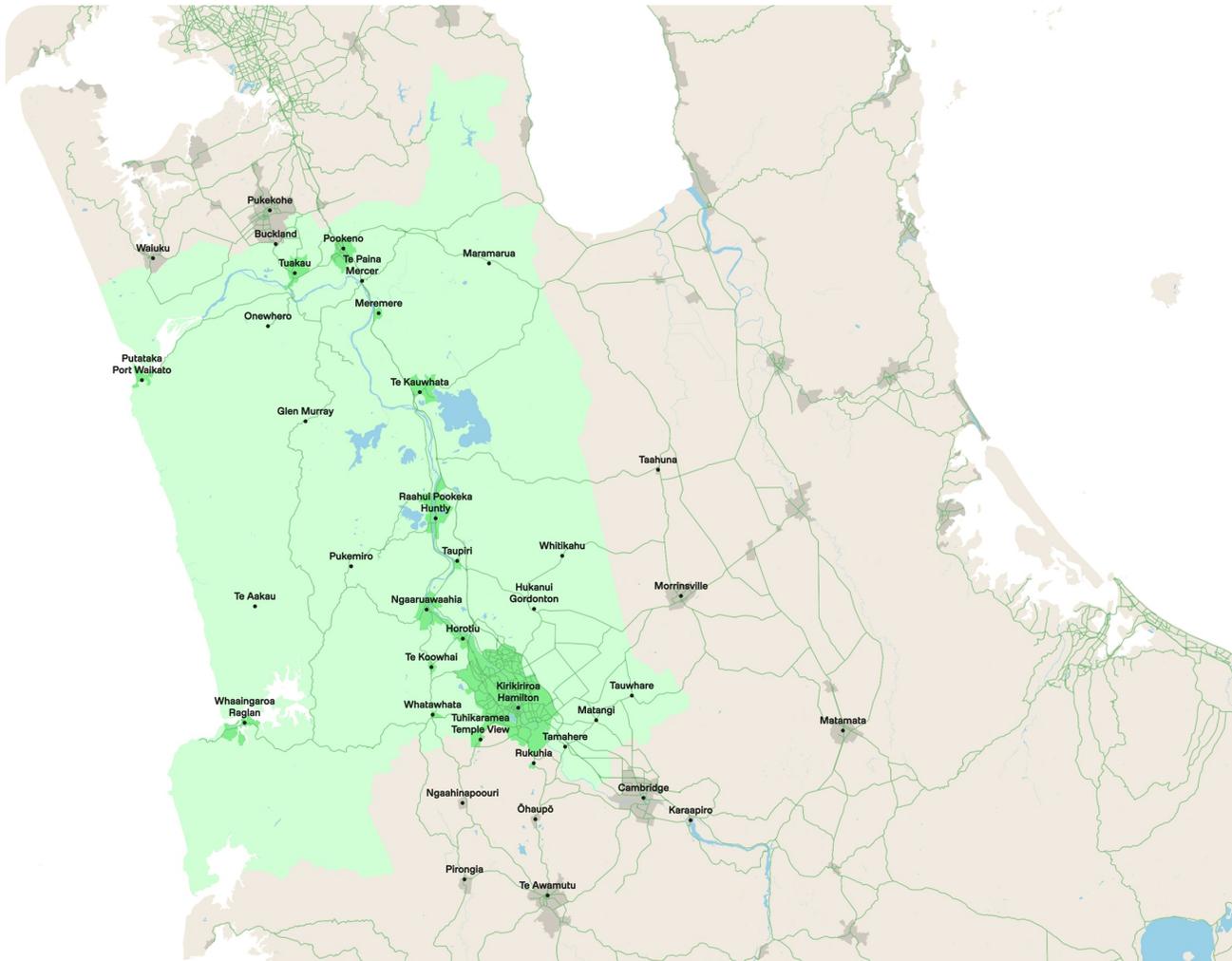
At the same time, we have set ambitious savings targets so we can capture efficiencies and minimise the price increases our consumers will face.

This summary of our first-ever strategy outlines what we plan to do, why, and when. We have been transparent about the costs involved and what those costs mean.

Importantly, it signals a material shift in how water and wastewater services in Hamilton City and Waikato District will be managed in the future. Your feedback on what we have proposed matters, and we look forward to hearing your views.

Peter Winder
CHIEF EXECUTIVE

Kevin Lavey
**EXECUTIVE CHAIR
ESTABLISHMENT BOARD**



**TE ROHE
WHAKARATO
A IAWAI**

**Where we
operate**

This map shows the large area (411,000 hectares) covered by IAWAI and the specific areas we service. It includes New Zealand’s fastest growing city - Hamilton - plus a number of fast-growing towns. That growth is having a huge impact on our plans for the future, including what we can afford and in what timeframes.

The physical environment we operate in is precious. It is part of a wider river eco-system across the central North Island and includes two internationally significant wetlands and a number of precious waterways, including the Waikato River.

- Area serviced
- Urban areas serviced

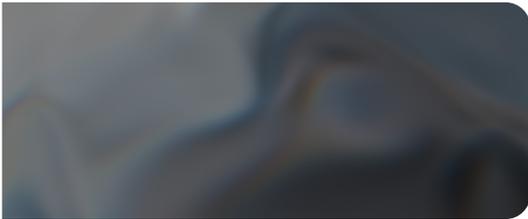
HE AHA TA TATOU MAHI

What we do



Drinking water

We provide homes and businesses with reliable, clean and safe drinking water. That means we build, manage and maintain infrastructure like treatment plants, pump stations, reservoirs and a vast network of pipes.



Wastewater

We build, maintain and operate wastewater treatment plants, most of which treat used water to a very, very high standard. Where wastewater treatment standards are not already high enough, we have plans in place to fix it.



Stormwater

We also manage stormwater, under contract, for our shareholding councils to help prevent issues like flooding.

This includes things like managing runoff from roads and hard surfaces to reduce flooding and prevent pollution of our waterways.

**“WHERE WASTEWATER
TREATMENT STANDARDS
ARE NOT ALREADY HIGH
ENOUGH, WE HAVE PLANS
IN PLACE TO FIX IT.”**

By the numbers

We're Servicing

222,700
PEOPLE
(AND GROWING)

83,170
HOMES

42
MARAĒ

20,610
BUSINESSES

90,700
WATER AND
WASTEWATER
CONNECTIONS

8
WATER
TREATMENT PLANTS

10
WASTEWATER
TREATMENT PLANS

205
WASTEWATER
PUMP STATIONS

1,192 km
OF WASTEWATER
PIPES

21,600
WATER METERS

\$3 billion
CAPITAL
EXPENDITURE OVER
THE NEXT DECADE

HE AHA (KO WAI) HEI ARAHI TAATOU

What (and who) guides us

Life runs on water. Water services are fundamental, we all need safe, sustainable water infrastructure to go about our daily lives.

Rules and regulations

Like all water service providers, IAWAI must comply with strict rules and regulations designed to protect public health, safeguard our environment and ensure high standards are met.

Three main organisations set the rules:

- **Taumata Arowai Water Services Authority** Makes sure all water service providers comply with strict drinking water safety standards.
- **Waikato Regional Council** Manages and protects the region’s water by setting rules, monitoring water quality, controlling discharges, allocating water, and working on water protection projects.
- **Commerce Commission** Makes sure charges are affordable for consumers while ensuring water organisations are investing in the right things, at the right time.

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

The Treaty of Waitangi and the Vision and Strategy for the Waikato River

Clean and healthy water is critical for everyone – protecting public health and vitality, supporting cultural practices, enabling recreation and sustaining the environment. IAWAI is committed to Te Ture Whaimana o Te Awa o Waikato (restoring the health of the Waikato River) and to delivering water services in a culturally and environmentally responsible way. IAWAI honours Te Tiriti o Waitangi (Treaty of Waitangi) and all Treaty Settlements within our area of operation.

Shareholders’ Statement of Expectations

Hamilton City Council, Waikato District Council and Waikato-Tainui have jointly developed Statement of Expectations to guide our priorities and performance. The statement reflects our shared commitment to Te Ture Whaimana o Te Awa o Waikato and the partnership that underpins how we work together.

It also sets clear, long-term expectations for how IAWAI operates, including acting transparently, managing finances responsibly, reporting openly and delivering high-quality public services that support communities now and in the future.



To see a copy of the Statement of Expectations go to hamilton.govt.nz/IAWAI

The Board’s expectations of the Chief Executive

The IAWAI Board has set clear performance expectations for the Chief Executive to ensure the organisation delivers in line with its mandate. The seamless delivery of water services from 1 July 2026 is the top priority.

The Chief Executive will also be assessed against: ensuring charges are as low as practicable, while still making steady progress on the infrastructure deficit; ensuring IAWAI meets its savings target (2.5% by 28/29); embedding a pro-growth culture which is joined at the hip with shareholder partners; building an engaged, high performing workforce with strong talent pipelines and cultural capability.



**NGAA WERO HEI
WHAKAMANIA**

**The
challenges
ahead**

Keeping water charges as low as possible

Water and wastewater costs are rising faster than many can afford. It's essential we find savings without cutting the essential services we all rely on.

Keeping up with growth Our region is growing fast, but water infrastructure investment has not kept pace. We need to support new homes and businesses without expecting all households to fund that growth.

Ageing infrastructure Much of our network is ageing and needs a lot of work. Decades of under-investment mean tough choices because we can't afford to fix everything at once.

Protecting the Awa Several treatment plants need urgent upgrades to meet environmental standards, maintain public health and protect the Waikato River.

Removing barriers to development Water and wastewater constraints are already holding back development in Hamilton and northern Waikato. Fixing these is essential to unlocking housing and economic growth.

Financial sustainability IAWAI must be financially strong for the long-term. That means managing costs, debt and investment carefully, without making future costs unaffordable.

Building resilience Water services must withstand extreme weather, natural disasters and major disruptions while continuing to deliver safe drinking water and wastewater services.

Establishing a new organisation IAWAI brings together people, systems and processes from two councils. This transition must be done efficiently to keep costs down.

Safety of our people and our communities Our staff and contractors work in high-risk environments, and the services we deliver directly affect public health and safety. We must keep people safe every day.

Connecting with our community We're a new water organisation, we need to build trust and opportunities for genuine engagement that reaches different communities and reflects local priorities.



HE URUPARE KI NGAA WERO

How we plan to respond to these challenges

There's no single fix for the challenges we face. Growth pressures, ageing infrastructure, environmental compliance and cost pressures are deeply connected, and our response must be realistic, fair and financially sustainable.

Our first focus is affordability. We are completely reviewing how and where we spend money to keep water charges as low as possible, while still investing in the infrastructure our communities rely on. This means finding year-on-year operational savings, tightening and reprioritising our capital works programme, and using long-term debt so the cost of major assets is spread much more fairly across generations – not carried solely by today's residents.

Over the next decade, IAWAI will invest more than \$3 billion in water and wastewater infrastructure. That scale of investment requires a much more strategic and disciplined approach. There can be no 'fat' in the system – our programme is focused on doing the most important things first.

Operating as a single entity allows us to plan and invest across the region, rather than being constrained by council boundaries. We have greater flexibility around debt and can take a more commercial, long-term view of investment. Our short-term focus is maintaining existing levels of service, while tackling a significant backlog of renewals and planning for growth.

We are placing much greater emphasis on **maintaining and extending the life of existing assets**. This reduces failures, avoids costly emergency repairs and delivers better value over time. We are also changing how we deliver this work, moving to long-term, partnership-based approaches for renewals and maintenance, with a strong focus on compliance and performance.

Protecting the Awa sits at the centre of every investment decision. We have allocated funding to upgrade the Pukete Wastewater Treatment Plant, plan to build a new Southern Wastewater Treatment Plant to support growth in south Hamilton and will upgrade both the Huntly Wastewater Treatment Plant and the Ngaaruawaahia Wastewater Treatment Plant to ensure they meet all standards. These projects are essential for environmental protection, public health and future growth.

We are also changing how we pay for growth. We intend moving toward a much clearer “growth pays for growth” approach rather than relying on existing ratepayers. This means being explicit about what IAWAI can and cannot fund. For example, we will not budget for, or expect existing water users to fund, fast-track greenfield developments required by the government. Those costs must be met over time by those developments. We are also reviewing our development contributions policy, so it better reflects the true community cost of growth-related infrastructure.

In addition, we are proposing new Water Supply and Wastewater Growth Charges on all new builds, designed to recover over time the costs of growth from new developments. With a combined total of \$500 per year, for a single household unit equivalent, the growth charges will help fund the infrastructure needed to support

new homes and businesses, easing pressure on existing households who do not directly benefit from new development.



You can read more about this proposal on page 22

Addressing water and wastewater constraints that are already limiting development in Hamilton and northern Waikato is another key priority. Capacity issues in the city, Pookeno and Tuakau require solutions and are being prioritised to be resolved over time. In high-growth areas, we are also exploring alternative delivery models, including private partnerships, to share costs more fairly and unlock development sooner

At the same time, **we are strengthening resilience** of our water services so they can cope with extreme weather, natural disasters, earthquakes and cyber threats. This includes better backup systems, stronger emergency response capability and planning for rapid recovery.

Finally, **we are building IAWAI in a cost-conscious way**. By using existing council systems, offices and people, and partnering with other water organisations to share systems, technology and expertise, we can reduce duplication, control costs and deliver better long-term outcomes.

Overall, we are seeking a balanced, practical and very transparent response to the challenges we face – one that focuses on fairness, affordability, environmental protection and long-term resilience.



You can provide feedback on our response to key challenges at hamilton.govt.nz/IAWAI

TE HAPAI O KI MURI

Behind the scenes

There's a lot to do.

On the following pages we outline some of the projects we've prioritised to meet the challenges ahead. We'll be focusing first on those things we need to achieve, quickly.

Behind the scenes, there's also work to be done so we can deliver the best deal for our communities. Over the immediate priorities include:

Set water and wastewater charges.

Shareholding councils will continue to collect payments on our behalf because for now, it's more cost-efficient to use existing systems.

Explore ways to make savings.

We have identified a 2.5% savings programme which will come into full effect from 2028/29.

Make a decision around residential water meters

in Hamilton. We'll continue to maintain the thousands of other water meters already in operation across our area.

Gradually reduce the proportion of waters charges

based on capital value. This is what the law requires.

Ensure that we enhance our engagement with customers and improve our service delivery.

Develop a staged approach to price harmonisation between Hamilton City and Waikato District for the services we provide. Over time, this will mean consistent prices, irrespective of where people live.

Build strong partnerships with developers and infrastructure companies and take a much more commercial approach to doing business. We need to be able to do more, faster, and at the best possible cost.

Develop and implement a more advanced strategic asset management system. This will help determine what maintenance is needed – when – so we can ensure assets don't fail.

Develop and implement a risk management system. We must always be able to provide critical water and wastewater services.

Completing the integration of water services provided by Watercare into IAWAI.

Confirm how best to support customers struggling to pay water charges. This will be via the government's existing rates rebate programme and IAWAI's Waiver Policy.

Respond to the Commerce Commission's information disclosure requirements. This is required by law.

Over time we will

Send customer water bills direct from IAWAI. This will involve setting pricing irrespective of where people live (price harmonisation) and will need to be agreed by shareholders.

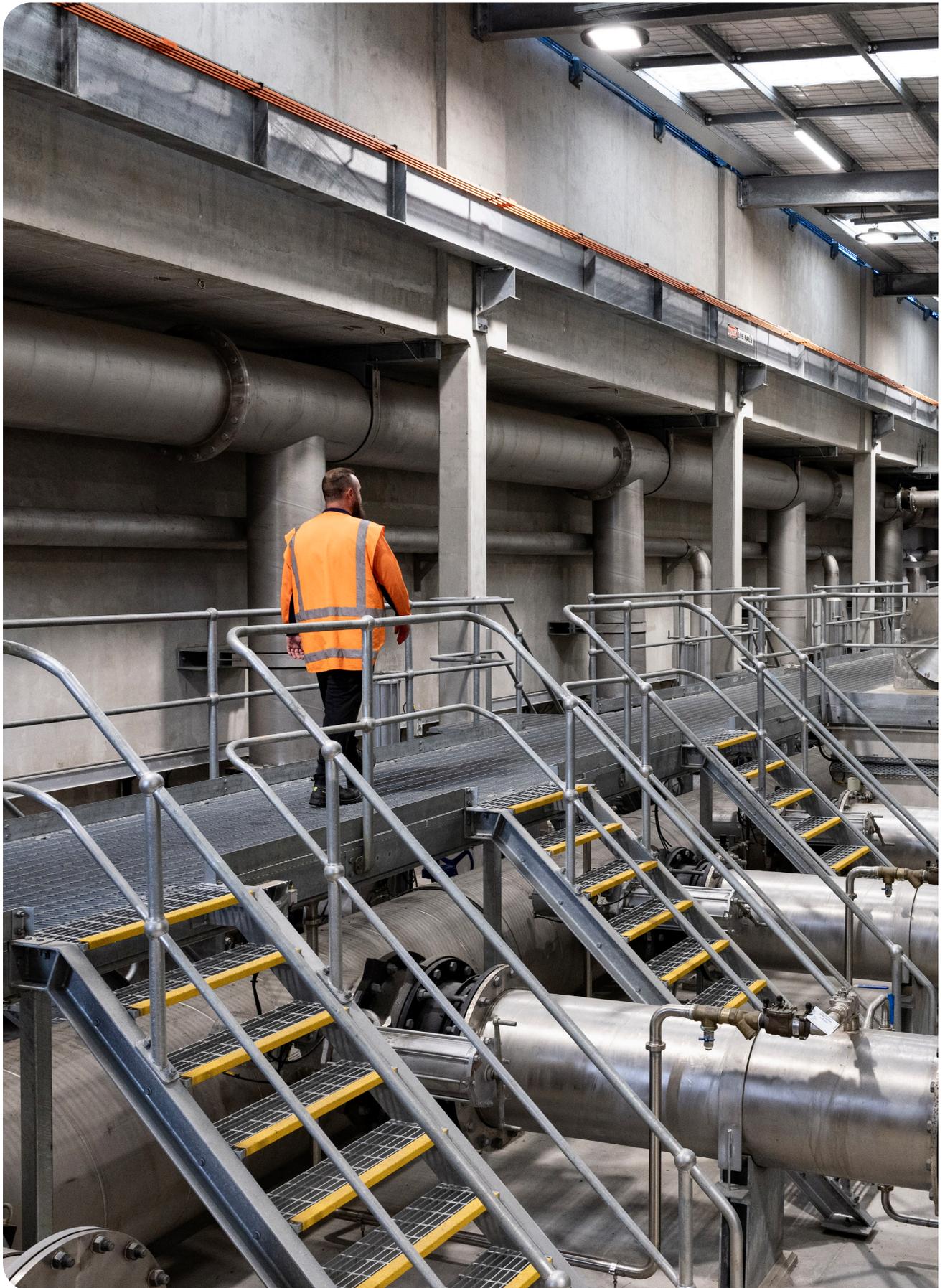
Ensure revenue is enough to cover operational costs, capital expenditure debt servicing and all financial obligations. We need enough money to run the business, including a plan for managing the debt and associated costs.

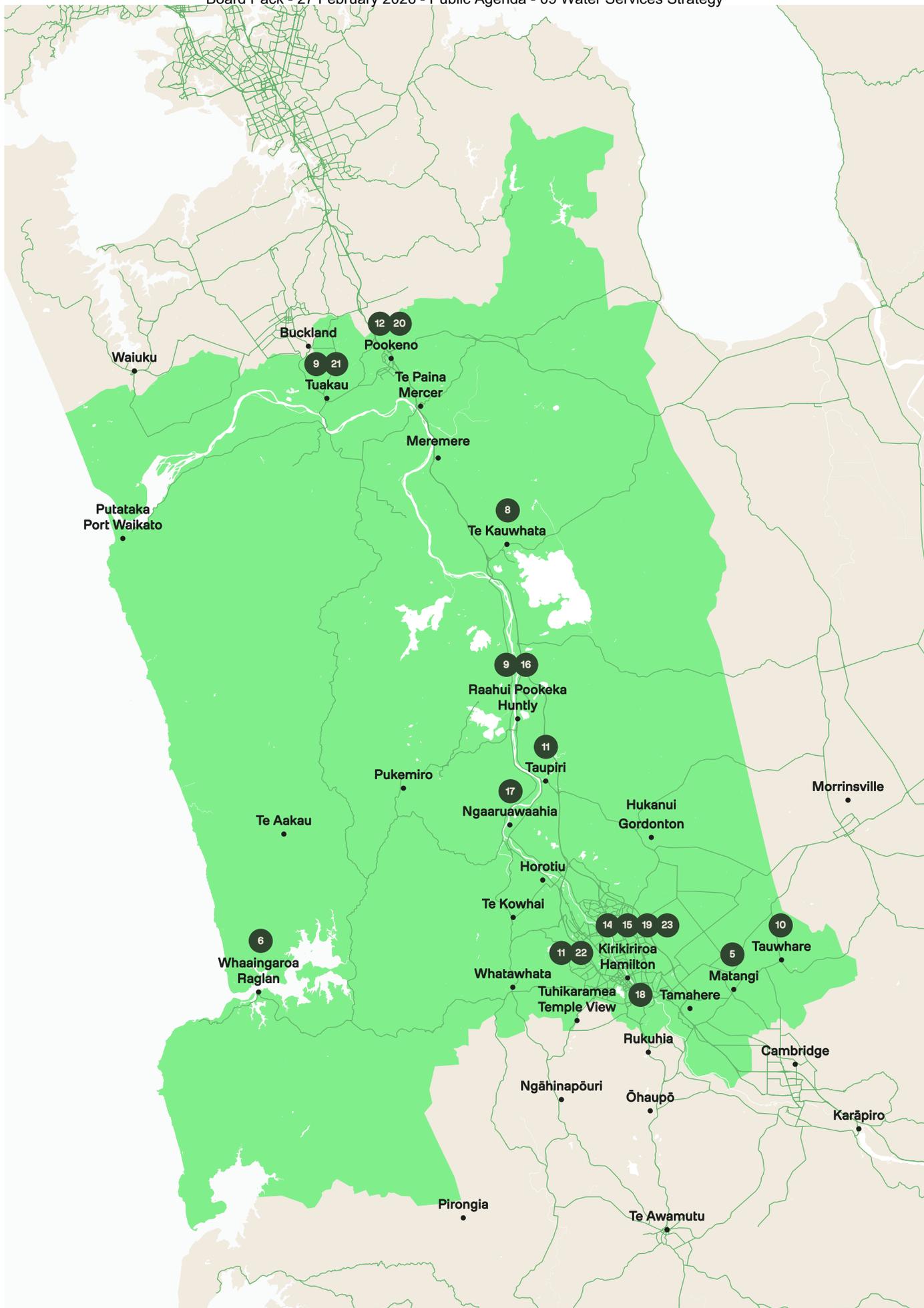
Be financially sustainable (making sure our revenue consistently covers expenses). We need to live within our means.

Continue implementing an ambitious capital works programme. We'll only commit to what we can deliver, and what our customers can afford.

Deliver better customer service and experiences.

Fully leverage digital technologies. That may mean sharing standardised technologies with others, so together we can drive costs down.





NGAA KAUPAPA MATUA

Key Projects

Drinking water and Reservoirs

- 1 Upgrade the Waiora Water Treatment Plant to increase water storage and introduce a new waste stream solution. Estimated cost (2026-2036) \$88.6 million.
- 2 New subregional water treatment plant to service Hamilton and Ngaaruawaahia initially - \$97.5m
- 3 Build a 25 million litre reservoir for central Hamilton by 2028. This will improve water supply resilience including firefighting capacity, support long-term city growth, and enable around 4000 new homes in the city centre. Estimated cost (2026-2036) \$150.6million*
- 4 A new reservoir, pump station and large water pipes to improve water supply reliability in Hillcrest. The project will reduce water loss, improve efficiency, strengthen resilience to demand changes, and create capacity to support future growth. Estimated cost (2026-2036) \$57.2 million.

** This work is funded by the Infrastructure Acceleration Fund – a government fund set up to pay for essential infrastructure that unlocks new housing and supports growth. Hamilton City Council secured this funding in 2022.*

New or upgraded water infrastructure, including treatment plants, pipes, extensions, pump stations:

- 5 Huntly water works \$30.8 million
- 6 Raglan water works \$22.2 million
- 7 Te Kowhai water works¹ \$15.15 million
- 8 Te Kauwhata water works¹ \$63.7 million
- 9 Matangi water works \$13.3 million
- 10 Eureka water works \$5 million
- 11 Taupiri water works¹ \$7 million
- 12 Pookeno water works¹ \$18.8 million
- 13 Tuakau water works¹ \$16.15 million

¹ Co-funded by other parties

Fairer charging

14 Although a decision has not yet been made, we're currently piloting water meters in Hamilton and have included funding to roll out residential water meters across the city. This would support the transition from capital value-based charging to volumetric charging, as required by legislation and move to fairer use pays charging method. There are already 4000 commercial and industrial water meters in Hamilton. Waikato District Council has had water meters since 2016; this funding includes upgrading their stock to digital meters. Estimated cost (2026-2036) \$108.7 million.

Wastewater treatment plants

15 Major upgrades to Pukete Wastewater Treatment Plant, Hamilton's only wastewater treatment plant, to increase capacity, performance and resilience. This investment will support future population growth, improve environmental outcomes, and service Ngaaruawaahia. Estimated cost (2026-2036) \$396.4million.

16 Upgrade the Huntly Wastewater Treatment Plant to bring it into compliance and support future growth. Estimated cost (2026-2036) \$30.6million.

17 Upgrades to the Ngaaruawaahia Wastewater Treatment Plant are needed to make it compliant, support growth in the surrounding area and allow for the future transfer of wastewater to an upgraded Pukete plant. The upgrades are being designed so key components can be reused or relocated to support growth and compliance elsewhere once wastewater is redirected to the Pukete Wastewater Treatment Plant. Estimated cost (2026-2036) \$35 million.

New infrastructure

18 Planning and implementation of a new, Southern Wastewater Treatment Plant. Built to modern standards, and in stages to support growing communities, it will treat wastewater to a high standard, reduce pressure on Pukete, and enable new housing and business growth while protecting the Waikato River. Estimated cost (2026-2036) \$134.9million.

19 Installation of bulk wastewater storage tanks in Hamilton. This will allow us to manage extra wastewater during heavy rain when the system can become overloaded. A total of seven storage tanks are planned. Four of these will be built between 2026-2036. Estimated cost (2026-2036) \$139.4 million.

Planning for growth

20 21 Increasing wastewater servicing capacity for Pookeno and Tuakau. We're exploring a private partnership to deliver a new wastewater treatment plant.

22 Progressing a solution for water, wastewater and stormwater infrastructure in Te Kowhai to support growth.

Water and wastewater renewals

23 We will keep reinvesting in our existing water infrastructure. We will increase the pace and scale of renewals, prioritising the highest-risk assets and extending the life of what we already have. This will be delivered through long-term partnerships with contractors, giving greater certainty, stronger forward planning, and better value over time.



NGAA
AHUMONI

The financials

**THE DECISIONS WE MAKE
WILL DIRECTLY AFFECT
HOW MUCH PEOPLE PAY,
AND WHAT WATER AND
WASTEWATER SERVICES
THEY WILL RECEIVE OVER
DECADES TO COME.**

Keeping prices as low as possible, while still addressing the infrastructure deficit, and keeping pace with growth, is core to this draft Water Services Strategy.

We know households are facing rising costs, and we're working hard to reduce our own costs as much as possible. We're looking carefully at our capital programme, tightening our operating costs, finding new revenue opportunities (including a proposed growth levy), and using long-term debt responsibly.

Water charges

What's changing?

From 1 July 2026, water charges will be removed from your property rates and shown separately as an IAWAI water charge.

- If you own property in Hamilton, you will still receive one invoice that includes both your rates and your water charges.
- If you own property in Waikato District, you will still receive one invoice with your rates and fixed water charges, and you will continue to get a separate water meter bill twice a year.

You can keep paying the same way you do now – all existing payment methods stay the same.

Property rates (set by Council in June) will still cover all other council services but will no longer include water. Councils will continue to rate for stormwater.

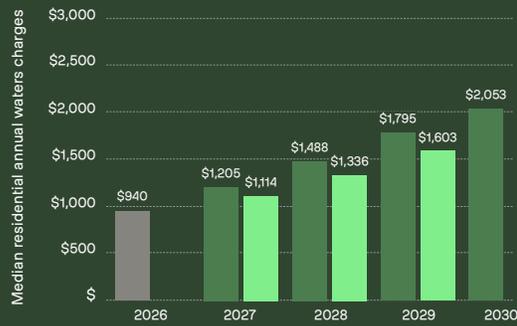
Proposed water charge increases

Water charges are expected to rise significantly across New Zealand due to the growing cost of maintaining, upgrading and expanding water infrastructure.

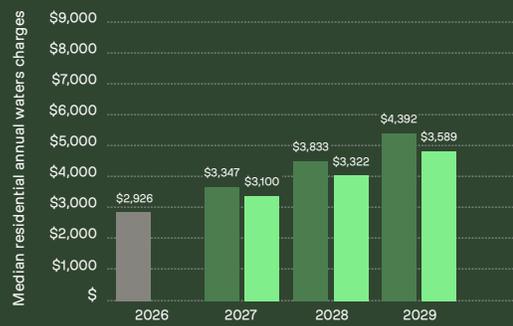
The decision by Hamilton City Council and Waikato District Councils to form a shared water organisation, IAWAI, has helped reduce those increases for our subregion.

By bringing services together under one organisation, IAWAI can plan across the subregion, invest more efficiently and use debt to smooth price increases. A review of our capital programme, revenue and debt settings, has reduced the proposed increases for both councils.

Proposed median residential water charge increase



HAMILTON



WAIKATO

■ This is what you are currently paying for water services through your property rates.

■ WSDP \$ (Avg)
This is what you would have paid based on previous Council plans

■ WSS \$ (Med)
This is what we're proposing you will pay for waters services under IAWAI.

For Hamilton customers, the average increase* in water charges proposed has dropped from \$265 to \$174 per year.

For Waikato District customers, proposed increases in water and wastewater fixed charges fall from \$364 to \$142 per year*. This combined with volumetric charges (based on an average water use**) brings down the previously forecast increase in charges for Waikato District customers to \$174.

*when compared to previous forecasts in the Water Services Delivery Plan

**average water use is 210m³ per annum

That's a decrease for the median residential household of \$91 for Hamilton residents and a decrease of \$247 for Waikato District residents.

Increases over the next two years are also well below the levels set in previous council plans and far lower than if water remained an inhouse Council model.

We've only looked in detail at the next three years because a second Water Services Strategy will be completed in 2027. It's our

intention that the 2027 Water Services Strategy will realise further efficiency opportunities and reflect what we learn as we transition into full operations. We remain focused on keeping water charges as low as we prudently can.

We're just getting started, but even under this strategy, the increases in the years ahead remain significantly lower than the stand-alone council model. That's the result of deliberate choices and careful financial management.

Providing clean drinking water, treating wastewater so it can safely return to the Awa, meeting rising regulatory standards, and building infrastructure for fast growing communities is expensive. And it costs more in places where populations are smaller or more spread out. That's why charges have historically differed between Hamilton and Waikato District.

This is exactly where the strength of a single water network under IAWAI comes in. By bringing communities together, building scale, and smoothing price changes, IAWAI will be able to keep future increases lower.

TE WHAKAURU I NGAA UTU TIPU HOU

Introducing new growth charges

Rapid population growth and Government legislation requires us to make big investments in growth-related infrastructure. \$2 billion of IAWA's capital programme is in response to growth.

For many years, existing ratepayers have effectively subsidised growth. We don't think that's fair. Growth should be funded by those creating the demand and benefiting from growth related investments.

To help fund growth, we are proposing to introduce growth charges on new builds. They will ease the burden on existing households, generating \$46.3 million over 10 years. It's money ratepayers and existing households won't have to find.

How the charges would be calculated

The growth charges are based on the net increase in demand on water supply and wastewater services, measured using Household Unit Equivalents (HUEs). For the purposes of assessing the Water Growth Charge and Wastewater Growth Charge:

- One additional residential dwelling is treated as equivalent to one (1) HUE, and
- Non residential development is assessed at one (1) HUE per 100m² of gross floor area.

This use of HUEs is aligned with how councils commonly represent relative demand. This simplified approach ensures growth related demand can be assessed and applied in a consistent and administratively efficient manner.

The proposal

For residential developments:

- A Water Supply Growth Charge of \$200 per year for 25 years for new residential builds consented on or after 1 July 2026.
- A Wastewater Growth Charge of \$300 per year for 25 years for new residential builds consented on or after 1 July 2026.

The detail:

- Each new dwelling over 70m² is treated as 1 HUE, regardless of the number of bedrooms.
- Each new dwelling of 70m² or less for which no resource or building consent is required (granny flats and tiny homes) is treated as 1/2 a HUE.
- Multi-unit developments are charged per dwelling.
- Where redevelopment occurs, the charge applies only to the net increase in demand.
- Growth charges related to papakaainga housing may be discounted or waived subject to negotiation, the specific context, and any prior agreements relating to servicing.

For non-residential developments:

A graduated Water Supply Growth Charge of:

- \$200 for the first 100m² (first HUE)
- \$40 per additional 100m² for HUEs 2 to 100, and
- \$20 per additional 100m² for HUEs 101 and above.

A graduated Wastewater Growth Charge for non-residential development of:

- \$300 for the first 100m² (first HUE),
- \$60 per additional 100m² for HUEs 2 to 100, and
- \$30 per additional 100m² for HUEs 101 and above.

The non-residential growth charges are also for a period of 25 years.

Without these new charges, we would need to fund growth projects in a different way. It's likely that would require an increase in water charges for everyone and a significant increase in Development Charges. The new Growth Charges will only apply to new development consented on or after 1 July 2026. Where redevelopment occurs the growth charges only apply to the net increase in demand. A development that demolishes one house to build three will only pay for the net increase in demand.

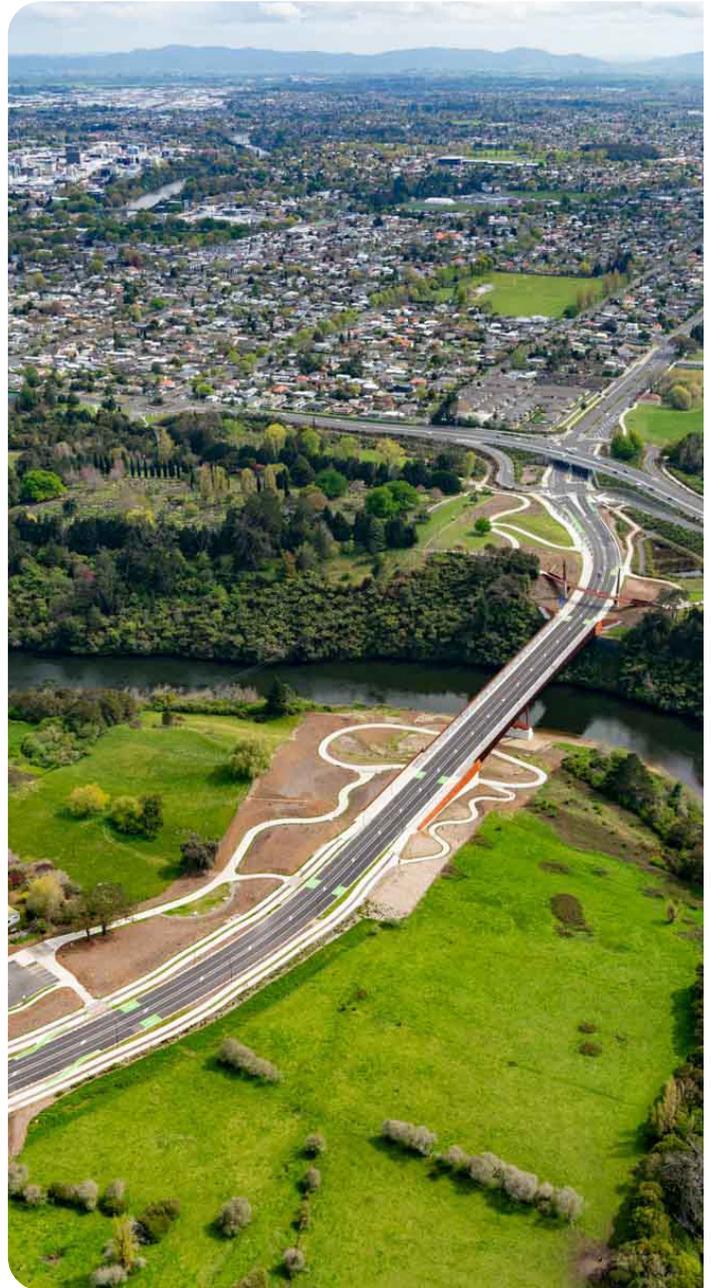
Debt

A core part of IAWAI's business is building big infrastructure, with some treatment plants having 100+ year lives. It is not fair that today's customers to bear the brunt of these costs when much of the infrastructure is being built for the future.

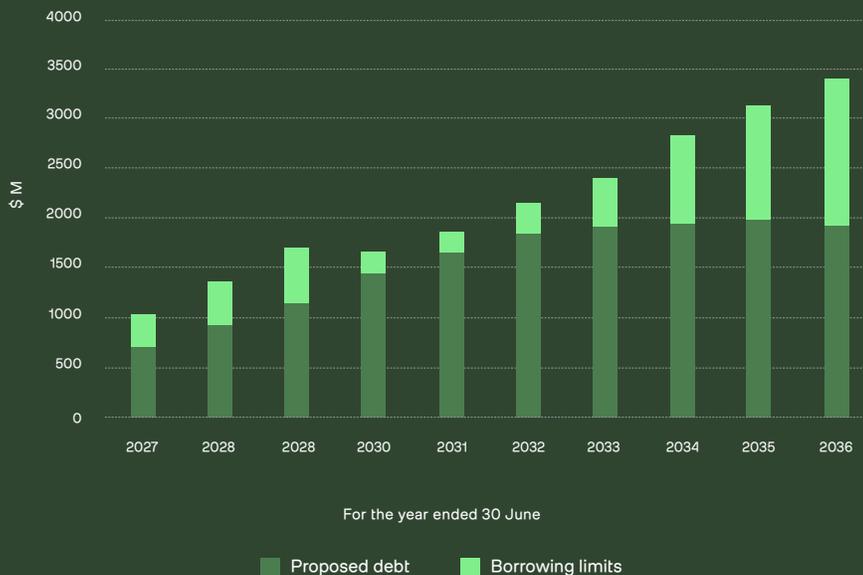
It makes sense that water organisations like IAWAI use long-term debt to help build big infrastructure. It helps spread costs more evenly across the generations that will use the assets. The Government is strongly encouraging this approach and the Commerce Commission is likely to require it.

Our strategy does exactly this.

In addition, IAWAI will deliberately use debt in the early years of its operation to support consumers by smoothing price increases.



Proposed debt and borrowing limits



Fees and charges

Currently, Hamilton City Council and Waikato District Council each have their own separate water fees and charges. From 1 July 2026, these will be combined into one single IAWAI fees and charges schedule. This also includes what was water-related targeted rates.

What's changing?

- Drinking water and wastewater fees and charges will be managed by IAWAI.
- Stormwater charges will stay as part of council rates.

- Where possible, water and wastewater related fees have been standardised, so Hamilton and Waikato customers are charged the same fees.

- Trade waste charges have increased by 15% reflecting significant changes in the operating costs for treatment plants.

Overall, the changes proposed are about bringing everything into one clear, consistent system across both council areas.



To view the full list of proposed fees and charges visit hamilton.govt.nz/IAWAI



**TITIRO
WHAKAMUA**

**Looking
ahead**

While this Strategy focuses on the next 10 years, we're taking a longer-term view.

We're already looking 30 years ahead.

The growth being forecast for our operational area is creating challenging and opportunities. We need to consider:

- Where and when to invest
- How to enable and support growth
- Managing infrastructure and construction costs
- Renewing ageing assets
- Responding to extreme weather events
- Meeting strategic priorities
- What our customers can afford.

Everything we do
relies on water.

From brushing our teeth,
running factories, bathing
our kids, or making a cuppa –
water is at the heart
of daily life.

In te ao Maaori, waiora is the
lifeforce, wai is taonga, and
the awa is an ancestor.

Water is the backbone
of our communities and
civic infrastructure.

Life runs on water.

Our job is to keep
that water flowing.

IAWAI



Feedback Form

IAWAI WATER SERVICES STRATEGY
3 MARCH - 3 APRIL 2026

PRIVACY STATEMENT: WATER SERVICES STRATEGY

We're transparent about our community's voice. This means your submission may be published online or in IAWAI documents.

We'll publish your name, written feedback, and preferred choices.

We won't publish answers to questions about your contact details, or demographic information. We may contact you to provide updates on the outcome of the consultation. For more information, see our [privacy policy](#).

Please keep this in mind when you write your submission - don't include private information in your submission comments.

TO SHARE YOUR FEEDBACK

- Visit hamilton.govt.nz/haveyoursay
- Complete this form and Post to: Freepost 172189, Hamilton City Council, Communication and Engagement team, IAWAI Water Services Strategy, Private Bag 3010, Hamilton, 3204.

Drop off: to the Hamilton City or Waikato District Council building, or any Waikato district or Hamilton city Library.

IAWAI WATER SERVICES STRATEGY

1. Do you have any feedback on the IAWAI Water services strategy?

Currently, the cost of new infrastructure needed to service new residential and commercial builds is paid for by all ratepayers through their property rates. We're proposing to move toward a more 'growth pays for growth' approach where a greater share of this infrastructure cost is paid for by those creating the demand.

To help fund growth, we are proposing to introduce a growth levy on new builds. This will ease the burden on existing households. *Read more about this on page 24.* Without this levy, growth infrastructure would need to be funded in a different way which could include increasing water charges for everyone.

2a. Do you support a growth pays for growth approach for new residential and commercial developments, including the use of a levy to help fund growth-related infrastructure and services?

- Yes
- Partially support
- No

Please provide comment



2b. In the current residential growth charges proposal granny flats and tiny homes are treated as 1/2 HUE. Do you support treating granny flats and tiny homes as 1/2 HUE? If you have an alternative proposal, please explain.

- Yes
- Partially support
- No

Please explain

3. How would you prefer IAWAI engage you? (select all that apply)

- Website
- Social media
- Public signage
- Letter / Flyer
- E-newsletter
- Apps
- Surveys
- Focus groups
- Hui
- Marae forum
- Events (online or in person)
- Antenno app
- Other (Please specify) _____

SIGNIFICANCE AND ENGAGEMENT POLICY

4. Do you support IAWAI's Significance and Engagement Policy?

- Yes
- Partially support
- No

5. Do you have any feedback on the Significance and Engagement Policy?



WAIVER POLICY

6. Do you support the new Waiver Policy?

- Yes
- Partially support
- No

7. Do you have any feedback on the Waiver Policy?

Run out of room? Feel free to attach additional pages.

ABOUT YOU

Contact details

By capturing the information below, we can better understand who's providing feedback. It also means we can keep you updated on the project.

Name *Required field* _____

Email *Required field* _____

Phone _____

Are you giving feedback on behalf of an organisation?

No, these are my own personal views

Yes, my organisation's name is _____

Where do you live?

I live in Hamilton, my suburb is _____

I live in Waikato district, my town is _____

Waipā District

Elsewhere in New Zealand

Overseas



What is your age?

Under 16	16-19	20-24	25-29	30-34
35-39	40-44	45-49	50-54	55-59
60-64	65-69	70-74	75-79	80+

Which ethnic group do you identify as? (select all that apply)

NZ European	Maaori	Indian
Chinese	Samoan	British
Filipino	Tongan	Cook Island Maaori
South African	Other <i>(please specify if you wish)</i> _____	

Which of the following best describes your household situation?

Living alone
Living with others that are not family
Household with no children
Household with children
Household with other family or multiple generations *(e.g. grandparents, siblings, children)*

Who owns the home you live in? (select one)

I personally or jointly own it
Parents/other family members or partner owns it
A private landlord who is not related to me owns it
A local authority or council owns it
Housing New Zealand owns it
A family trust owns it
Other _____

Thanks for taking the time to share your thoughts.

Please get your feedback to us by 3 April 2026.



IAWAI

IAWAI FLOWING WATERS

WATER SERVICES STRATEGY

TE RAUTAKI RAATONGA WAI

2026–2036

Getting Started

Oo rokotiimatanga

“Tooku awa koiora me oona pikonga he kura tangihia o te maataamuri”
The river of life, each curve more beautiful than the last” – Kiingi Taawhiao

For Waikato-Tainui, the Waikato River is a tupuna with its own mana, embodying the mana and mauri of the iwi. It is regarded as a single indivisible living being that flows from Taheke Hukahuka to Te Puuaha o Waikato. The deep relationship Waikato-Tainui hold with the awa, and the respect they afford it, sits at the heart of their spiritual and physical wellbeing, as well as their identity and whakapapa.

This relationship underpins the shared vision expressed in Te Ture Whaimana o Te Awa o Waikato:

for 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.

Everything we do relies on water.

From brushing our teeth, running factories, bathing our kids, or making a cuppa – water is at the heart of daily life.

In te ao Maaori, waiora is the lifeforce, wai is taonga, and the awa is an ancestor.

Water is the backbone of our communities and civic infrastructure.

Life runs on water.

Our job is to keep that water flowing.

IAWAI – Flowing Waters.

Who is IAWAI?

Ko wai a IAWAI

IAWAI is a new Council-Controlled Organisation (CCO) created by Hamilton City Council (HCC) and Waikato District Council (WDC) to manage water services for their communities.

We oversee drinking water and wastewater services for 90,700 connections across Hamilton City and Waikato District and provide stormwater services to both councils. IAWAI was formed under the government's Local Water Done Well programme to deliver water services more efficiently by combining the resources and expertise of HCC and WDC. This approach supports regional growth, improves water quality, strengthens resilience for local communities, and promotes better environmental outcomes.

IAWAI offers scale that helps drive affordability, along with increased commercial flexibility, greater efficiency through specialised expertise, and a more integrated boundaryless approach to improving our environment.

We partner with Waikato-Tainui, reflecting our shared commitment to restoring and protecting the health of Waikato Te Awa (Waikato River), waterways, waterbodies, and the moana.

Governed by a board of directors, IAWAI was incorporated on 1 July 2025 and is fully operational from 1 July 2026.

What is a Water Services Strategy?

He aha te Rautaki Raatonga Wai?

The Water Services Strategy (WSS) is a ten-year plan that explains how IAWAI will meet the Government's requirements for water services. It outlines how we will provide support for growth, renew assets, comply with regulations, and deliver services across Hamilton City and Waikato District.

The WSS is required under the Local Government (Water Services) Act 2025 to ensure water services are:

- Reliable
- Resilient
- High quality and meet consumer expectations
- Fully compliant with regulations

IAWAI is required by its shareholders and partners to give effect to Te Ture Whaimana o Te Awa o Waikato. We are also aware that wastewater discharge into the moana (ocean) should not degrade mauri (life force), impact kai moana (seafood) gathering, and violate tikanga (customary practices).

This WSS is the first expression of the works and activities that IAWAI will undertake to help to realise the vision for the future health and vitality of the Waikato River and of the communities it sustains.

This WSS will be reviewed and updated by 1 July 2027 for the 2027–2037 period to align with the long term plans of our shareholding councils.

Throughout this document you may notice variations in te reo Maaori spelling. In the Waikato iwi dialect, double vowels are used to represent long vowel sounds - reflecting the local language practices of our region. In some instances, however, macrons are used—particularly in the names of other councils or place names where the official spelling includes a macron. This approach ensures consistency while respecting both iwi and organisational preferences. When referring to the principal iwi in the sub-region, we use 'Waikato' in line with correct convention. The term 'Waikato-Tainui' is used specifically when referring to our partnership with the tribal organisation.

Contents

Raarangi take

Who is IAWAI | [Ko wai a IAWAI? 2](#)
What is a Water Services Strategy? | [He aha te rautaki raatonga wai? 2](#)

Section 1: Introduction | [Wahanga 1: He kupu arataki 4](#)

Messages from the IAWAI Board Chairperson and our Chief Executive | [He kupu naa te heamana me te tumu whakarae o IAWAI 5](#)

Section 2: Our governance and regulatory framework | [Wahanga 2: Te Mana Whakahaere me te Pou Taraawaho 6](#)

Our Shareholders' Statement of Expectations | [Ko te tauakii kawatau a ngaa kaiwhaipaaanga 6](#)
Constitution and Shareholders Agreement | [Ko te hanganga me te whakaaetanga a ngaa kaiwhaipaaanga 6](#)
Te Tiriti o Waitangi and Te Ture Whaimana o Te Awa o Waikato 6
IAWAI's relationship with the Crown | [Ko te piringa o te IAWAI ki te Karauna 6](#)
The regulatory framework | [Te pou taraawaho whakahaerenga 6](#)

Section 3: Snapshot of our service area | [Wahanga 3: He mea kapo te rohe tuku 7](#)

Section 4: Our purpose, challenges and how we will respond | [Wahanga 4: Oo maatou whaingā, ko ngaa auheke me te urupare ake 9](#)

Our purpose | [Oo maatou whaingā 9](#)
The challenges we must address | [Ngaa wero hei whakamania 9](#)
Our response to the challenges | [He urupare ki ngaa wero 11](#)
The key financial messages | [Ko te karere putea matua 13](#)

Section 5: What we will deliver | [Wahanga 5: Ko ngaa mea ka tukuna e matou 16](#)

Water projects | [Kaupapa wai 16](#)
Wastewater projects | [Kaupapa wai para 19](#)
Stormwater | [Wai ua 20](#)
Service agreements | [Tatuunga kaiwhakarato 20](#)

Section 6: Financial matters | [Wahanga 6: Ngaa take tahua 21](#)

Financial Strategy | [Rautaki ahumoni 21](#)
Pricing framework | [Anga utu 47](#)

Section 7: Looking ahead - A 30-year view | [Wahanga 7: Titiro whakamua - 30 Tau 57](#)

Section 8: Supplementary information | [Wahanga 8: Koorero aapiti 62](#)

Significant forecasting assumptions | [Ngaa matapae taapua 62](#)
Activity specific assumptions | [Ngaa matapae aa-kaupapa mahi 67](#)
Regulatory oversight | [Arahanga waeture 68](#)
Contracts | [Ngaa kirimana 68](#)
Asset valuation and useful life assumptions | [Uara rawa me ngaa matapae oranga whaitake 69](#)
Strategic Boundary Agreements and future service areas | [Tuutohu aa-riipa rautaki me ngaa rohe ratonga aa-mua 69](#)
Asset management planning | [Whakamahere tiaki huarawa 69](#)
Asset life cycle management | [Tiaki toiora huarawa 71](#)
Risk, resilience and sustainability | [Tuuraru, manawaroa me te toituutanga 72](#)
Additional resources | [Rawa anoo 72](#)

Figures | [Tatau tahi](#)

Figure 1: Our relationship with our shareholders and the Crown | [Too maatou hononga ki te karauna 6](#)
Figure 2: The regulatory framework | [Te pou taraawaho whakahaerenga 7](#)

Map | [Mahere](#)

Map 1: IAWAI's service areas and main water and wastewater treatment plants | [Mahere 1: Te rohe whakarato a IAWAI me ngaa taupuni wai me te waipara 8](#)

Appendix | [Aapitihanga](#)

Appendix 1: Our levels of service | [Ngaa taumata whakaratonga 73](#)
Appendix 2: Fees and Charges | [Ngaa Utu 77](#)

Glossary | [Papakupu 78](#)

SECTION 1 | WAAHANGA 1:

Introduction

He kupu arataki

IAWAI is just getting started. On 1 July 2026, IAWAI becomes the new water services provider for Hamilton and Waikato District. Drinking water and wastewater assets previously managed by HCC and WDC transfer to IAWAI. We will also take responsibility for the management and operation of each council's stormwater services.

This strategy sets out how IAWAI will deliver safe, clean drinking water and reliable wastewater services to our communities. It explains how we will invest wisely, keep services affordable, manage revenue sustainably, and maintain responsible debt levels. These actions will support growth, address infrastructure deficits, and help protect the taiao (environment) across Hamilton City and Waikato District.

We will give effect to Te Ture Whaimana o te Waikato (the health and wellbeing of the Waikato River) and work to improve the quality of discharges into waterways, water bodies, and our moana (ocean). The strategy also outlines charges for the services we provide.

The WSS contains detailed planning and financial information for a ten-year period. It also provides a long term overview of our capital projects—spanning 10 to 30 years—to meet the needs of current and future residents as the subregion grows.

Why change was needed

How Councils deliver water services has been a focus of local and central government for years. Large-scale investment is needed nationwide to keep water safe and affordable in response to rapid growth and regulation.

Under the individual council water services models, addressing the existing infrastructure deficit and meeting increasingly stringent compliance and regulatory

requirements — while continuing to deliver affordable water services to current ratepayers — was no longer financially sustainable.

HCC and WDC therefore set up IAWAI to enable a better approach to manage rising costs and support much needed investment in our water services now and into the future through regional collaboration.

Messages from the IAWAI Board¹ Chairperson and our Chief Executive He kupu naa te heamana me te tumu whakarae o IAWAI

This strategy begins and ends with the health and vitality of the Waikato River, the moana (ocean), and the communities these sustain. The strategy sets out our part of the work by many peoples and organisations to realise the vision of Te Ture Whaimana o Te Awa o Waikato, the vision for 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.

This is the first cut of a long-term strategy that we know will challenge all of us — our shareholders, our partners, and our wider community. The issues we face are considerable.

This strategy is designed to address decades of under-investment in water and wastewater infrastructure, while continuing to deliver the critical services our communities need to survive and thrive.

We know we must do our part — quickly and safely — to remove barriers that are already holding back the development of new housing and businesses, which are essential to keeping neighbourhoods and communities viable.

At the same time, IAWAI must manage significant population growth, meet increasingly stringent regulatory standards, and do so in a way that keeps costs as low as possible for those who ultimately fund this work.

We all need to be part of this story — water consumers, property developers, civil contractors, mana whenua, shareholders, and the regulatory agencies who will take a close interest in what we do. We all have a vested interest in getting this right. That is why we intend to use every tool available to us.

We are proposing an ambitious capital works programme of \$3 billion over 10 years. Delivering this will require us to leverage our size and scale, and to build strong, commercial relationships with the construction sector that may not have been possible before.

We intend to make smarter use of long-term debt so we can make substantive progress without unduly penalising existing ratepayers. We must drive changes to our financial position.

We are also exploring new revenue streams to ensure growth is paid for by those who drive that growth, rather than by existing water and wastewater users. At the same time, we have set ambitious savings targets so we can capture efficiencies and minimise the price increases our consumers will face.

This, our first-ever strategy, outlines what we plan to do, why, and when. We have been transparent about the costs involved and what those costs mean. It signals a material shift in how water and wastewater services in Hamilton City and the Waikato District will be managed in the future. Your feedback on what we have proposed matters, and we look forward to hearing your views.

¹ The IAWAI Board provides independent and strategic governance for water service delivery. It ensures financial sustainability, regulatory compliance, and alignment with the expectations of our shareholding councils. The Board also oversees planning, risk management, and stakeholder engagement, while remaining accountable to the public, our shareholder councils and Waikato-Tainui.

SECTION 2 | WAAHANGA 2

Our governance and regulatory framework

Te mana whakahaere me te pou taraawaho

Our Shareholders' Statement of Expectations

Ko te tauakii kawatau a ngaa kaiwhaipaaanga

The Statement of Expectations sets out the strategic direction and priorities for IAWAI, guiding the Board in delivering the WSS. It provides a mechanism for the shareholding Councils, alongside Waikato-Tainui as a key partner, to influence IAWAI's planning, performance, and long term outcomes.

Constitution and Shareholders Agreement

Ko te hanganga me te whakaaetanga a ngaa kaiwhaipaaanga

The Shareholders' Agreement and Constitution are foundational documents for IAWAI. They underpin our operations and guide the transfer of assets and staff from the councils to IAWAI so that IAWAI can take full responsibility on 1 July 2026.

Expectations of the Chief Executive

Te tumanako a te Tumu Whakarae

The IAWAI Board has set clear performance expectations for the Chief Executive to ensure the organisation delivers in line with its mandate. The seamless delivery of water services from 1 July 2026 is the top priority. The Chief Executive will also be assessed against ensuring charges are as low as practicable, while still making steady progress on the infrastructure deficit; ensuring IAWAI meets its savings target (2.5% by 28/29); embedding a pro-growth culture in support of our shareholder partners; building an engaged, high performing workforce with strong talent pipelines and cultural capability.

The Treaty of Waitangi and Te Ture Whaimana o Te Awa o Waikato

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

Te Ture Whaimana o Te Awa o Waikato (Vision and Strategy for the Waikato River) is a central guiding principle of the WSS. IAWAI honours Te Tiriti o Waitangi and the Treaty Settlements within our area of operation and is committed to upholding Te Ture Whaimana in our role of delivering water services in a culturally and environmentally responsible way.

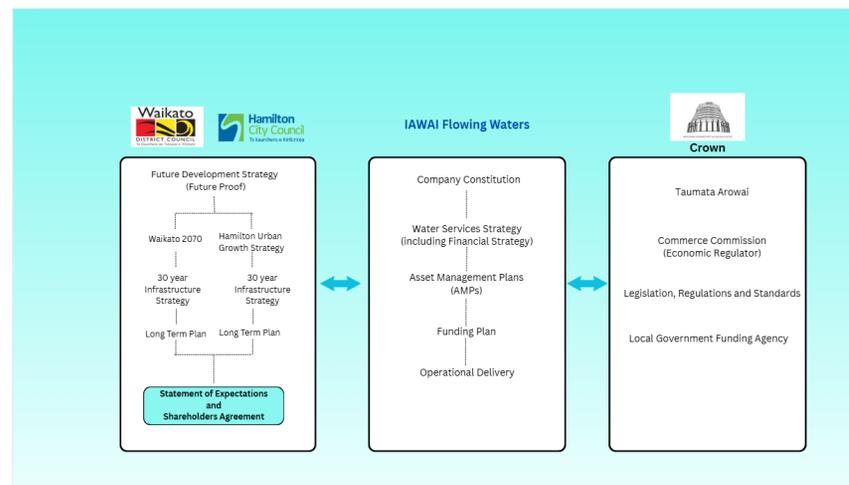


Figure 1: Our relationship with our shareholders and the Crown

The regulatory framework

Te pou taraawaho whakahaerenga

Water providers like IAWAI are guided by three main regulators. Each one has a different role, and together they help keep our water services safe, fair, and environmentally responsible.

- **Taumata Arowai** - responsible for national standards for wastewater and for making sure our drinking water is safe by setting water quality rules and ensuring water providers meet them.
- **Waikato Regional Council** – responsible for looking after the health of our rivers, lakes, groundwater, and streams by setting environmental rules, monitoring water quality, consenting and managing water takes and discharges, and supporting community projects like planting along waterways.
- **Commerce Commission** – responsible for ensuring that water prices and planned investments are fair, transparent, and necessary. The Commission has spending oversight of water organisations and ensures that the right investments are being made to keep services reliable and affordable over time.

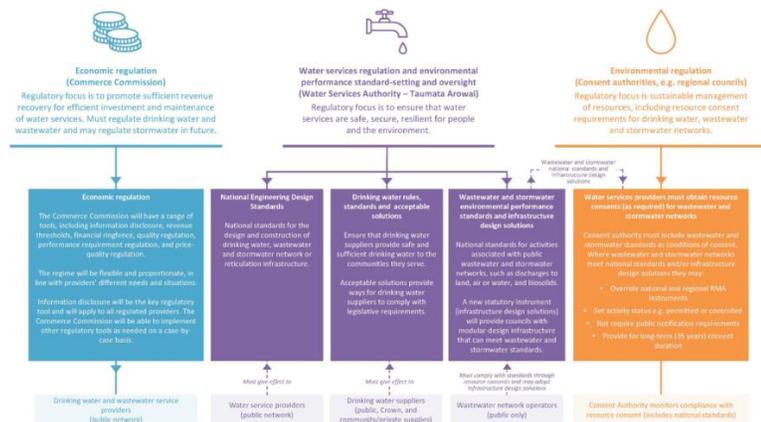


Figure 2: The regulatory framework

SECTION 3 | WAAHANGA 3

Snapshot of our service area

He mea kapo te rohe tuku

The IAWAI service area is extensive, covering both the Waikato District and Hamilton City. We sit at the heart of the ‘golden triangle’, a strategically significant economic zone between Hamilton, Auckland and Tauranga, and one of the fastest-growing metropolitan centres in New Zealand.

Significant features

The Waikato and Waipā rivers are significant for their historical importance as transportation routes, their spiritual and cultural value to Maaori, and their contemporary role in the environment and economy.

In the eastern part of the Waikato District there is a narrow strip of land along the Firth of Thames—where the ancestral waka Tainui briefly landed at Puukorokoro / Miranda during its migration. The district includes two internationally significant wetlands designated under the Ramsar² Convention: The Whangamarino Wetland and the Firth of Thames Wetland.

Population

There are 284 500 people in the sub-region of which 92 500 are in the Waikato District and 192 000 are within Hamilton City. Within the Waikato District, the main towns are: Tuakau, Pookeno, Te Kauwhata, Raahui Pookeka | Huntly, Ngaaruawaahia and Raglan.

² An international treaty for the conservation and wise use of wetlands, adopted in 1971 in Ramsar, Iran.

Service snapshot

Whakaahua o te ratonga

Our water network



IAWAI operates eight water treatment plants across its service area:

- Waiora (Hamilton)
- Ngaaruawaahia
- Huntly
- Raglan
- Port Waikato
- Te Akau
- Te Kauwhata
- Onewhero

Our reticulated water supply is sourced from a combination of:

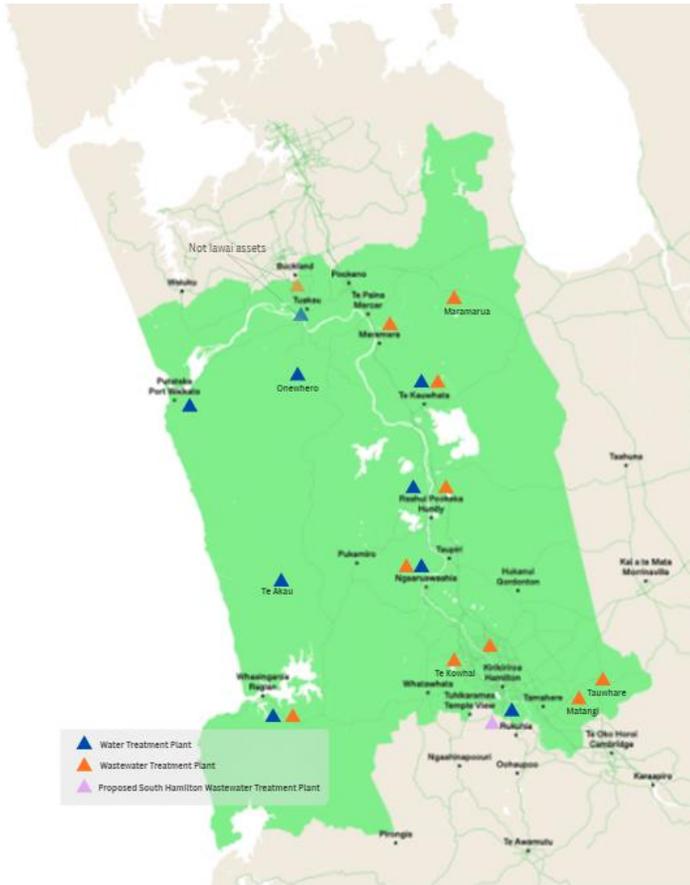
- The Waikato River
- Groundwater
- Third-party arrangements, including the Te Kauwhata Water Association and Watercare Services Limited (the latter through the Tuakau Water Treatment Plant)

We provide reticulated water for domestic and commercial use, including dairy and agricultural operations. Urban areas receive an on-demand supply, while surrounding rural areas are served with a restricted supply.

Rural properties beyond our reticulated network rely on bores or roof water collection systems for their water needs.

In addition, we supply several thousand properties in the Waikato District and around Hamilton through a trickle-feed water supply system.

Monitoring and managing risks to water quality and safety is a critical part of our service delivery, ensuring that all communities receive safe and reliable water.



Map 1: IAWAI's service areas and main water and wastewater treatment plants

Our wastewater network



IAWAI's wastewater network includes:

- 10 wastewater treatment plants (Pukete (Hamilton), Ngaaruawaahia, Huntly, Te Kauwhata, Raglan, Meremere, Maramarua, Matangi, Tauwhare, and Te Koowhai).
 - 205 wastewater pump stations
 - 1,192 km of reticulated wastewater pipelines

Wastewater from over 64,000 connections is treated before being discharged into the Waikato River.

Wastewater from Tuakau and Pookeno is conveyed to the Pukekohe Wastewater Treatment Plant which is owned by Watercare.

Stormwater

IAWAI is contracted to provide stormwater services for both HCC and WDC with effect from 1 July 2026. Each council will contract IAWAI to provide stormwater services, taking strategic direction and plans from shareholding councils, and delivering consenting, project design, delivery, maintenance, engineering and related services, with an initial focus on urban environments.

There is a total of 21 stormwater catchments in the IAWAI service area (13 in Hamilton and eight in the Waikato).

SECTION 4 | WAAHANGA 4

Our purpose, challenges and how we will respond

Oo maatou whaingā, ngāa wero hei whakamania ko he urupare ki ngāa wero

Our purpose

Oo maatou whaingā

To care for wai as Taonga – sustaining life and safeguarding water for future generations.

The challenges we must address

Ngāa wero hei whakamania

The IAWAI service area faces significant challenges related to growth, compliance, renewal of aging infrastructure, and resilience.

Addressing these will require substantial investment in three waters infrastructure over the next 10 years and beyond. At the same time, IAWAI is committed to ensuring that water and wastewater services remain affordable.

We recognise that not everything can be done at once, especially since IAWAI is only just being established. However, we are committed to ensuring safe, clean water and reliable wastewater services whilst we address our infrastructure needs, meet our environmental outcomes, and manage affordability.

The key challenges we must address are:

Keeping water charges as low as possible

We are mindful that water and wastewater charges are rising faster than what many people can afford. It's essential we find savings without cutting the essential services we all rely on.

Keeping up with growth

Our region is growing fast. IAWAI's serviced population is expected to rise by 22% by 2033/34—from about 222,700 to 272,000.

Key growth areas include Hamilton and six towns within the Waikato District:

- Tuakau
- Pookeno
- Te Kauwhata
- Huntly | Raahui Pookeka
- Ngaaruawaahia
- Raglan

Government policy changes under the Going for Housing Growth Programme requires Councils to enable more development in more areas, impacting where and how IAWAI invests. For years, existing revenue sources such as water charges, development contributions and capital revenue have not covered the full cost of growth infrastructure. This has placed pressure on and has led to significant rate increases.

IAWAI needs to support new homes and businesses without expecting all existing households to fund that growth.

Ageing infrastructure

This is the result of decades of underinvestment due to unaffordability. These challenges are now compounded by rapid population growth, an aging community, and increasingly frequent extreme weather events.

Protecting the awa and waterbodies

We have two non-compliant wastewater treatment plants (Huntly and Ngaaruawaahia) that must be upgraded to meet required standards. In addition, the Pukete Wastewater Treatment Plant in Hamilton, whilst currently compliant, needs significant upgrades to meet future demand and compliance requirements.

These upgrades are critical to meeting environmental obligations and improving the quality of discharges into the Waikato River.

We also need to ensure that wastewater discharge into the moana does not degrade mauri (life force), impact kai moana (seafood) gathering, and violate tikanga (customary practices).

Removing barriers to development

Hamilton City

Growth in Hamilton is putting increasing pressure on water storage, water mains, wastewater infrastructure, and consent limits. There are wastewater constraints particularly in the southeastern and southwestern suburbs of Hamilton which need urgent addressing.

Northern Waikato

In Pookeno and Tuakau, wastewater capacity is constrained by the contractually agreed capacity limit at the Pukekohe Wastewater Treatment Plant, which has now been reached. In addition, the trunk main that carries flows from these towns is nearing its maximum capacity. This means that new development projects requiring a wastewater connection are currently unlikely to be approved. A servicing solution for these towns is urgently required.

Achieving financial sustainability

IAWAI must be financially strong for the long term to meet its current obligations, handle unexpected problems, and keep working towards its goals. That means managing costs, debt and investment carefully, without making future costs unaffordable.

Building resilience

The subregion's water and wastewater infrastructure faces significant resilience challenges made worse by ageing assets, vulnerability to extreme environmental events, and severe financial constraints affecting repairs and upgrades. Key risks include over-allocated water resources, imminent consent expirations, and the need to service rapid urban growth.

Establishing a new organisation by bringing staff, systems, processes and plans from two Councils together

Bringing staff, systems, and processes from two councils into one organisation whilst we continue to deliver the services our communities need is a significant undertaking. A key focus is to ensure a safe, seamless transfer of around 270 staff from WDC and HCC and commence with the harmonisation of systems, processes and plans transferring to IAWAI.

Our response to the challenges

He urupare ki ngaa wero

There is no single fix for the challenges we face. The pressures of growth, ageing infrastructure, environmental compliance, affordability and the establishment of a new organisation are deeply connected. Our response needs to be joined-up, realistic and fair.

Keeping prices as low as practical

We are reshaping how and where we spend money to keep water charges as low as possible, while still investing in the infrastructure our communities rely on. This means finding year-on-year operational savings, carefully prioritising our capital works programme by deferring non-essential spending, and using long-term debt in a measured way so the cost of major assets is spread fairly over time – rather than falling entirely on today’s ratepayers.

Before IAWAI, ratepayers were facing steep increases in charges (by 2034: Waikato District \$8,124; Hamilton \$2,751). Neither council had the debt capacity to fund required investment. The 2025 Water Services Delivery Plan (WSDP) forecasts 22% average rates increase, with a further increase in depreciation funding requirements if assets had remained in councils further (to around 34%).

By reworking the capital and operating programmes, revenue, and debt settings, IAWAI has reduced the median residential increase in 2026/27 for both councils (6% for Waikato District and 18.5% for Hamilton, due to different starting points). This is achieved while still tackling the infrastructure deficit, supporting growth, and

delivering a \$3 billion capital programme — more than either council could deliver alone.

Partnership

There is a lot to do to address the challenges we face. IAWAI cannot do it on its own and it will take time. We will collaborate with councils, iwi, hapuu and the private sector in the way we plan and deliver our services. We are open for business and keen to enable development through commercial partnerships and delivery models both for new infrastructure and our renewals programme.

Operating as a single entity

The establishment of IAWAI enables better planning and delivery of water, wastewater and stormwater services without being constrained by council boundaries. We have greater flexibility around debt and can take a more commercial, long-term view of investment. Our short-term focus is maintaining existing levels of service, while tackling a significant backlog of renewals and planning for growth, and realising every opportunity to benefit from joined-up regional solutions.

Changing how we pay for growth

We intend moving toward a much clearer “growth pays for growth” approach rather than relying on existing ratepayers. This means being explicit about what IAWAI can and cannot fund.

We will not budget for, or expect existing water users to fund, fast-track greenfield developments required by the government. Those costs must be met over time by those developments. We are also reviewing our development contributions policy, so it better reflects the true cost of growth-related infrastructure.

In addition, we are proposing a Water Supply Growth Charge and a Wastewater Growth Charge on new water and wastewater connections consented on or after 1 July 2026 for residential and commercial new buildings. These growth charges are designed to recover the costs of growth from new developments. They will help fund the infrastructure needed to support new homes and businesses, easing pressure on existing households who do not directly benefit from new development.

Addressing the infrastructure deficit

Our investment programme is focused on where the need and risk are greatest. We are prioritising infrastructure that is ageing or near the end of its life, assets that pose environmental or public health risks, and projects that unlock housing and economic growth. Alongside new builds, we are putting greater emphasis on maintaining and extending the life of the infrastructure we already have, to reduce failures and avoid expensive emergency repairs.

Addressing non-compliance

Two non-complying wastewater treatment plants in the Waikato district (Ngaaruawaahia and Huntly) will be brought to compliance standard whilst the Puketia plant in Hamilton will be upgraded to meet future compliance requirements. This is important to improve the quality of discharges into the Waikato River.

Addressing water and wastewater constraints

IAWAI recognises the criticality of investing in infrastructure to unlock constrained growth areas. We are working on addressing water and wastewater constraints that are limiting development in parts of Hamilton and in Pookeno and Tuakau.

A preferred solution for the northern Waikato is a new wastewater treatment plant. We are considering a possible public private partnership to deliver on the preferred solution to realise cost efficiencies.

Building resilience

We are committed to designing and building infrastructure that is more resilient against threats such as extreme weather events, natural disasters and major disruptions to ensure continuous provision of services. We are therefore looking at improving sub-regional resilience of water and wastewater services through continued investment in our capital works programme. This strategy includes maintaining backup systems, improving emergency response capability and planning for rapid recovery when disruptions occur. The goal is simple: to ensure the continuous supply of safe drinking water and the proper treatment of wastewater—even under the most challenging conditions.

³ In the respective Long Term Plans

Moving away from capital value-based charging

The strategy includes funding for the roll out of residential water meters in Hamilton to support the transition from capital value-based charging to volumetric charging, as required by legislation. Waikato District already has volumetric charging, but its mechanical water meters will need to be upgraded to digital meters. A final decision on water meters will be made after the pilot, later in 2026.

Levels of Service

We are keeping the targets for both HCC and WDC as they are³ for 2026/2027 except for changing WDC's target for compliance with resource consents for discharge from its sewerage system from <2 to 0 for 2027/2028 and 2028/2029 to be consistent with HCC's target. This will strengthen IAWAI's commitment to Te Ture Whaimana. Harmonisation of levels of services across both councils will be considered in subsequent water service strategies.

Building IAWAI in a cost-conscious way

By using existing council systems, offices and people, and partnering with other water organisations (including Tauranga City Council and Western Bay of Plenty District Council) to share systems, technology and expertise, IAWAI can reduce duplication, control costs and deliver better long-term outcomes

Bringing staff, systems, processes and strategies and policies from two councils together

While we will initially rely on shareholding councils for functions such as billing, IT, and finance, we need to start building systems and processes that enable efficiency, cost-effectiveness, excellent customer service, and compliance with regulatory obligations.

We will also integrate water strategies and plans from both HCC and WDC into a unified IAWAI framework. During 2026/27, we will develop an IAWAI Strategic Asset Management Plan, a single Activity Management Plan, and an Infrastructure Delivery Plan.

For 2026/2027 the relevant water and wastewater provisions in the HCC and WDC

Development Contributions Policy will be applied by IAWAI. We have begun developing our own policy to take effect on 1 July 2027.

Finally, bringing people together is just as important as aligning systems. Creating a shared IAWAI culture—focused on delivering the best services while caring for our taiao—will be key to our success.

Smooth transition then transformation

Te whakawhiti maeneene ka huri

Our focus is to smoothly transition to making IAWAI operative from 1 July 2026. Over time we will work on transformation. A smooth transition is critical to building our organisation with our end-user at the heart of everything we do. Our goal is to maintain a seamless service experience throughout this journey whilst caring for wai as taonga.

The key financial messages

Ko te karere putea matua

Keeping water charges as low as possible, while still addressing the infrastructure deficit, and keeping pace with growth, is core to this WSS.

We know households are facing rising costs, and we have reduced our own costs as much as possible. We have carefully considered our capital programme, tightened our operating costs, found new revenue opportunities (including a proposed growth charge), and are proposing to use long-term debt responsibly.

For Hamilton households the average increase in proposed water charges has dropped from \$265 to \$174 per year compared to the WSDP. For Waikato District customers, proposed increases in fixed charges fall from \$364 to \$142 per year. This combined with volumetric charges (based on an average water use) brings down the previously forecast increase in charges for Waikato District customers to \$174.

We also want to move to a genuine ‘growth pays for growth’ approach through the introduction of a Water Supply Growth Charge and a Wastewater Growth Charge on new water and wastewater connections for residential and commercial developments consented on or after 1 July 2026. The charges are intended to help fund the long-term

costs of infrastructure needed to support growth, while ensuring costs are shared fairly between new developments and existing customers. This will ease the burden on existing households by generating an estimated \$46.3 m over 10 years, meaning it is money that existing ratepayers won’t have to find.

The growth charges are based on the net increase in demand on water supply and wastewater services, measured using Household Unit Equivalents (HUEs). For the purposes of assessing the Water Growth Charge and Wastewater Growth Charge:

- One additional residential dwelling is treated as equivalent to one (1) HUE, and
- Non-residential development is assessed at one (1) HUE per 100 square meters of gross floor area.

This use of HUEs is aligned with how councils commonly represent relative demand. This simplified approach ensures growth-related demand can be assessed and applied in a consistent and administratively efficient manner.

The proposed charges (all inclusive of GST) are as follows:

Residential development

- Water Supply Growth Charge \$200 per Household Unit Equivalent (HUE) per year applied over a 25-year period.
- Wastewater Growth Charge \$300 per HUE per year applied over a 25-year period.

The calculation for new residential developments is as follows:

- Each new dwelling over 70m² is treated as 1 HUE, regardless of the number of bedrooms.
- Each new dwelling of 70m² or less for which no resource or building consent is required (granny flats and tiny homes) is treated as ½ a HUE.
- Multi-unit developments are charged per dwelling.
- Where redevelopment occurs, the charge applies only to the net increase in demand.
- Growth charges related to papakaainga housing may be discounted or waived subject to negotiation, the specific context, and any prior agreements relating to servicing.

Non-residential development

The annual Water Supply Growth Charge and Wastewater Growth Charge charges for commercial developments are calculated using a tiered structure based on each additional 100 m² of gross floor area:

Water Supply Growth Charges:

- \$200 for the first 100 m² (first HUE),
- \$40 per additional 100 m² for HUEs 2 to 100, and
- \$20 per additional 100 m² for HUEs 101 and above.

Wastewater Growth Charges:

- \$300 for the first 100 m² (first HUE),
- \$60 per additional 100 m² for HUEs 2 to 100, and
- \$30 per additional 100 m² for HUEs 101 and above.

The non-residential charges are also applied as an annual charge over a 25-year period.

How the charges would be calculated

We are also leveraging scale to build partnerships with the private sector (developers and suppliers) to secure better value in how we build the infrastructure we need and implement our asset renewal programme.

Our financial information (section 5) provides the details driving our strategy including our commitment to affordability and our charges.

Pricing and charging approach

- **Application to water and wastewater:** The following pricing approaches will apply to both water and wastewater as separate activities.
- **Compliance with legislation and regulation:** In accordance with legislation we will move away from capital value-based charges to fixed and/or volumetric charges where there are none currently charged on this basis. Detail based on the portion of shift to fixed charge is provided within the Pricing Policy (see section 5).

- **Transition to fairer charging:** We will transition Hamilton customers from capital value to fixed + volumetric charging, supported by a funded residential meter rollout (subject to the pilot and a final decision in 2026). Waikato District already uses volumetric charging; mechanical meters will be upgraded to digital.
- **Harmonisation:** There will not be any immediate price harmonisation between Hamilton and Waikato District customers; IAWAI will phase alignment as metering, systems and policies are standardised.
- **Commercial/trade waste:** Charges will continue to reflect cost drivers and regulatory requirements. Revenue sensitivities for trade waste and water by meter and will be considered and refined to avoid unintended cross subsidies, while ensuring recovery of rising input costs.
- **Penalties:** IAWAI will apply penalties for the non-payment of water supply and wastewater charges in a manner aligning with the penalty approaches applied by WDC and HCC for unpaid rates, as set out in their respective Council Rates Resolutions. To give effect to this approach, IAWAI will adopt a penalty resolution at the time water supply and wastewater charges are confirmed.

Funding delivery of services

We will fund everyday operating costs (staff, operations, maintenance, regulatory compliance, interest) from water charges and fees. Capital expenditure (renewals, compliance upgrades, growth) is funded from a mix of water charges and fees, capital revenue (including development contributions and grants) and debt. This aligns with inter-generational equity and expected regulatory settings.

Our Fees and Charges

In previous years, HCC and WDC each maintained their own fees and charges schedules. With the creation of IAWAI, we have combined the water and wastewater fees and charges into a single schedule. Where possible, the fees and charges for 2026/27 have been aligned between Waikato and Hamilton. We have also separated stormwater charges (managed by the councils) from wastewater and water supply

charges (managed by IAWAI). Quantitative charges—such as water-by-meter and trade waste—have increased by 15% to reflect the rising cost of providing these services.

The full IAWAI Fees and Charges Schedule is attached to this strategy.

Our approach to Development Contributions

From 1 July 2026, IAWAI will adopt the relevant parts of the existing development contributions policies of HCC and WDC for their respective council areas. This interim approach will remain in place until 1 July 2027, when IAWAI will implement its own development contributions policy aligned with the council’s 2027/28 Long Term Plan.

Aligning the new policy with the Long Term Plan cycle will ensure consistency with the planning frameworks of both shareholding councils. This alignment will also provide a foundation for IAWAI and the councils to collaboratively develop a new development contributions levies policy, once the relevant legislation is enacted.

SECTION 5 | WAAHANGA 5

What we will deliver

Ko ngaa mea ka tukuna e matou

This section outlines IAWAI's key planned projects. The levels of service we provide are contained in Appendix 1. Our projects and services are designed to cater for the estimated 22% growth in serviced population within the subregion over the next 8-10 years.

Water projects

Kaupapa wai

We have a range of key projects and initiatives planned to support effective water supply management. These include:

Treatment plant upgrades

- Upgrades to the Wairoa Water Treatment Plant in Hamilton to improve resilience and meet growth demands.
- Planning for a new potential sub-regional water treatment plant to service Hamilton, Ngaaruawaahia and Huntly.

Reservoir construction

- A new 25 million litre reservoir for central Hamilton by 2028, funded through the Infrastructure Acceleration Fund.
- Additional reservoirs are planned for Hillcrest and Matangi.
- Interim upgrades for Huntly, Ngaaruawaahia, and Te Kauwhata treatment plants to support growth and maintain service levels.

Network and pump station upgrades

- Infrastructure improvements in:
 - Raglan
 - Tamahere / Matangi
 - Eureka
 - Tuakau
- Significant upgrades planned for:
 - Huntly
 - Pookeno
 - Tuakau
 - Te Kauwhata
 - Ngaaruawaahia
 - Raglan
 - Taupiri
- A funding agreement is being developed for trunk water infrastructure in Te Koowhai.

Fairer charging

- Although a decision has not yet been made, we're currently piloting water meters in Hamilton and have included funding to roll out residential water meters across the city. This would support the transition from capital value-based charging to volumetric charging, as required by legislation and move to fairer use charging method.

Renewals programme

- We will keep reinvesting in our existing water infrastructure. We will increase the pace and scale of renewals, prioritise the highest-risk assets and extend the life of what we already have. This will be delivered through long-term partnerships with contractors, giving greater certainty, stronger forward planning, and better value over time.

The detailed list of water supply projects is shown in the table below.

Water supply projects 2026-2036

CE Code	Type	Sum of YR3 LTP 26/27	Sum of YR4 LTP 27/28	Sum of YR5 LTP 28/29	Sum of YR6 LTP 29/30	Sum of YR7 LTP 30/31	Sum of YR8 LTP 31/32	Sum of YR9 LTP 32/33	Sum of YR10 LTP 33/34	Sum of FY 2035	Sum of FY 2036
CE15128 - Rotokauri Upgrd&New Watermains Stg1	G	1,261,492	141,298	997,909	299,900	1,641,380	707,056	13,627,772	15,374,923	22,581,588	19,696,781
CE15132 - Water ntwrk upgrdes to allow new develop	G	2,857,003	392,795	1,313,805	3,598,115	2,058,370	0	0	0	0	0
CE15133 - Water Network Improvements	L	9,918,307	14,798,823	11,289,708	756,435	1,003,537	320,875	4,209,170	3,079,751	3,116,229	3,178,624
	R	0	0	0	0	0	0	243,905	249,029	254,000	259,086
CE15141 - Wtr Dmnd Mngt - Hillcrest Reservoir Zone	G	2,259,073	2,174,857	17,535,501	39,815,261	2,927,062	0	0	0	0	0
CE19047 - Water Demnd Mgmt - Maeroa Reservoir Zone	G	83,005	0	0	0	0	0	2,373,727	0	25,003	0
CE19049 - Wtr Demand Mgmt-Fairfield Reservoirzn	G	1,765,134	0	0	0	0	0	0	0	0	0
CE21033 - Ruakiwi Pumpstation Upgrade	G	29,007,983	19,871,053	17,334,486	2,461,257	0	0	245,856	0	0	0
CE24030 - IAF Water Supply	L	0	1,963,931	3,691,342	3,672,697	3,661,778	16,835,830	0	0	0	0
CE10124 - Watermain Valves & Hydrants Renewals	R	784,682	2,613,169	1,505,838	1,578,810	1,297,494	1,157,476	136,587	747,086	39,370	0
CE10138 - Treatment Plant & Reservoir Renewals	R	2,244,261	7,376,287	5,022,852	4,519,860	4,159,880	4,275,818	356,101	1,977,287	0	0
CE10123 - Watermain Renewals	R	4,450,969	7,873,235	9,443,228	9,435,058	8,255,979	8,512,941	1,094,828	11,032,738	9,499,704	15,999,854
CE19045 - Ruakura Reservoir & Assoc Bulk Mains	G	0	0	0	3,597,658	10,308,480	45,151,200	0	0	0	0
CE15139 - Water Trtmt PlntCompliance-MinorUpgds	L	2,482,928	5,579,663	2,396,725	2,551,524	2,102,626	669,060	243,905	11,249,082	9,753,704	16,258,940
CE19048 - City wide waters programme	G	0	217,486	223,143	2,284,952	0	0	38,415	0	0	0
CE19073 - Te Rapa Upgrade & New Watermains	G	260,653	0	0	0	0	0	0	0	0	0
CE15126 - Rototuna Upgrade or New Watermains	G	0	0	0	0	896,838	2,200,369	38,735	0	0	0
CE21036 - RotokauriUpgrade&New Watermains Stg2	G	0	0	0	0	386,568	4,174,918	0	0	0	0
CE19046 - Peacocke Watermains Stage 2	G	76,860	0	0	223,426	788,476	1,437,627	6,818,205	6,886,482	8,112,698	7,269,589
CE15144 - Upgrade Water Treatment Plant	G	2,652,143	4,349,714	13,388,571	15,994,667	584,381	1,254,200	1,270,744	2,490,286	1,132,332	2,590,857
CE15146 - Water Customer Connections	G	55,695	57,090	58,575	59,980	61,360	62,710	260,177	0	0	0
CE21035 - Strategic Water Demand Management	G	19,304,726	35,428,013	36,364,613	20,687,148	8,463,491	0	304,881	311,286	317,500	323,857
CE15127 - Water Pipe Upgrades	G	578,842	834,330	2,231,429	877,208	2,337,524	917,134	64,025	65,370	0	0
CE15159 - Water Master Plan	G	265,214	271,857	278,929	285,619	292,190	298,619	0	5,000,024	9,999,688	14,999,863
CE26041 - Te Kauwhata Water Improvements	L	4,132,370	258,307	0	0	0	0	0	0	0	0
CE26011 - District Wide Water Infrastructure	G	2,068,672	1,033,057	1,059,928	1,085,352	1,110,323	1,134,752	2,561,000	1,080,550	22,987,000	1,123,461
CE26044 - Water Renewals Waikato District	R	5,686,194	7,187,904	13,511,299	4,181,463	3,927,040	4,013,440	1,245,693	344,827	688,753	10,741,904
CE26031 - Eureka Water Improvements	L	0	2,174,857	3,347,143	0	0	0	0	0	6,223,000	6,347,600
CE26032 - Gordonton Water Improvements	L	0	0	0	0	0	0	1,642,241	32,685	215,900	233,177
CE26015 - Pokeno Water Infrastructure	G	530,429	869,943	2,231,428	1,256,724	3,038,781	1,194,476	872,341	684,751	1,618,536	2,737,403
CE26012 - Huntly Water Infrastructure	G	0	0	2,231,429	2,056,457	0	0	0	0	0	0
CE26033 - Huntly Water Improvements	L	5,092,115	4,621,571	0	0	0	0	67,656,552	82,911,422	286,635	81,612
CE26034 - Matangi Water Improvements	L	3,655,764	3,914,743	6,136,428	913,981	0	0	536,209	1,970,906	33,338	0
CE26038 - Raglan Water Improvements	L	1,591,286	3,262,286	6,024,857	0	0	0	513,420	2,779,159	39,370	0
CE26036 - Ngaruawahia Water Improvements	L	0	0	0	571,238	1,168,762	0	70,428	384,049	25,003	0
CE26013 - Ngaruawahia Water Infrastructure	G	1,060,857	2,174,857	5,857,500	11,424,762	35,062,857	23,889,524	0	0	0	0
CE26014 - Ohinewai Water Infrastructure	G	0	0	0	0	0	0	24,009	0	0	0
CE26037 - Pokeno Water Improvements	L	0	0	0	0	467,505	0	611,439	24,514	0	0
CE26016 - Raglan Water Infrastructure	G	1,803,457	3,806,000	1,673,571	0	0	0	648,787	4,252,163	90,170	0
CE26040 - Tauwhare Pa Water Improvements	L	318,257	0	0	0	0	0	0	0	0	0
CE26018 - Te Kauwhata Water Infrastructure	G	173,650	177,999	13,946,429	19,993,333	0	0	0	0	0	0
CE26019 - Te Kowhai Water Infrastructure	G	318,257	7,612,000	8,758,580	0	0	0	505,798	0	0	0
CE26042 - Tuakau Water Improvements	L	1,538,243	0	0	0	701,257	716,686	400,908	1,330,819	50,423	0
CE26020 - Tuakau Water Infrastructure	G	4,243,429	10,330,571	0	0	0	0	0	0	0	0
CE26030 - District Wide Water Improvements	L	159,129	0	0	0	0	0	0	0	0	0
		112,681,079	151,367,696	187,855,246	154,182,885	96,613,939	118,924,711	108,615,858	154,259,189	97,089,944	101,842,608

Table: Ten-year allocation of IAWAI water supply capital projects

Wastewater projects

Kaupapa wai para

To meet growing compliance requirements and community expectations, we are investing in key wastewater infrastructure projects:

Treatment plant upgrades and re-consenting

- Pukete Wastewater Treatment Plant (staged upgrade and re-consenting)
- Huntly Wastewater Treatment Plant
- Ngaaruawaahia Wastewater Treatment Plant

New infrastructure

- Planning and begin construction on a Southern Hamilton Wastewater Treatment Plant to increase resilience and capacity.
- Installation of wastewater storage tanks to manage wet weather events.
- Strategic pipe upgrades in Hamilton.
- Development of a servicing strategy for Pookeno and Tuakau.

Growth servicing

- Increasing wastewater servicing capacity for Pookeno and Tuakau
- Progressing a funding agreement for trunk wastewater infrastructure in Te Koowhai

Discharge consent renewals

- Renewing discharge consents for:
 - Te Kauwhata Wastewater Treatment Plant
 - Raglan Wastewater Treatment Plant

WDC has explored land-based and water-based discharge options in partnership with iwi, special interest groups, and the community. IAWAI is now responsible for implementing the preferred option, following environmental performance investigations.

Renewals programme

- Replacement and upgrade of aging wastewater infrastructure in urban areas to improve:
 - Resilience
 - Reliability
 - Efficiency

The detailed list of wastewater projects is shown in the table below.

Wastewater projects 2026-2036

CE Code	Type	Sum of YR3 LTP 26/27	Sum of YR4 LTP 27/28	Sum of YR5 LTP 28/29	Sum of YR6 LTP 29/30	Sum of YR7 LTP 30/31	Sum of YR8 LTP 31/32	Sum of YR9 LTP 32/33	Sum of YR10 LTP 33/34	Sum of FY 2035	Sum of FY 2036
CE15103 - Wastewater Network Improvements	L	6,101,582	5,020,663	1,984,160	2,031,753	2,078,499	2,152,989	0	622,571	1,270,000	0
CE15107 - Rotokauri WW Infrastructure	G	389,865	5,750,990	106,607	837,321	2,993,448	5,153,508	2,390,267	3,187,566	9,220,200	3,186,754
CE15132 - Water ntwrk upgrdes to allow new develop	G	0	0	0	1,526,348	613,600	876,746	0	0	0	0
CE19043 - Incr capacity WW West Network	G	8,535,804	2,180,395	4,435,478	31,543,495	40,316,226	23,135,206	54,956,997	8,850,841	10,190,406	8,018,849
CE19044 - Increase capacity WW East Network	G	1,752,013	3,805,674	17,303,722	47,714,485	28,776,626	14,990,654	1,544,461	0	0	22,443,300
CE23004 - IAF Wastewater	G	663,345	0	0	0	0	0	365,003	2,489,788	2,539,492	0
CE15104 - Wastewater Pipe Upgrades	G	963,234	1,939,142	995,217	2,284,952	1,042,536	2,388,952	219,514	0	0	0
CE10101 - Wastewater Asset Renewals	R	10,414,077	14,946,386	18,877,803	24,864,859	25,347,860	25,969,952	0	0	0	0
CE10100 - Wastewater PS Asset Renewals	R	1,793,871	2,358,776	2,729,406	2,601,671	3,367,517	3,065,380	0	0	0	0
CE10115 - WW Treatment Plant Asset Renewals	R	10,855,987	10,700,407	9,958,748	12,745,187	7,790,244	7,831,202	0	0	16,510,000	0
CE21000 - Placeholder CE Code 21-31	G	5,692,294	0	0	0	0	0	0	0	0	0
CE15120 - Wastewater Treatment Plant Compliance	L	993,439	4,244,022	3,071,181	4,626,374	4,310,189	4,884,711	17,512,362	0	0	0
CE21073 - Subregional WW Treatment Plant	G	3,214,397	0	9,461,257	30,763,456	52,851,413	45,987,333	1,496,187	1,527,618	1,558,115	1,589,312
CE19072 - Te Rapa Wastewater Infrastructure	G	0	0	0	0	0	0	0	0	635,000	1,295,429
CE15117 - Upgrade WW Treatment Plant	G	25,331,702	21,799,952	50,506,821	69,596,616	70,355,200	76,467,636	0	0	0	0
CE19040 - Peacocke WW Infrastructure Stg2	G	1,491,141	1,860,212	44,297	127,038	949,685	1,779,899	53,321,513	53,295,757	48,083,140	44,420,019
CE15105 - Rototuna WW Infrastructure	G	0	0	0	0	889,720	262,785	0	0	1,270,000	3,109,029
CE15109 - Peacocke WW Infrastructure Stage 1	G	581,832	0	0	1,602,366	194,511	802,421	731,714	0	1,798,320	0
CE15121 - WW Customer Connections to Network	G	122,315	125,378	128,640	131,725	134,756	137,962	0	0	0	0
CE15160 - Wastewater Model	R	315,791	328,496	1,525,293	780,940	219,055	223,875	0	0	0	0
CE15161 - Wastewater Master Plan	G	423,632	434,243	445,538	456,225	466,722	476,990	0	0	0	0
CE15158 - Water Model	R	323,588	435,857	337,062	800,995	208,624	213,214	0	0	0	0
CE26021 - District Wide Wastewater Improvements	L	1,920,151	2,022,618	2,298,371	2,639,119	1,531,077	1,564,763	0	0	0	0
CE26043 - Wastewater Renewals Waikato District	R	10,180,611	9,978,822	6,895,114	6,055,124	6,194,439	6,533,785	0	0	0	904,914
CE26002 - Horotiu Wastewater Infrastructure	G	848,686	2,229,229	1,115,714	0	0	0	0	0	0	0
CE26022 - Horotiu Wastewater Improvements	L	636,514	0	0	685,486	0	0	0	0	0	0
CE26023 - Huntly Wastewater Improvements	L	10,531,743	19,568,277	6,158,743	1,370,971	0	0	0	0	0	0
CE26027 - Rangiriri Wastewater Improvements	L	159,129	0	0	0	0	0	0	0	0	0
CE26025 - Ngaruawahia Wastewater Improvements	L	20,589,191	24,249,657	0	0	0	0	0	0	0	0
CE26004 - Ngaruawahia Wastewater Infrastructure	G	0	2,174,857	0	308,469	2,125,978	0	0	0	0	647,714
CE26001 - Central Districts Wastewater Infrastructure	G	0	543,714	2,789,286	11,424,762	17,531,429	17,917,143	0	0	0	0
CE26005 - Pokeno Wastewater Infrastructure	G	1,060,857	4,567,200	0	0	0	0	48,019	0	0	0
CE26026 - Raglan Wastewater Improvements	L	6,194,345	8,655,366	0	0	0	0	0	0	0	0
CE26006 - Raglan Wastewater Infrastructure	G	6,365,143	2,927,124	0	0	0	0	0	0	3,175,000	3,238,571
CE26007 - Taupiri Wastewater Infrastructure	G	0	0	0	0	0	0	0	0	2,667,000	10,882
CE26028 - Te Kauwhata Wastewater Improvements	L	0	856,912	669,429	0	0	0	0	373,543	0	0
CE26008 - Te Kauwhata Wastewater Infrastructure	G	9,322,916	3,262,286	13,388,571	25,134,476	0	0	1,029,553	1,051,181	1,576,850	1,608,423
CE26009 - Te Kowhai Wastewater Infrastructure	G	318,257	7,612,000	5,243,857	4,323,130	0	0	0	0	0	0
CE26010 - Tuakau Wastewater Infrastructure	G	0	1,209,670	2,231,429	1,713,714	0	0	0	0	3,922,200	25,400,000
CE26024 - Meremere Wastewater Improvements	L	0	0	0	0	0	0	365,857	373,543	0	0
		148,087,452	165,788,325	162,701,744	288,691,057	270,289,354	242,817,106	133,981,447	75,694,608	125,893,523	94,553,796

Table: Ten-year allocation of IAWAI wastewater capital projects

Stormwater

Wai ua

The councils' Long Term Plans outline the extent to which stormwater services are provided to our communities. IAWAI provide stormwater services to both HCC and WDC as required.

- Urban areas such as Hamilton and several towns within the Waikato District receive stormwater flows from catchments outside their boundaries.
- Conversely, some urban areas also contribute stormwater to catchments beyond their boundaries.

Although IAWAI does not own stormwater assets, we deliver this service through contractual arrangements with our shareholding councils.

Service Agreements

Tatuunga kaiwhakarato

The following contractual agreements have novated (transferred) from WDC to IAWAI effective 1 July 2026:

- The contract between WDC and Watercare for the provision of water supply, wastewater and stormwater services.
- Supply contracts for water and wastewater servicing in Pookeno and Tuakau.
- Supply agreement with Te Kauwhata Irrigation Association for raw water to supply Te Kauwhata and Meremere.

IAWAI is contracted to HCC and WDC to provide stormwater services. As part of this, we will be progressing a servicing agreement for a stormwater solution for Te Koowhai.

Section 6 | WAAHANGA 6

Financial matters

Ngaa take tahua

Financial strategy

Rautaki ahumoni

Purpose of this section

To explain how IAWAI will fund and finance safe, reliable and affordable drinking water and wastewater services over the next 10 years; how we will keep prices as low as practicable while remaining financially sustainable; and how we will prioritise investment to meet regulatory obligations, address renewals backlogs, and enable growth in a way that is fair to our communities.

Overview of our funding and financing

Over the coming decade we will deliver about \$3 billion of capital investment – likely to be New Zealand’s second largest water programme after Watercare - targeted at compliance, renewals and growth enablement. We will use debt prudently to spread the cost of long-life assets across generations and to moderate price shocks for customers, while keeping Funds for Operation (FFO) to Net Debt \geq 8% (Local Government Funding Agency [LGFA] covenant) and maintaining significant debt headroom across the period.

Compared with water services staying in the councils, our strategic financial approach lowers the near-term price path while still addressing the infrastructure deficit. The median residential increase in 2026/27 is \$174 (approx. +18.5% for HCC and +6% for WDC due to different starting points), which is materially below the price path indicated in the WSDP⁴.

⁴ [Water Services Policy Water Services Delivery Plans - dia.govt.nz](https://www.dia.govt.nz/water-services-policy/water-services-delivery-plans)

Establishment and regulatory context

- **Legislative and economic regulation:** IAWAI is established under the Local Water Done Well programme. Taumata Arowai oversees drinking water and wastewater standards; the Commerce Commission will introduce economic regulation (price-quality style tools and mandatory information disclosure). We must show sufficient investment, revenue sufficiency, and financial sustainability-quality style tools and mandatory information disclosure). We must show sufficient investment, revenue sufficiency, and financial sustainability.
- **Charging reform:** Under the Local Government (Water Services) Act 2025 (LG(WSA) 2025) we must move away from capital value-based charges to fixed and/or volumetric charges. In addition IAWAI will need to consider the implications of price harmonisation as it amalgamates the historic charging basis of HCC and WDC, much of which will only be possible as metering and systems enable it. This will happen over time.
- **DIA assessment of WSDP:** The Department of Internal Affairs (DIA) accepted the joint WSDP, noting key risks to monitor capital deliverability, steep legacy price path (~240% over 10 years), asset management integration, and wastewater consent noncompliance. This financial strategy commences the pathway to directly respond to these flags while focusing on the key driver of a safe and continuous transition of water services from the councils to IAWAI. It also recognises that additional financial strategic development will be required in the next WSS 2027-2037 due in June 2027.

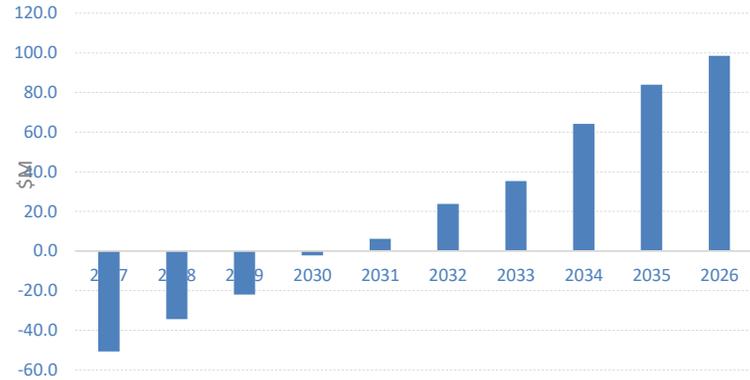
What needs to be addressed

1. **Affordability pressures** - legacy forecasts showed steep increases for customers under council delivery models; IAWAI needs to bend that cost curve without compromising safety or resilience.
2. **Compliance** – Securing funding will be necessary for major upgrades required at the Huntly and Ngaaruawaahia waste water treatment plants; and staged upgrades to the Pukete Wastewater Treatment Plant for reconstenting to meet future standards.
3. **Renewals backlog** – Historic waters infrastructure investment has lifted failure risk; we must increase renewals while maintaining service continuity, quality and financial sustainability.
4. **Growth servicing** - Demand continues to drive rising across Hamilton and key Waikato towns; enabling development without it being subsidised by existing customers is a key enabler to maintaining improved price pathways.
5. **Deliverability** - We need a realistic, phased programme and commercial delivery models to scale capability and avoid slippage to capital programme while ensuring funding sources can be utilised to maintain stable financial performance and affordability without sudden financial shocks.

Financial sustainability — our definition and targets

Financial sustainability means water and wastewater operations generate sufficient revenue (excluding capital revenue) to cover operating costs (including depreciation and interest) at prudent service levels, while preserving access to financing for renewals and growth. In line with the DIA’s assessment within the WSDP we are currently projecting to be financially sustainable by June 2030. Over time we must maintain operating surpluses sufficient to both cover operating costs and repay debt.

Chart 6.1: Financial sustainability 2026-2036 - Operating surplus / (deficit)



For the year ended 30 June

Operating position: Move to positive operating surplus from 2029/30 onward.

Chart 6.2: Accounting net surplus / (deficit) 2026-2036

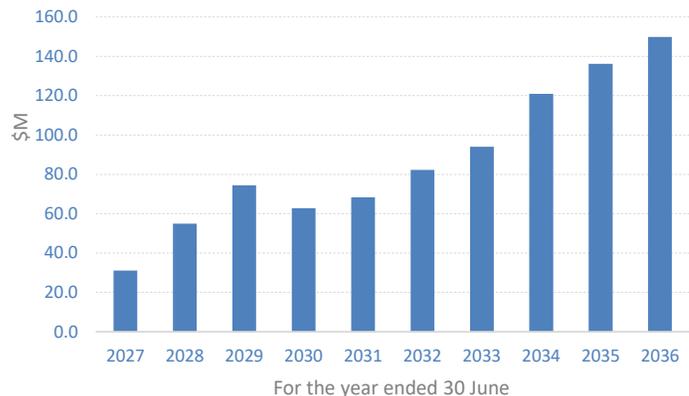


Chart 6.4: Debt and Debt headroom 2026-2036

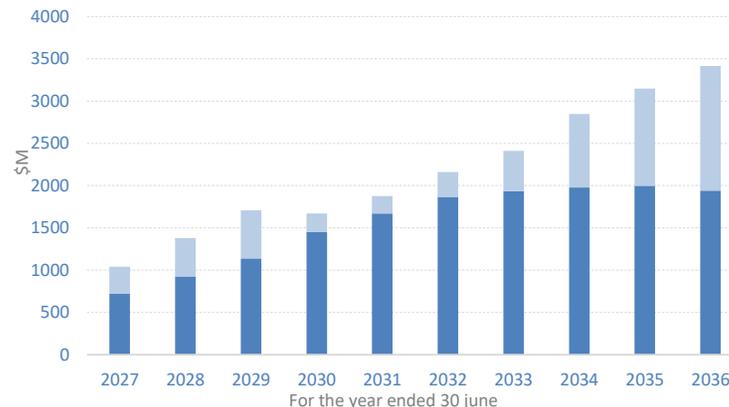
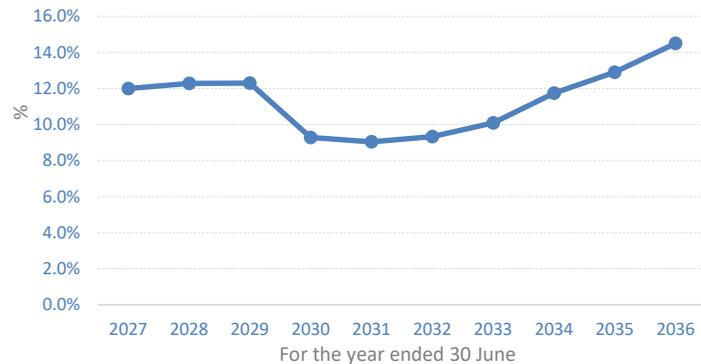


Chart 6.3 Funds from Operations ratio to Debt 2026-2036

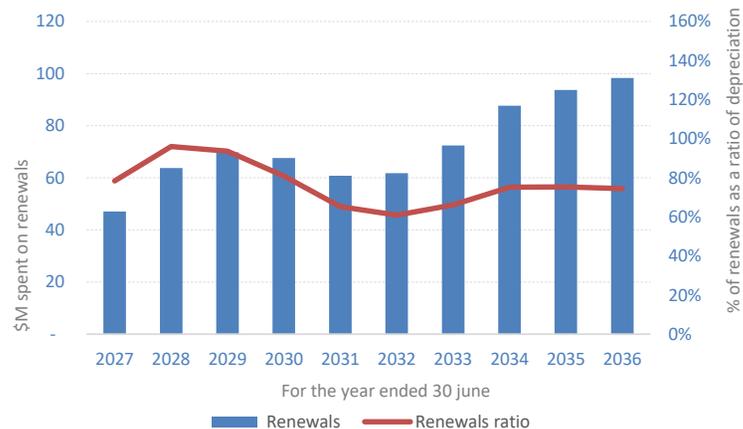


Debt quality: Maintain FFO/Net Debt \geq 8%

Headroom: Maintain material debt headroom each year to manage shocks

Renewals effort: Lift renewals toward \approx 75% of depreciation over the period, trending up as asset information improves

Chart 6.5: Renewals investment to depreciation ratio 2026-2036



Affordability: Keep the 2026/27 median residential increase to ~\$174 and hold future increases below the WSDP path while meeting compliance milestones

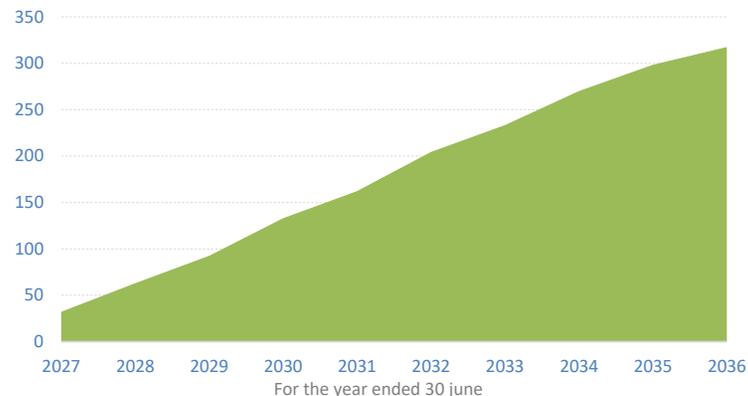
Chart 6.6: Price pathway (annual changes) median residential household 2026-2036 – Hamilton City Council



Chart 6.7: Price pathway (annual changes) median residential household 2026-2036 – Waikato District Council



Chart 6.8: Everyday operating cash surplus / (deficit) * 2026-2036



Pricing and charging approach

- **Application to water and wastewater:** The following pricing approaches will apply for both water and wastewater as separate activities.
- **Compliance with legislation and regulation:** In accordance with legislation we will move away from capital value-based charges to fixed and/or volumetric charges where there are none currently charged on this basis. Detail based on the portion of shift to fixed charge is provided within the Pricing Policy.
- **Transition to fairer charging:** We will transition Hamilton customers from capital value to fixed + volumetric charging, supported by a funded residential meter rollout (subject to the current pilot and final decision in 2026). Waikato District already uses volumetric charging; mechanical meters will be upgraded to digital.
- **Harmonisation:** No immediate price harmonisation; we will phase alignment as metering, systems and policies are standardised.

- **Commercial/trade waste:** Charges will continue to reflect cost drivers and regulatory requirements. Revenue sensitivities for trade waste and water by meter and will be considered and refined to avoid unintended cross subsidies, while ensuring recovery of rising input costs.
- **Penalties:** IAWAI will apply penalties for the non-payment of water supply and wastewater charges in a manner aligning with the penalty approaches applied by WDC and HCC for unpaid rates, as set out in their respective Council Rates Resolutions. To give effect to this approach, IAWAI will adopt a penalty resolution at the time water supply and wastewater charges are confirmed.

Funding delivery of services

We will fund everyday operating costs (staff, operations, maintenance, regulatory compliance, interest) from water charges and fees. Capital expenditure (renewals, compliance upgrades, growth) is funded from a mix of water charges and fees portion, capital revenue (including development contributions and grants) and debt. This aligns with inter-generational equity and expected regulatory settings.

Key levers in this WSS:

- **Savings and efficiency:** Portfolio re-sizing for deliverability; systematic procurement partnering for renewals; conservative but rising savings trajectory across the period.
- **Revenue pathway:** Lower than WSDP across the first three years identified in this financial strategy (e.g., HCC and WDC median bills reduced compared to WSDP forecasts) while preserving compliance and renewals.
- **Debt smoothing:** Deliberate early years use of debt to moderate household impacts, with FFO/Net Debt held above the 8% borrowing threshold and headroom preserved.

Funding everyday operating costs

Operating funding will come primarily from water service charges and fees. The Funding Impact Statements in Section 6 show positive operating funding balances from 2026/27 onward, consistent with sustainability objectives.

* Operating cashflows exclude capital revenue, depreciation and financing costs (recognising growth related debt is the primary driver of financing costs).

Funding renewals

We will increase the scale and pace of renewals, focusing on highest risk assets to reduce service failures and lifecycle costs. A sub regional long term renewals framework will be used to lock in capability, innovation and value. Our financial path lifts renewals toward ≈75% of depreciation across the decade, while improving asset data to refine useful lives and revaluation settings over time.

Funding growth — “growth pays for growth”

IAWAI inherits a significant growth-funding deficit from both councils. This largely reflects historic debt associated with each council—currently estimated at approximately \$331M for HCC and \$40M for WDC (subject to final confirmation when the councils complete their annual reports for the year ending 30 June 2026).

These deficits stem from previous shortfalls in funding growth-related infrastructure after accounting for development contributions and other capital revenue.

This financial strategy introduces a more structured approach to ensure that existing customers are not required to subsidise new developments that provide them with no direct benefit. Therefore, we will:

- Adopt the HCC and WDC development contributions policies from 1 July 2026 for the respective areas, then implement an IAWAI Development Contributions policy from 1 July 2027 aligned to the councils’ 2027/28 LTP cycle.
- Introduce a Water Supply Growth Charge and a Wastewater Growth Charge on new water and wastewater connections consented after 1 July 2026. The two charges combined will amount to \$500 per residential connection per year for 25 years and \$500 per year for 25 years per HUE based on a tiered pricing structure for non-residential developments. These charges are designed so that the cost of growth infrastructure is recovered from growth over time. The growth charge reduces reliance on general water charges on existing water users as a mechanism for funding growth.

- Remove Fast Track subsidies - Fast Track areas must fund 100% of their growth infrastructure and secure their own water allocations; IAWAI will use developer agreements (with councils) to protect existing users.
- Unfund growth asset depreciation initially - to avoid existing users paying for assets that primarily benefit future customers, growth related depreciation will not be funded until connections materialise; then funding switches on as benefitting users join.

Shareholder transitional financing arrangements

From 1 July 2026 IAWAI becomes operational with assets, people and contract transfers completed; some corporate services (billing, finance, growth and analytics, digital services, customer services, etc.) will initially be provided via the councils to minimise cost and risk. Stormwater remains on the councils' balance sheets, delivered by IAWAI under contract. Internal back-to-back loan arrangements for debt transferred from councils to IAWAI will be unwound over four years as IAWAI progressively borrows directly back-to-back loan arrangements

Debt and insurance – managing risk

- **Debt posture:** IAWAI will use long term debt to finance long life assets and smooth price impacts in the early years. Modelled paths keep FFO/Net Debt above 8% at all times and show significant headroom growing later in the decade as revenue and cash generation strengthen.
- **Headroom and limits:** The Councils retain their own stormwater debt positions and limits. The CCO model provides ample debt capacity to respond to sudden service or financial shock to the provision of water/wastewater.
- **Insurance:** Underground reticulation is covered through the regional infrastructure policy (natural catastrophe events) with sub limits; above ground facilities are covered under Material Damage and Business Interruption (MDBI). Group renewals and sub limit setting (including for IAWAI) will be updated as loss modelling is refreshed post establishment. Government Civil Defence and Emergency Management (CDEM) co funding may be available for eligible disaster recovery above local thresholds after insurance.

Treasury management

Our approach to the following treasury matters is specified in our Treasury management policy.

- IAWAI's policy on giving security for borrowing; and
- IAWAI's objectives for holding and managing financial investments and equity securities; and
- IAWAI's quantified targets for returns on financial investments and equity securities.

Policy on securities: To borrow cash, we must offer lenders security. Debt is likely to be secured against water and wastewater income. Giving water and wastewater income as security means that our lenders can make us charge customer more to repay debt. That is why it is important to keep our debt at a sustainable level. We may also offer other security, including physical assets, in certain circumstances. The full policy on giving securities can be found in the Treasury Management Policy on our website.

Investments: We hold cash investments for three main reasons:

- To ensure strong lines of liquidity and access to cash. Cash is supplemented by committed banking facilities
- To provide the funds for maturing debt. Cash is invested on short-term deposit to manage cash flows and maximise returns.

As part of borrowing from the LGFA, we are required to invest in financial bonds with the agency. We will receive interest on these bonds. Our target is to exceed the average 90-day bank bill rate.

Credit metrics and risk financing

Economic regulation readiness: Our approach aligns with likely price-quality and information disclosure expectations - clear service level outcomes, prudent use of debt, transparent allocation of costs (especially growth), and explainable price path-quality and information disclosure expectations, level outcomes, prudent use of debt, transparent allocation of costs (especially growth), and explainable price paths.

Risk financing: Insurance sublimits will be recalibrated post establishment; we will maintain contingency headroom and use government recovery mechanisms where eligible after major events, if any. Limits will be recalibrated post-establishment; we will maintain contingency headroom and use Government recovery mechanisms where eligible after major events, if any.

Where funds come from and what they are used for

Chart 6.9: Funding sources for the ten years 2026-2036

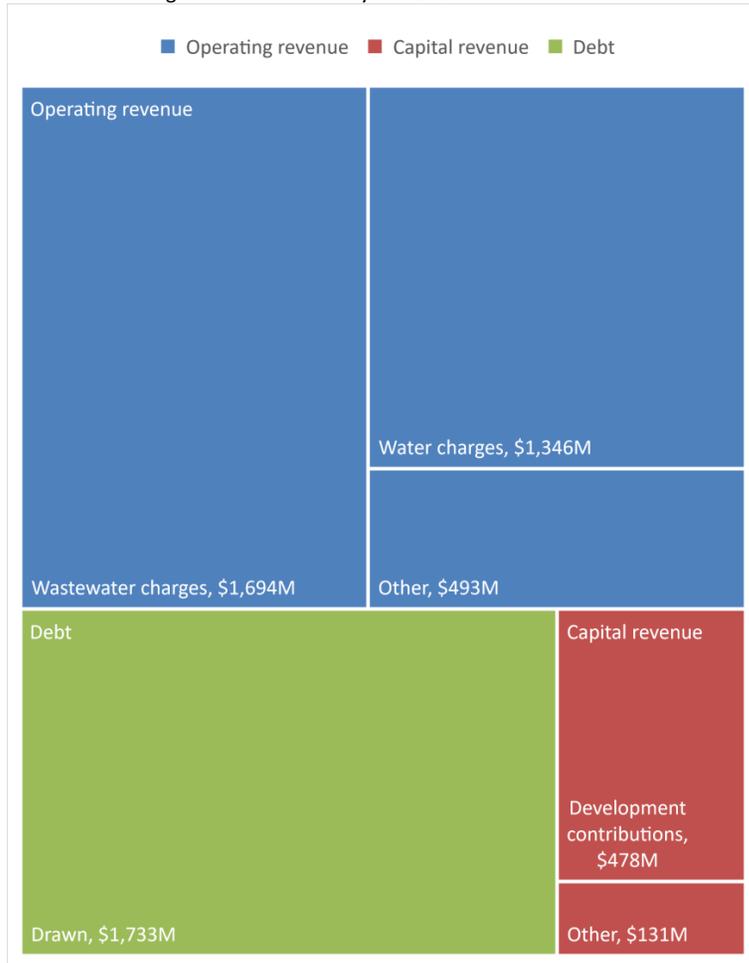
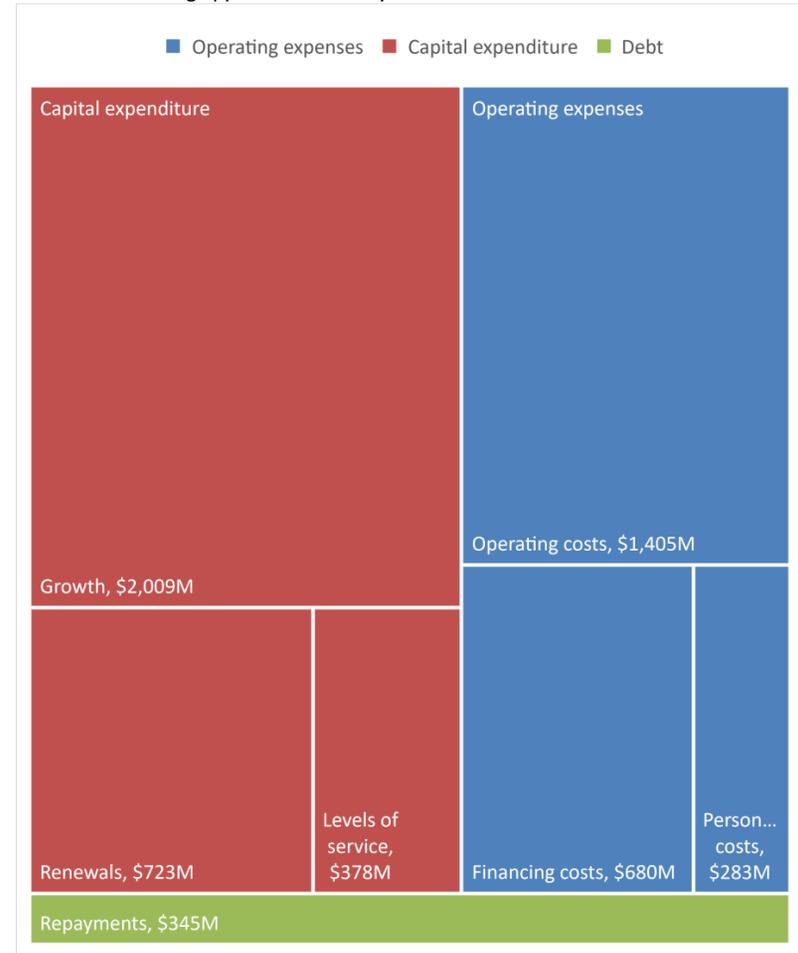


Chart 6.10: Funding applied for the ten years 2026-2036



Prospective financial statements

Prospective statement of comprehensive revenue and expense - All

For the year ended 30 June (\$,000)	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Water charges	62,339	76,260	92,800	109,381	127,376	147,793	162,910	178,910	187,317	200,419
Wastewater charges	82,839	98,242	116,776	138,518	160,710	186,886	204,198	224,802	237,501	243,605
Other operating revenue	32,196	36,233	37,421	42,079	45,874	50,145	54,325	59,157	64,651	70,963
Development contributions	31,192	45,022	51,642	54,986	52,158	51,844	52,023	49,847	44,995	44,120
Vested assets	5,655	5,797	5,947	6,090	6,230	6,394	6,435	6,728	7,264	7,187
Other capital revenue	44,893	38,439	38,840	3,865	3,858	201	205	209	-	-
Net gain on disposal of PPE	-	-	-	-	-	-	-	-	-	-
Total revenue	259,113	299,993	343,426	354,918	396,206	443,263	480,097	519,654	541,728	566,294
Operating expenses	142,330	144,435	151,005	153,702	167,967	176,111	183,632	187,820	187,610	193,913
Finance costs	25,716	34,174	43,402	54,958	66,634	83,450	93,003	94,226	93,499	90,666
Depreciation and amortisation	60,012	66,445	74,605	83,519	93,224	101,451	109,489	116,641	124,444	131,942
Net loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-
Total expenses	228,058	245,054	269,012	292,179	327,825	361,012	386,124	398,687	405,553	416,522
Net surplus / (deficit)	31,055	54,939	74,413	62,739	68,381	82,251	93,972	120,967	136,175	149,772
Tax	-	-	-	-	-	-	-	-	-	-
Revaluation of infrastructure assets	102,780	119,697	134,093	155,343	177,162	195,199	212,296	234,005	249,834	216,969
Total comprehensive revenue and expenses	133,835	174,636	208,506	218,082	245,542	277,449	306,268	354,972	386,009	366,741

Prospective free funds from operations - All

For the year ended 30 June (\$,000)	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Net surplus / (deficit)	31,055	54,939	74,413	62,739	68,381	82,251	93,972	120,967	136,175	149,772
Less: Vested assets	(5,655)	(5,797)	(5,947)	(6,090)	(6,230)	(6,394)	(6,435)	(6,728)	(7,264)	(7,187)
Less: 25% of Development Contributions	(7,798)	(11,255)	(12,911)	(13,747)	(13,039)	(12,961)	(13,006)	(12,462)	(11,249)	(11,030)
Add: Depreciation	60,012	66,445	74,605	83,519	93,224	101,451	109,489	116,641	124,444	131,942
Free Funds from operations	77,615	104,332	130,161	126,421	142,336	164,347	184,020	218,417	242,107	263,497

Prospective statement of changes in equity - All

For the year ended 30 June (\$,000)	2027	2028	2029	2030	2031	2032	2033	3034	2035	2036
Equity balance at 1 July	11,305	2,715,079	2,889,715	3,098,222	3,316,304	3,561,847	3,839,296	4,145,564	4,500,536	4,886,545
Issue of Share Capital	2,569,939	-	-	-	-	-	-	-	-	-
Net surplus / (deficit)	31,055	54,939	74,413	62,739	68,381	82,251	93,972	120,967	136,175	149,772
Revaluation gains	102,780	119,697	134,093	155,343	177,162	195,199	212,296	234,005	249,834	216,969
Equity balance at 30 June	2,715,079	2,889,715	3,098,222	3,316,304	3,561,847	3,839,296	4,145,564	4,500,536	4,886,545	5,253,285

Prospective statement of financial position -All

As at 30 June (\$,000)	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Cash and cash equivalents	28,235	28,235	28,235	28,235	28,235	28,235	28,235	28,235	28,235	28,235
Other current assets	54,192	56,430	58,660	60,167	62,183	64,421	66,595	69,111	70,081	70,631
Infrastructure assets	3,371,906	3,748,111	4,164,103	4,684,892	5,141,963	5,603,846	5,971,835	6,362,010	6,764,764	7,071,473
Other non-current assets	15,367	18,556	23,394	32,239	39,710	47,554	53,550	58,995	62,625	65,428
Total assets	3,469,699	3,851,331	4,274,393	4,805,534	5,272,090	5,744,056	6,120,215	6,518,350	6,925,706	7,235,766
Borrowings	719,598	925,677	1,139,298	1,451,460	1,671,579	1,865,209	1,934,202	1,976,487	1,996,988	1,939,851
Other current liabilities	34,881	35,798	36,732	37,629	38,524	39,410	40,308	41,187	42,032	42,489
Other non-current liabilities	141	141	141	141	141	141	141	141	141	141
Total liabilities	754,620	961,616	1,176,171	1,489,229	1,710,243	1,904,760	1,974,651	2,017,815	2,039,161	1,982,481
Net assets	2,715,079	2,889,715	3,098,222	3,316,304	3,561,847	3,839,296	4,145,564	4,500,536	4,886,545	5,253,285
Revaluation reserves	102,780	222,477	356,570	511,913	689,075	884,273	1,096,569	1,330,574	1,580,408	1,797,376
Retained Earnings	42,360	97,299	171,713	234,452	302,833	385,084	479,056	600,023	736,198	885,970
Shareholder Capital	2,569,939	2,569,939	2,569,939	2,569,939	2,569,939	2,569,939	2,569,939	2,569,939	2,569,939	2,569,939
Total Equity	2,715,079	2,889,715	3,098,222	3,316,304	3,561,847	3,839,296	4,145,564	4,500,536	4,886,545	5,253,285

Prospective statement of cashflows - All

For the year ended 30 June (\$,000)	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Cashflows from operating activities										
Water and wastewater charges	144,099	172,658	207,712	246,264	286,380	332,782	365,283	401,537	424,196	443,829
Other operating revenue	30,160	33,854	34,924	39,426	42,961	47,015	50,951	55,612	60,935	67,147
Interest received	1,941	2,031	2,140	2,300	2,565	2,789	3,025	3,205	3,368	3,477
Development contributions	31,192	45,022	51,642	54,986	52,158	51,844	52,023	49,847	44,995	44,120
Other capital revenue	44,893	38,439	38,840	3,865	3,858	201	205	209	0	0
Payments to employees	(24,940)	(26,078)	(26,862)	(27,410)	(28,025)	(28,718)	(29,357)	(29,992)	(30,152)	(30,603)
Payment to suppliers	(116,988)	(117,441)	(123,210)	(125,395)	(139,048)	(146,507)	(153,377)	(156,950)	(156,613)	(162,868)
Interest paid	(24,298)	(32,698)	(41,864)	(53,357)	(64,981)	(81,743)	(91,295)	(93,350)	(93,499)	(90,666)
Net cashflows from operating activities	86,059	115,787	143,322	140,678	155,869	177,663	197,457	230,119	253,230	274,435
Cashflows from investment activities										
Acquisition of other financial assets	(2,978)	(3,234)	(4,848)	(8,365)	(7,432)	(7,844)	(5,996)	(5,445)	(3,630)	(2,802)
Capital expenditure	(260,769)	(317,156)	(350,557)	(442,874)	(366,903)	(361,742)	(258,747)	(266,083)	(270,101)	(214,495)
Net cashflows from investment activities	(263,747)	(320,390)	(355,405)	(451,239)	(374,335)	(369,586)	(264,743)	(271,527)	(273,731)	(217,298)
Cashflows from financing activities										
Increase/decrease) in borrowings	177,688	204,603	212,084	310,560	218,466	191,923	67,286	41,409	20,501	(57,137)
Net cashflows from financing activities	177,688	204,603	212,084	310,560	218,466	191,923	67,286	41,409	20,501	(57,137)
Net increase/decrease) in cash and cash equivalents	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents at beginning of year	28,235	28,235	28,235	28,235	28,235	28,235	28,235	28,235	28,235	28,235
Cash and cash equivalents at end of year	28,235	28,235	28,235	28,235	28,235	28,235	28,235	28,235	28,235	28,235

Prospective statement of comprehensive revenue and expense – water

For the year ended 30 June (\$,000)	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Water charges	62,339	76,260	92,800	109,381	127,376	147,793	162,910	178,910	187,317	200,419
Other operating revenue	1,752	1,791	859	950	1,067	1,148	1,270	1,399	1,537	1,705
Development contributions	11,429	18,502	18,156	20,031	19,504	19,754	19,640	18,753	16,323	15,298
Vested assets	1,984	2,034	2,087	2,137	2,186	2,243	2,258	2,361	2,548	2,522
Other capital revenue	44,097	38,314	38,711	3,733	3,723	63	64	65	-	-
Net gain on disposal of PPE	-	-	-	-	-	-	-	-	-	-
Total revenue	121,601	136,901	152,613	136,232	153,856	171,002	186,142	201,488	207,725	219,944
Operating expenses	55,700	53,610	55,100	57,232	60,381	61,690	63,084	63,089	62,142	64,039
Finance costs	8,265	11,407	15,701	20,380	23,287	27,481	29,649	28,665	28,478	27,253
Depreciation and amortisation	23,418	26,559	31,145	36,426	40,778	43,873	46,762	49,389	52,198	56,210
Net loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-
Total expenses	87,383	91,576	101,945	114,038	124,447	133,044	139,495	141,143	142,818	147,502
Net surplus / (deficit)	34,219	45,325	50,667	22,194	29,409	37,958	46,647	60,345	64,907	72,442
Tax	-	-	-	-	-	-	-	-	-	-
Revaluation of infrastructure assets	42,246	49,060	57,508	65,307	71,167	78,366	84,676	90,969	100,868	106,779
Total comprehensive revenue and expenses	76,465	94,385	108,175	87,501	100,577	116,324	131,323	151,315	165,775	179,220

Prospective statement of changes in equity - water

For the year ended 30 June (\$,000)	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Equity balance at 1 July	5,653	1,164,296	1,258,681	1,366,856	1,454,357	1,554,934	1,671,258	1,802,580	1,953,895	2,119,670
Issue of Share Capital	1,082,178	-	-	-	-	-	-	-	-	-
Net surplus / (deficit)	34,219	45,325	50,667	22,194	29,409	37,958	46,647	60,345	64,907	72,442
Revaluation gains	42,246	49,060	57,508	65,307	71,167	78,366	84,676	90,969	100,868	106,779
Equity balance at 30 June	1,164,296	1,258,681	1,366,856	1,454,357	1,554,934	1,671,258	1,802,580	1,953,895	2,119,670	2,298,891

Prospective statement of financial position - water

As at 30 June (\$,000)	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Cash and cash equivalents	9,786	9,786	9,786	9,786	9,786	9,786	9,786	9,786	9,786	9,786
Other current assets	23,342	24,454	25,580	26,589	27,631	28,765	29,868	31,140	31,641	31,938
Infrastructure assets	1,377,434	1,553,774	1,770,416	1,956,418	2,085,816	2,241,690	2,374,031	2,495,132	2,704,062	2,814,372
Other non-current assets	4,924	6,635	8,824	11,653	12,889	15,167	17,226	18,427	20,098	20,640
Total assets	1,415,487	1,594,649	1,814,606	2,004,447	2,136,122	2,295,408	2,430,911	2,554,486	2,765,587	2,876,737
Borrowings	238,838	323,156	434,471	536,362	567,014	609,532	613,263	585,084	629,988	561,892
Other current liabilities	12,297	12,756	13,223	13,671	14,119	14,562	15,011	15,450	15,873	15,898
Other non-current liabilities	56	56	56	56	56	56	56	56	56	56
Total liabilities	251,191	335,968	447,750	550,090	581,189	624,150	628,330	600,591	645,917	577,846
Net assets	1,164,296	1,258,681	1,366,856	1,454,357	1,554,934	1,671,258	1,802,580	1,953,895	2,119,670	2,298,891
Revaluation reserves	42,246	91,306	148,814	214,121	285,288	363,654	448,330	539,299	640,167	746,946
Retained Earnings	39,871	85,196	135,864	158,058	187,467	225,425	272,072	332,418	397,325	469,767
Shareholder Capital	1,082,178	1,082,178	1,082,178	1,082,178	1,082,178	1,082,178	1,082,178	1,082,178	1,082,178	1,082,178
Total Equity	1,164,296	1,258,681	1,366,856	1,454,357	1,554,934	1,671,258	1,802,580	1,953,895	2,119,670	2,298,891

Prospective statement of cashflows - water

For the year ended 30 June (\$,000)	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Cashflows from operating activities										
Water charges	61,620	75,338	91,868	108,564	126,523	146,844	161,997	177,823	187,006	200,322
Other operating revenue	998	881	(106)	(79)	(44)	4	53	124	222	344
Interest received	707	735	787	852	937	974	1,043	1,104	1,141	1,191
Development contributions	11,429	18,502	18,156	20,031	19,504	19,754	19,640	18,753	16,323	15,298
Other capital revenue	44,097	38,314	38,711	3,733	3,723	63	64	65	0	0
Payments to employees	(4,666)	(4,930)	(5,032)	(5,148)	(5,279)	(5,432)	(5,574)	(5,713)	(5,634)	(5,705)
Payment to suppliers	(50,832)	(48,237)	(49,616)	(51,651)	(54,670)	(55,830)	(57,077)	(56,951)	(56,101)	(58,339)
Interest paid	(8,119)	(11,255)	(15,542)	(20,215)	(23,117)	(27,305)	(29,473)	(28,575)	(28,478)	(27,253)
Net cashflows from operating activities	55,233	69,348	79,224	56,087	67,578	79,073	90,673	106,631	114,479	125,858
Cashflows from investment activities										
Acquisition of other financial assets	(951)	(1,711)	(2,189)	(2,829)	(1,236)	(2,277)	(2,059)	(1,202)	(1,671)	(542)
Capital expenditure	(113,005)	(151,804)	(188,192)	(154,984)	(96,823)	(119,138)	(92,169)	(77,160)	(157,712)	(57,220)
Net cashflows from investment activities	(113,956)	(153,514)	(190,381)	(157,813)	(98,059)	(121,415)	(94,228)	(78,362)	(159,382)	(57,762)
Cashflows from financing activities										
Increase/(decrease) in borrowings	58,723	84,166	111,157	101,726	30,481	42,343	3,555	(28,269)	44,903	(68,096)
Net cashflows from financing activities	58,723	84,166	111,157	101,726	30,481	42,343	3,555	(28,269)	44,903	(68,096)
Net increase/(decrease) in cash and cash equivalents	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents at beginning of year	9,786	9,786	9,786	9,786	9,786	9,786	9,786	9,786	9,786	9,786
Cash and cash equivalents at end of year	9,786	9,786	9,786	9,786	9,786	9,786	9,786	9,786	9,786	9,786

Prospective statement of comprehensive revenue and expense – wastewater

For the year ended 30 June (\$,000)	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Wastewater charges	82,839	98,242	116,776	138,518	160,710	186,886	204,198	224,802	237,501	243,605
Other operating revenue	18,694	21,777	22,674	26,112	28,849	32,046	35,781	40,070	45,009	50,811
Development contributions	19,763	26,520	33,486	34,955	32,654	32,090	32,383	31,094	28,672	28,821
Vested assets	3,671	3,763	3,860	3,953	4,044	4,151	4,178	4,368	4,715	4,665
Other capital revenue	796	126	129	132	135	138	141	144	-	-
Net gain on disposal of PPE	-	-	-	-	-	-	-	-	-	-
Total revenue	125,762	150,426	176,925	203,669	226,392	255,310	276,680	300,477	315,898	327,902
Operating expenses	74,881	78,159	82,017	81,453	91,628	97,471	103,274	107,043	107,363	111,426
Finance costs	17,451	22,767	27,701	34,578	43,346	55,969	63,354	65,561	65,021	63,413
Depreciation and amortisation	36,594	39,887	43,460	47,093	52,446	57,578	62,727	67,252	72,246	75,733
Net loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-
Total expenses	128,926	140,813	153,179	163,124	187,421	211,018	229,355	239,856	244,630	250,572
Net surplus / (deficit)	(3,163)	9,614	23,746	40,545	38,972	44,293	47,325	60,621	71,268	77,330
Tax	-	-	-	-	-	-	-	-	-	-
Revaluation of infrastructure assets	60,534	68,425	76,585	90,036	103,428	116,833	127,620	139,535	148,966	110,190
Total comprehensive revenue and expenses	60,534	68,425	76,585	90,036	103,428	116,833	127,620	139,535	148,966	110,190

Prospective statement of changes in equity - wastewater

For the year ended 30 June (\$,000)	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Equity balance at 1 July	5,653	1,550,721	1,628,761	1,729,092	1,859,674	2,002,073	2,163,199	2,338,144	2,538,300	2,758,534
Issue of Share Capital	1,487,699	-	-	-	-	-	-	-	-	-
Net surplus / (deficit)	(3,163)	9,614	23,746	40,545	38,972	44,293	47,325	60,621	71,268	77,330
Revaluation gains	60,534	68,425	76,585	90,036	103,428	116,833	127,620	139,535	148,966	110,190
Equity balance at 30 June	1,550,721	1,628,761	1,729,092	1,859,674	2,002,073	2,163,199	2,338,144	2,538,300	2,758,534	2,946,054

Prospective statement of financial position - wastewater

As at 30 June (\$,000)	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Cash and cash equivalents	18,448	18,448	18,448	18,448	18,448	18,448	18,448	18,448	18,448	18,448
Other current assets	30,849	31,976	33,080	33,578	34,552	35,656	36,728	37,970	38,440	38,692
Infrastructure assets	1,994,410	2,192,064	2,391,413	2,726,200	3,051,307	3,357,317	3,592,965	3,858,538	4,052,363	4,248,761
Other non-current assets	10,442	11,921	14,570	20,587	26,821	32,388	36,324	40,567	42,527	44,787
Total assets	2,054,150	2,254,408	2,457,513	2,798,813	3,131,128	3,443,808	3,684,465	3,955,524	4,151,778	4,350,689
Borrowings	480,760	602,521	704,827	915,097	1,104,565	1,255,677	1,320,939	1,391,403	1,367,000	1,377,959
Other current liabilities	22,583	23,042	23,509	23,957	24,405	24,848	25,297	25,736	26,159	26,591
Other non-current liabilities	85	85	85	85	85	85	85	85	85	85
Total liabilities	503,429	625,647	728,421	939,140	1,129,055	1,280,609	1,346,321	1,417,224	1,393,244	1,404,635
Net assets	1,550,721	1,628,761	1,729,092	1,859,674	2,002,073	2,163,199	2,338,144	2,538,300	2,758,534	2,946,054
Revaluation reserves	60,534	128,959	205,544	295,581	399,009	515,841	643,461	782,996	931,962	1,042,152
Retained Earnings	2,489	12,103	35,849	76,394	115,366	159,659	206,984	267,605	338,873	416,203
Shareholder Capital	1,487,699	1,487,699	1,487,699	1,487,699	1,487,699	1,487,699	1,487,699	1,487,699	1,487,699	1,487,699
Total Equity	1,550,721	1,628,761	1,729,092	1,859,674	2,002,073	2,163,199	2,338,144	2,538,300	2,758,534	2,946,054

Prospective statement of cashflows - wastewater

For the year ended 30 June (\$,000)	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Cashflows from operating activities										
Wastewater charges	82,479	97,320	115,844	137,700	159,857	185,937	203,285	223,714	237,190	243,507
Other operating revenue	17,412	20,307	21,141	24,488	27,047	30,061	33,624	37,799	42,607	48,355
Interest received	1,234	1,295	1,354	1,448	1,628	1,815	1,982	2,100	2,227	2,286
Development contributions	19,763	26,520	33,486	34,955	32,654	32,090	32,383	31,094	28,672	28,821
Other capital revenue	796	126	129	132	135	138	141	144	-	-
Payments to employees	(8,050)	(8,433)	(8,661)	(8,845)	(9,043)	(9,275)	(9,485)	(9,692)	(9,680)	(9,817)
Payment to suppliers	(66,631)	(69,252)	(72,873)	(72,144)	(82,122)	(87,738)	(93,324)	(96,897)	(97,245)	(101,162)
Interest paid	(16,179)	(21,443)	(26,322)	(33,142)	(41,864)	(54,437)	(61,822)	(64,775)	(65,021)	(63,413)
Net cashflows from operating activities	30,825	46,439	64,098	84,592	88,292	98,590	106,784	123,488	138,751	148,577
Cashflows from investment activities										
Acquisition of other financial assets	(2,027)	(1,524)	(2,660)	(5,536)	(6,196)	(5,567)	(3,937)	(4,243)	(1,960)	(2,260)
Capital expenditure	(147,764)	(165,352)	(162,365)	(287,890)	(270,081)	(242,604)	(166,578)	(188,923)	(112,389)	(157,276)
Net cashflows from investment activities	(149,791)	(166,876)	(165,024)	(293,426)	(276,276)	(248,171)	(170,514)	(193,165)	(114,349)	(159,536)
Cashflows from financing activities										
Increase/decrease) in borrowings	118,966	120,437	100,927	208,834	187,985	149,581	63,731	69,678	(24,402)	10,958
Net cashflows from financing activities	118,966	120,437	100,927	208,834	187,985	149,581	63,731	69,678	(24,402)	10,958
Net increase/(decrease) in cash and cash equivalents	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents at beginning of year	18,448	18,448	18,448	18,448	18,449	18,449	18,449	18,449	18,449	18,449
Cash and cash equivalents at end of year	18,448	18,448	18,448	18,449	18,449	18,449	18,449	18,449	18,449	18,449

Prospective statement of significant accounting policies

Reporting entity

IAWAI – Flowing Waters Limited (IAWAI) is a water services entity governed by the Local Government (Water Services) Act 2025 (LG(WS)A 2025). Our primary objective is to provide water services for community rather than making a financial return. As such, for the purposes of financial reporting, we are considered a public benefit entity. These prospective financial statements are for IAWAI as a separate legal entity.

Basis of preparation

We authorised the prospective financial statements on 27 February 2026 for consultation. We believe the assumptions underlying these prospective financial statements are appropriate. We accept responsibility for the preparation of the prospective financial statements, including the appropriateness of the assumptions underlying these statements and all other required disclosures. No actual results have been included within the prospective financial statements. We do not intend to update the prospective financial statements after they are presented.

Statement of compliance

The prospective financial statements have been prepared in accordance with the requirements of the LG(WS)A 2025, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

The prospective financial statements have been prepared to comply with Public Benefit Entity Standards (PBE Standards) for a Tier 1 entity. The reporting period for these prospective financial statements is for the 10 years ending 30 June 2036. The prospective financial statements are presented in New Zealand dollars, rounded to the nearest thousand (\$000), unless otherwise stated. The accounting policies set out below have been applied consistently to all periods presented here.

The purpose of the prospective financial information is to support our planning.

Measurement base

The basis for measurement applied is historical cost, modified by the revaluation of certain assets and liabilities as identified in this summary of significant accounting policies. The accrual basis of accounting has been used unless otherwise stated.

For the assets and liabilities recorded at fair value, fair value is defined as the amount for which an item could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's-length transaction.

Amounts expected to be recovered or settled more than one year after the end of the reporting period are recognised at their present value. The present value of the estimated future cash flows is calculated using applicable inflation factors and a discount rate. The inflation rates used are from the latest relevant BERL forecasts and the discount rate is our forecast long-term cost of borrowing.

Judgements and estimations

The preparation of prospective financial statements using PBE standards requires the use of judgements, estimates and assumptions. Where material, information on the main assumptions is provided in the relevant accounting policy. The estimates and assumptions are based on historical experience as well as other factors that are believed to be reasonable under the circumstances. Subsequent actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis, and adjustments are made where necessary. Judgements that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the relevant notes. Significant judgements and estimations include landfill post-closure costs, asset revaluations, impairments, certain fair value calculations and provisions.

Significant accounting policies

Standards issued and not yet effective or early adopted

There have been no standards and amendments issued that are not yet effective and early adopted.

Revenue

Revenue includes water and wastewater charges, other operating activities revenue and other capital revenue. It is measured at the fair value of consideration received or receivable. Revenue may come from either exchange or non-exchange transactions.

Exchange transactions

Exchange transactions are transactions where we receive assets (primarily cash) or services, or have liabilities extinguished, and directly give approximately equal value (primarily in the form of goods, services, or use of assets) to another entity in exchange.

Non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, we either receive value from or give value to another entity without directly giving or receiving approximately equal value in exchange. An inflow of resources from a non-exchange transaction recognised as an asset is considered

revenue, except to the extent that a liability is also recognised in respect of the same inflow.

At times we satisfy a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset. Doing so reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Gains

Gains include additional earnings on the disposal of property, plant and equipment as well as movements in the fair value of financial assets and liabilities. Gains are classified as exchange revenue.

Development Contributions

Development contributions are recognised as revenue when the council provides, or is able to provide, the service for which the contribution was charged. Otherwise, development contributions are recognised as liabilities until such time as the Council provides, or is able to provide, the service.

Goods and services tax (GST)

All items in the prospective financial statements are exclusive of GST except receivables and payables, which are stated as GST inclusive. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

Taxation

Income tax expense on the surplus or deficit for the year includes current and deferred tax. Current tax is the expected tax payable based on the taxable income for the year. This uses tax rates enacted or substantively enacted at the end of the reporting period, plus any adjustment to tax payable in respect of previous periods. Deferred tax is provided using the balance sheet liability method. This provides for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the assets and liabilities. It also takes into account the unused tax losses using tax rates enacted or substantively enacted at the end of the reporting period. Deferred income tax assets are recognised to the extent it is probable future tax profit will be available against which they can be utilised.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short term highly liquid investments. The carrying value of cash at bank and short-term deposits with original maturities of less than three months approximates

their fair value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Receivables

Short-term receivables are recorded at the amount due less any provision for collectability. A receivable is considered to be uncollectable when there is evidence the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

Inventory

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at cost (using the first-in, first-out (FIFO) method), adjusted, when applicable for any loss of service potential. Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition. Inventories held for use in the provision of goods and services on a commercial basis are valued at the lower cost (using the FIFO method) and net realisable value.

Property, plant and equipment

Property, plant and equipment include:

Operational assets

These are land, buildings, plant and equipment, and vehicles.

Infrastructure assets

These are the fixed utility systems that we own. Each asset type includes all items that are required for the network to function.

Property, plant and equipment are shown at cost or valuation, less accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported in the net surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Subsequent costs

Costs incurred after initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

Revaluation

Land and buildings (operational) and infrastructural assets are revalued regularly to ensure that their carrying amount does not differ materially from fair value. These revaluations occur at least every three years. All other asset classes are carried at depreciated historical cost.

The carrying values of revalued assets are assessed annually to make sure they do not differ materially from the assets’ fair values. If there is a material difference, then the off-cycle asset classes are revalued. Revaluations of property, plant, and equipment are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive income and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive income but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then in other comprehensive income.

Depreciation

The residual value and useful life of an asset is reviewed and adjusted if applicable at each financial year end.

Heritage assets are not depreciated.

Depreciation is not provided in these statements on the following assets:

- land
- non-current asset held for resale
- work in progress and assets under construction.

The useful lives and associated depreciation rates of major classes of assets are estimated as follows:

Asset type	Year	%
Buildings - structure/fit out/services	2-200	0.5%-50%
Plant and vehicles	3-15	6.7%-33.3%
Furniture, fittings and equipment	5-50	2%-20%
Wastewater reticulation:		
Pipes	30 - 100	1% - 3.3%
Manholes	100	1%
Treatment plant	5 - 100	1% - 20%
Valves	40 - 75	1.3% - 2.5%
Pump stations	15 - 100	1% - 6.7%
Water reticulation:		
Bulk main chambers	100	1%
Backflow devices	40	2.5%
Pipes	40 - 100	1% - 2.5%
Valves	40 - 75	1.3% - 2.5%
Treatment plant	5 - 100	1% - 20%
Meters	15	6.7%
Hydrants	50 - 75	1.3% - 2%
Cathodic Protection Device	15 - 100	1% - 6.7%
Reservoirs	15 - 100	1% - 6.7%

Non-current assets held for sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction and not through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value, less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Intangible assets

Intangible assets are defined as identifiable non-monetary assets without physical form. Amortisation is the systematic allocation of the depreciable amount of an intangible asset over its useful life.

Intangible assets include:

Software acquisition and development

- Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.
 - Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.
 - Staff training costs are recognised in the surplus or deficit when incurred. Costs associated with maintaining computer software are recognised in the surplus or deficit when incurred. Costs associated with development and maintenance of the Council’s website are recognised as an expense when incurred.
- These are capitalised at historic cost and are amortised on a straight-line basis over their estimated useful lives (five years). Costs associated with maintaining computer software are recognised as an expense when incurred.

Consents and designations

- Consents and designations not attributed to a specific asset are capitalised at historic cost. These are amortised on a straight-line basis over their estimated useful lives.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life.

The useful lives of major classes of intangible assets have been estimated as follows:

Computer software	2-20 years
Consents & designations	10-100 years
Licenses	3-14 years

Impairment of property, plant and equipment

Property, plant and equipment that have a finite useful life are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its

recoverable amount. The recoverable amount is the higher of an asset’s fair value, less costs to sell and its value in use.

If an asset’s carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit. Impairment in term deposits, local authority stock, government stock bonds, general and community loans are recognised directly against the instrument’s carrying amounts.

Creditors and other payables

Short-term creditors and other payables are recorded at their face value.

Employee entitlements

Short-term employee entitlements

Employee benefits expected to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date to the extent it will be used by staff to cover those future absences.

The provision for retirement gratuities has been calculated on an actuarial basis bringing to account what is likely to be payable in the future. This is in respect of service that employees have accumulated up until twelve months after balance date.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff. These are based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information
- the present value of the estimated future cash flows.

Presentation of employee entitlements

Sick leave, annual leave, and retirement gratuities expected to be settled within 12 months of balance date, are classified as a current liability. All other employee entitlements are classified as non-current liability.

Superannuation schemes

Defined contribution schemes

Employer contribution to KiwiSaver is accounted for as defined contribution superannuation scheme and is expensed in the surplus or deficit when incurred.

Provisions

We recognise a provision for future expenditure of uncertain amount or timing when:

- There is a present obligation (either legal or constructive) as a result of a past event.
- It is probable that expenditures will be required to settle the obligation.
- A reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. This is done using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost and is included in “finance costs”.

Equity

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- Retained earnings
- revaluation reserves
- Shareholder Capital

Retained earnings include accumulated surpluses over the years.

Prospective statement of cash flows

Cash and cash equivalents for the purposes of the cashflow statement include bank balances, cash on hand and short-term deposits with a maturity of three months or less.

Operating activities include cash received from all our non-financial revenue sources and record payments made for the supply of goods and services. Investing activities

relate to the acquisition and disposal of assets and investment revenue. Financing activities relate to activities that change our equity and debt capital structure and financing cost.

Public benefit entity financial reporting standard 42 prospective financial statements (PBE FRS 42)

IAWAI has complied with PBE FRS 42 in the preparation of these draft prospective financial statements. The following information is included to satisfy the requirements of PBE FRS 42:

(i) Description of the nature of the entity’s current operation and its principal activities: IAWAI – Flowing Waters Limited (IAWAI) is a water services entity as defined in the LG(WS)A 2025. Our principal activities are outlined within this WSS.

(ii) Purpose for which the prospective financial statements are prepared:

It is a requirement of the Local Government (Water Services) Act 2025 to present prospective financial statements and include them within the WSS. This allows customers the opportunity to review our projected financial results and position. Prospective financial statements are revised annually to reflect updated assumptions and costs.

(iii) Bases for assumptions, risks and uncertainties:

The financial information has been prepared based on best estimate assumptions as to the future events which we expect to take place. We have considered factors that may lead to a material difference between information in the prospective financial statements and actual results. These factors, and the assumptions made in relation to the sources of uncertainty and potential effect, are outlined in section 8 of the WSS

(iv) Cautionary note:

The financial information is prospective. Actual results are likely to vary from the information presented. These variations may be material.

(v) Other disclosures:

These prospective financial statements were adopted as part of the assumptions that form this WSS. We are responsible for the prospective financial statements presented, including the assumptions underlying prospective financial statements and all other disclosures. This WSS is prospective and as such contains no actual operating results.

Prospective funding impact statement – All

For the year ended 30 June (\$,000)	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Sources of Operating Funding										
Fees and charges	175,432	208,705	244,856	287,677	331,395	382,035	418,409	459,664	486,102	511,510
Other receipts	1,941	2,031	2,140	2,300	2,565	2,789	3,025	3,205	3,368	3,477
Total operating funds	177,373	210,735	246,997	289,977	333,960	384,825	421,433	462,869	489,470	514,987
Application of Operating Funding										
Payments to staff and suppliers	142,330	144,435	151,005	153,702	167,967	176,111	183,632	187,820	187,610	193,913
Finance costs	24,298	32,698	41,864	53,357	64,981	81,743	91,295	93,350	93,499	90,666
Other operating applications	-	-	-	-	-	-	-	-	-	-
Total application of operating funds	166,628	177,134	192,870	207,059	232,948	257,854	274,928	281,170	281,109	284,579
Surplus/(deficit) of operating funding	10,745	33,602	54,127	82,918	101,012	126,971	146,506	181,699	208,361	230,407
Sources of Capital Funding										
Subsidies and grants for capital	44,893	38,439	38,840	3,865	3,858	201	205	209	-	-
Development contributions	31,192	45,022	51,642	54,986	52,158	51,844	52,023	49,847	44,995	44,120
Increase / (decrease) in debt	177,688	204,603	212,084	310,560	218,466	191,923	67,286	41,409	20,501	(57,137)
Proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding	253,773	288,065	302,566	369,411	274,482	243,968	119,513	91,465	65,496	(13,018)
Application of Capital Funding										
Capital expenditure:										
- to meet additional demand	137,704	152,165	233,682	355,490	289,200	272,800	170,339	159,915	138,498	99,084
- to improve level of services	76,014	101,192	47,068	19,820	16,935	27,145	16,012	18,468	37,872	17,106
- to replace existing assets	47,050	63,799	69,807	67,564	60,768	61,797	72,396	87,700	93,731	98,305
Increase/(decrease) in reserves	772	1,276	1,287	1,090	1,159	1,352	1,277	1,636	126	92
Increase/(decrease) of investments	2,978	3,234	4,848	8,365	7,432	7,844	5,996	5,445	3,630	2,802
Total application of capital funding	264,518	321,666	356,693	452,329	375,494	370,938	266,019	273,164	273,857	217,390
Surplus/(deficit) of capital funding	(10,745)	(33,602)	(54,127)	(82,918)	(101,012)	(126,971)	(146,506)	(181,699)	(208,361)	(230,407)
Funding balance	-	-	-	-	-	-	-	-	-	-

Prospective funding impact statement – water

For the year ended 30 June (\$,000)	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Sources of Operating Funding										
Fees and charges	63,384	77,316	92,872	109,478	127,506	147,967	163,138	179,205	187,713	200,933
Other receipts	707	735	787	852	937	974	1,043	1,104	1,141	1,191
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-
Total operating funds	64,091	78,051	93,659	110,331	128,443	148,942	164,180	180,309	188,854	202,124
Application of Operating Funding										
Payments to staff and suppliers	46,282	45,078	47,267	50,082	53,073	54,637	55,712	55,212	53,764	55,240
Finance costs	8,119	11,255	15,542	20,215	23,117	27,305	29,473	28,575	28,478	27,253
Internal charges and overheads applied	9,417	8,533	7,833	7,150	7,308	7,053	7,372	7,877	8,378	8,800
Other operating applications	-	-	-	-	-	-	-	-	-	-
Total application of operating funds	63,818	64,865	70,642	77,447	83,498	88,995	92,557	91,664	90,619	91,292
Surplus/(deficit) of operating funding	273	13,186	23,016	32,883	44,945	59,947	71,623	88,645	98,235	110,831
Sources of Capital Funding										
Subsidies and grants for capital	44,097	38,314	38,711	3,733	3,723	63	64	65	-	-
Development contributions	11,429	18,502	18,156	20,031	19,504	19,754	19,640	18,753	16,323	15,298
Increase / (decrease) in debt	58,723	84,166	111,157	101,726	30,481	42,343	3,555	(28,269)	44,903	(68,096)
Proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding	114,249	140,982	168,024	125,490	53,708	62,160	23,259	(9,450)	61,226	(52,798)
Application of Capital Funding										
Capital expenditure:										
- to meet additional demand	70,627	89,743	125,486	126,002	69,958	82,423	63,127	40,001	102,071	14,851
- to improve level of services	28,888	36,574	32,886	8,466	9,015	18,542	4,669	7,258	21,887	2,634
- to replace existing assets	13,490	25,486	29,820	20,516	17,849	18,173	24,372	29,902	33,754	39,735
Increase/(decrease) in reserves	565	653	659	561	594	691	654	833	78	272
Increase/(decrease) of investments	951	1,711	2,189	2,829	1,236	2,277	2,059	1,202	1,671	542
Total application of capital funding	114,521	154,168	191,040	158,373	98,653	122,106	94,882	79,195	159,461	58,034
Surplus/(deficit) of capital funding	(273)	(13,186)	(23,016)	(32,883)	(44,945)	(59,947)	(71,623)	(88,645)	(98,235)	(110,831)
Funding balance	-	-	-	-	-	-	-	-	-	-

Prospective funding impact statement – wastewater

For the year ended 30 June (\$,000)	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Sources of Operating Funding										
Fees and charges	100,299	118,723	138,096	163,182	187,931	217,117	237,997	262,771	280,283	292,129
Other receipts	1,234	1,295	1,354	1,448	1,628	1,815	1,982	2,100	2,227	2,286
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-
Total operating funds	101,533	120,018	139,450	164,630	189,559	218,932	239,979	264,872	282,510	294,415
Application of Operating Funding										
Payments to staff and suppliers	65,100	69,254	73,801	73,910	83,919	90,007	95,481	98,737	98,546	102,178
Finance costs	16,179	21,443	26,322	33,142	41,864	54,437	61,822	64,775	65,021	63,413
Internal charges and overheads applied	9,781	8,905	8,216	7,543	7,710	7,464	7,792	8,306	8,817	9,248
Other operating applications	-	-	-	-	-	-	-	-	-	-
Total application of operating funds	91,060	99,603	108,339	114,595	133,492	151,908	165,096	171,818	172,384	174,839
Surplus/(deficit) of operating funding	10,473	20,416	31,111	50,035	56,067	67,024	74,883	93,053	110,126	119,576
Sources of Capital Funding										
Subsidies and grants for capital	796	126	129	132	135	138	141	144	-	-
Development contributions	19,763	26,520	33,486	34,955	32,654	32,090	32,383	31,094	28,672	28,821
Increase / (decrease) in debt	118,966	120,437	100,927	208,834	187,985	149,581	63,731	69,678	(24,402)	10,958
Proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding	139,524	147,083	134,542	243,921	220,774	181,808	96,254	100,915	4,270	39,780
Application of Capital Funding										
Capital expenditure:										
- to meet additional demand	67,077	62,422	108,196	229,489	219,242	190,377	107,212	119,914	36,427	84,234
- to improve level of services	47,126	64,618	14,182	11,354	7,920	8,602	11,343	11,210	15,986	14,471
- to replace existing assets	33,560	38,313	39,986	47,048	42,919	43,624	48,023	57,798	59,976	58,570
Increase/(decrease) in reserves	206	623	628	530	564	661	623	803	47	(180)
Increase/(decrease) of investments	2,027	1,524	2,660	5,536	6,196	5,567	3,937	4,243	1,960	2,260
Total application of capital funding	149,997	167,499	165,653	293,956	276,841	248,832	171,137	193,969	114,396	159,356
Surplus/(deficit) of capital funding	(10,473)	(20,416)	(31,111)	(50,035)	(56,067)	(67,024)	(74,883)	(93,053)	(110,126)	(119,576)
Funding balance	-	-								

Prospective funding impact statement – other

For the year ended 30 June (\$,000)	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Sources of Operating Funding										
Fees and charges	11,750	12,666	13,888	15,017	15,958	16,950	17,274	17,689	18,105	18,447
Other receipts	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	18,894	17,127	15,730	14,365	14,682	14,174	14,814	15,824	16,829	17,674
Total operating funds	30,644	29,792	29,618	29,382	30,640	31,124	32,088	33,513	34,934	36,121
Application of Operating Funding										
Payments to staff and suppliers	30,644	29,792	29,618	29,382	30,640	31,124	32,088	33,513	34,934	36,121
Finance costs	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	-	-	-	-	-	-	-	-	-	-
Other operating applications	-	-	-	-	-	-	-	-	-	-
Total application of operating funds	30,644	29,792	29,618	29,382	30,640	31,124	32,088	33,513	34,934	36,121
Surplus/(deficit) of operating funding	-									
Sources of Capital Funding										
Subsidies and grants for capital	-	-	-	-	-	-	-	-	-	-
Development contributions	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
Increase / (decrease) in debt	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding	-									
Application of Capital Funding										
Capital expenditure:	-	-	-	-	-	-	-	-	-	-
- to meet additional demand	-	-	-	-	-	-	-	-	-	-
- to improve level of services	-	-	-	-	-	-	-	-	-	-
- to replace existing assets	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in reserves	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) of investments	-	-	-	-	-	-	-	-	-	-
Total application of capital funding	-									
Surplus/(deficit) of capital funding	-									
Funding balance	-									

Our pricing framework

To tatou anga utu

Pricing information is provided by reference to the Schedule of Charges (see appendix 2). The Schedule comprises all water-related charges, including those that were previously collected as rates by the respective shareholder councils under the Local Government (Rating) Act 2002.

IAWAI has adopted a mixed pricing model as the most appropriate approach to funding water services. This model reflects the fixed and variable cost drivers of service delivery, as well as the benefits received by both property owners and users. The pricing approach includes a combination of property-based charges, consumption-based charges, fixed charges, and user-pays charges.

Pricing approaches currently differ for properties within the Waikato District and Hamilton City boundary areas to reflect historical funding arrangements and to manage the transition to a new pricing framework in a way that avoids immediate and significant pricing impacts for property owners and water users.

These differences will be progressively standardised over time, as is permitted under the transitional provisions within the water services legislation.

Charges will be reviewed as part of each water services strategy to ensure continued alignment with funding requirements, legislative settings, and principles of equitable cost recovery.

Further definitions, differential categories, and the application of these charges are set out below and are also reflected in the Schedule of Charges (Appendix 2).

Reference to Rating Units, Properties, and the District Valuation Roll

In accordance with the LG(WS)A 2025, IAWAI will apply water supply and wastewater charges to properties where the relevant service is connected, available, or otherwise provided, as those terms are defined in the Act.

References to rating units and information held in the District Valuation Roll (DVR) will continue to be used for charging and categorisation purposes where this supports a practical and administratively efficient approach. This reflects the continued alignment, during the transition, between historic rating based charging frameworks and the new water services regulatory regime.

For the purposes of identifying chargeable properties and administering charges, IAWAI will rely on property information held in the relevant councils' rating information databases and the DVR. This information may be used to support the application of charges to properties where water supply or wastewater services are connected or available.

For administrative and valuation purposes, IAWAI may have regard to the way land and properties are recorded and treated under the Local Government (Rating) Act 2002, including:

- where land is treated as a single rating unit or as multiple rating units, and
- where separate parcels of land are treated together due to contiguous use for the same purpose.

Where appropriate, water supply and wastewater charges may be applied on a corresponding basis, provided this is consistent with the service status of the property under the LG(WS)A 2025.

Any charges calculated on a capital value basis will use the capital value recorded in the DVR as at 30 June each year, consistent with the valuation approach historically used for setting council rates.

Nothing in this strategy is intended to limit or alter the application of the water services legislation. References to rating units and rating information are used solely to support transitional charging arrangements and administrative efficiency during the period provided for under section 89 of the Act.

Note that the figures within this section are inclusive of GST.

Water supply charges

The water supply charges listed below fund expenditure associated with water supply activities.

For properties located within the Hamilton City Council boundary area:

The following water supply categories apply solely to rating units situated within the territorial authority boundary of Hamilton City Council and are used for the purpose of charging for water supply services.

All definitions used within these water supply categories are to be interpreted in accordance with the Hamilton City Council District Plan, unless otherwise specified in this policy.

Hamilton Water Supply Category	Description
Commercial	<p>All rating units:</p> <ul style="list-style-type: none"> used solely or principally for commercial or industrial purposes; or used solely or principally for commercial residential purposes, including, but not limited to, hotels, boarding houses, rest homes, motels, residential clubs, hospital care facilities, hostels, visitor accommodation. Commercial residential purposes are where a property is being provided for residential accommodation at a fee with the average length of stay not exceeding three months; or used as a chartered club, for any area used for restaurant, bar, or gaming machines; or used as a mixed-use development, for any area used commercially; or

	<ul style="list-style-type: none"> where land is developed or under development for a commercial use; or where a commercial development is marketed for sale or lease, but where works have not yet commenced; or where vacant land is within any Hamilton City Council District Plan zone that is predominantly used for commercial or industrial purposes; or used as show homes; or where resource consents require the rating units can only be used for a commercial purpose.
Multi-residential	<p>All rating units that do not meet the definition of the Commercial Hamilton Water Supply Category; and:</p> <ul style="list-style-type: none"> comprise five or more self-contained residential units; or are used as Residential Centres, Managed Care Facilities, Retirement Villages, Rest Homes; or are used as halls of residence associated with educational institutions.
Base	<p>All rating units that do not meet the definition of the Commercial or Multi-residential Hamilton Water Supply Categories.</p>

Metered water supply charges

The charges apply to all rating units connected to the water supply system with a metered connection.

The charges comprise:

- a fixed charge per connected meter of \$157 per quarter or \$52 per month, depending on billing frequency; and
- a volumetric charge of \$2.61 per kilolitre of water supplied after the first 60 kilolitres per quarter or 20 kilolitres per month, depending on billing frequency.

The estimated total revenue sought for 2026/27 is \$10,958,000.

Commercial non-metered water supply charge

The charge applies to all rating units that:

- meet the definition of the Commercial Hamilton Water Supply Category; and
- are connected to the water supply system without a metered connection.

The charge is a fixed amount of \$628 per rating unit.

The estimated total revenue sought is \$459,000.

Water supply charges

The charges apply to all rating units that:

- have the water supply system available to them or are connected to it without a metered connection; and
- meet the definition of the Base or Multi-residential Hamilton Water Supply Category.

The charges comprise:

- a fixed charge of \$28 per rating unit; and
- a charge per dollar of capital value, set on a differential basis according to the Hamilton Water Supply Category, as described in the table below.

Differential category	Differential factor	Capital value charge (GST inclusive)
Base	1	\$0.00075256
Multi-residential	1.1	\$0.00082782

The total estimated revenue sought for 2026/27 is \$37,960,000.

For properties located within the Waikato District Council boundary area:

The following water supply charges and categories apply solely to rating units situated within the territorial authority boundary of WDC.

Some water supply and wastewater charges are calculated based on a Separately Used or Inhabited Part (SUIP) of the rating unit.

Separately Used or Inhabited Part (SUIP) of a rating unit definition

A SUIP of a rating unit includes any portion inhabited or used by the owner, or a person other than the owner and who has the right to use or inhabit that portion by virtue of a tenancy, lease, license, or other agreement.

This definition includes separately used parts, whether or not actually occupied at any particular time, which are used by the owner for rental or other form of occupation on an occasional or longer-term basis by someone other than the owner.

For the purposes of this definition, vacant land and vacant premises offered or intended for use or habitation by a person other than the owner are usually used as such are defined as 'used'. This includes any part (or parts) of a rating unit that is used or occupied by the ratepayer for more than one single use.

For the purpose of this definition, where the use or inhabitation is an accessory one or is ancillary to another property or part thereof, it is not a separately used or inhabited part. For example:

- Not separately used or inhabited parts of a rating unit.
- A residential sleep-out or granny flat without independent kitchen facilities.
- A hotel room with or without kitchen facilities.
- Motel rooms with or without kitchen facilities.
- Individual storage garages/sheds/partitioned areas of a warehouse.
- Individual offices/premises of partners in a partnership.

The following are examples of where there may be application of multiple charges because a rating unit is comprised of more than one separately used or inhabited part:

- Houses/flats/apartments.
- Flats that share kitchen/bathroom.

As a minimum, the land or premises intended to form a separately used or inhabited part of the rating unit must be capable of actual habitation or actual separate use.

Water supply charges

Availability Charge

The Availability Charge is a fixed amount of **\$594.02** per rating unit for availability/service of a water supply to a rating unit (available or serviceable means a rating unit situated within 100 meters of any part of the water network).

Metered Connection Charge

The Metered Connection Charge is a fixed charge of **\$594.02** per separately used or inhabited part of a rating unit (SUIP) and applies in conjunction with water-by-meter charges per cubic meter of water supplied.

Water by Meter Charge

The Water by Meter Charge is an amount per unit of water (cubic metre of water) consumed or supplied as measured or controlled by a meter. The rate for 2026/2027 is **\$2.74** per cubic metre.

The estimated total revenue sought for the three charges shown above is \$22,509,000.

Wastewater services charges

The wastewater services charges listed below fund expenditure associated with wastewater activities.

For properties located within the Hamilton City Council boundary area:

The following wastewater categories apply solely to rating units situated within the territorial authority boundary of Hamilton City Council and are used for the purpose of charging wastewater services.

All definitions used within these wastewater categories are to be interpreted in accordance with the Hamilton City Council District Plan, unless otherwise specified in this policy.

Hamilton Wastewater Category	Description
Commercial	All rating units: <ul style="list-style-type: none"> • used solely or principally for commercial or industrial purposes; or • used solely or principally for commercial residential purposes, including, but not limited to, hotels, boarding houses, rest homes, motels, residential clubs, hospital care facilities, hostels, visitor accommodation. Commercial residential purposes are where a property is being provided for residential accommodation at a fee with the average length of stay not exceeding three months; or • used as a chartered club, for any area used for restaurant, bar, or gaming machines; or • used as a mixed-use development, for any area used commercially; or • where land is developed or under development for a commercial use; or • where a commercial development is marketed for sale or lease, but where works have not yet commenced; or • where vacant land is within any Hamilton City Council District Plan zone that is predominantly used for commercial or industrial purposes; or • used as show homes; or • where resource consents require the rating units can only be used for a commercial purpose.

Multi-residential	All rating units that do not meet the definition of the Commercial Hamilton Wastewater Category; and: <ul style="list-style-type: none"> comprise five or more self-contained residential units; or are used as Residential Centres, Managed Care Facilities, Retirement Villages, Rest Homes; or are used as halls of residence associated with educational institutions.
Educational	All rating units that meet the definition of Schedule 1 Part 1 Clause 6 of the Local Government (Rating) Act 2002.
Base	All rating units that do not meet the definition of the Commercial, Multi-residential or Educational Hamilton Wastewater Categories.

Wastewater charges

The charges apply to all rating units that have the wastewater system available to them or are connected to it.

The charges comprise:

- a fixed charge per rating unit, set on a differential basis according to the Hamilton Wastewater Category, as described in the table below; and
- a charge per dollar of capital value, set on a differential basis according to the Hamilton Wastewater Category, as described in the table below.

Differential category	Fixed charge differential factor	Fixed charge (GST inclusive)	Capital value charge differential factor	Capital value Charge (GST inclusive)
Base	1	\$14.00	1	\$0.00073568
Multi-residential	1	\$14.00	1.1	\$0.00080925

Educational	1	\$14.00	1.1	\$0.00080925
Commercial	3	\$42.00	2.9877	\$0.00219799

The total estimated revenue sought for 2026/27 is \$67,896,000.

For properties located within the Waikato District Council boundary area:

A District Wide Wastewater Charge is set to fund expenditure on wastewater activities for those properties that receive wastewater services. The Wastewater Charges are differentiated by residential or commercial use. Properties in the residential category are further differentiated by connection or availability of the service.

For the purposes of this wastewater charge:

Residential	Residential is the base differential. Residential is defined as any part of a rating unit that is used primarily for residential purposes and where residential use is permitted activity under the Waikato District Council District Plan. Availability is defined as any rating unit situated within 100 metres of a public wastewater drain to which it is capable of being effectively connected.
Non-Residential Commercial (Commercial Connected)	Commercial (commercial) is defined as any part of a rating unit that is not categorised as residential, commercial (non-rateable) or commercial (assistance for the elderly).
Non-Residential Commercial (Commercial Assistance for the Elderly Connected)	Commercial (assistance for the elderly) is defined as organisations that are supportive of the elderly, including retirement homes, rest homes and Council-owned pensioner flats, as determined by Council.

Non-Residential Commercial (Non-profit or non-rateable Connected)	Commercial (non-rateable) is defined as organisations classified within Schedule 1 of the Local Government (Rating) Act 2002 as fully non-rateable; or not-for-profit organisations where the Waikato District Council has applied the equivalent non-rateable treatment.
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The estimated total revenue sought for the wastewater activity is \$26,631,000.

Wastewater Capital Works Charge - Pookeno Wastewater Scheme

The 2026/27 year represents the final year of the targeted charge established to fund the capital costs and associated interest for the Pookeno Wastewater Scheme upgrades.

Following the transfer of the assets and associated liability from WDC to IAWAI, the final year charge will be invoiced directly by IAWAI.

The charge is a fixed amount of \$1,361.90 per connection and applies to connected properties within the Pookeno Wastewater Scheme catchment area where the liability has not been previously discharged.

As this is the final repayment year, the fixed charge represents the remaining principal balance under the agreement, with no interest applied.

The estimated total revenue sought for this charge is \$49,028.

Non-payment penalties

IAWAI will apply penalties for the non-payment of water supply and wastewater charges in a manner aligning with the penalty approaches applied by WDC and HCC for unpaid rates, as set out in their respective council rates resolutions.

To give effect to this approach, IAWAI will adopt a penalty resolution at the time water supply and wastewater charges are confirmed.

Watercare Infrastructure Growth Charge

The wastewater networks in Tuakau and Pookeno are serviced by the Pukekohe Wastewater Treatment Plant for septage treatment. This plant is owned by Watercare, not IAWAI. Because Watercare cannot charge development contributions within the Waikato District, an Infrastructure Growth Charge (IGC) is applied instead. The IGC represents a contribution toward the capital investment Watercare has made in the Pukekohe treatment plant, and it applies to new or existing customers who increase their demand on the plant. IAWAI collects the IGC and passes the cost directly through to Watercare. For clarity, the Tuakau and Pookeno wastewater networks are also

Differential category	Differential factor	Fixed charge (GST inclusive)	Basis of charge
Residential – connected (Base charge)	100% of the fixed (base) charge	\$1896.59	SUIP
Residential - available	50% of the fixed (base) charge	\$948.30	Rating unit
Non-Residential Commercial (Commercial Connected)	100% of fixed charge for the first two pans and, 50% of the fixed charge for the third, and subsequent pans	\$1896.59 \$948.30	SUIP
Non-Residential Commercial (Commercial Assistance for the Elderly Connected)	100% of charge for the first two pans; and, Third and subsequent pans. 20% of the base charge	\$1896.59 \$379.31	SUIP
Non-Residential Commercial (Non-profit or non-rateable Connected)	100% of charge for the first two pans; and, Third and subsequent pans. 10% of the base charge	\$1896.59 \$189.39	SUIP

subject to wastewater network development contributions, which reflect the required contribution toward capital investment in the conveyance network.

Growth charges for water and wastewater services growth-related infrastructure

IAWAI is proposing to introduce a Water Supply Growth Charge and a Wastewater Growth Charge on new water and wastewater connections consented on or after 1 July 2026. The charges are intended to help fund the long-term costs of infrastructure needed to support growth, while ensuring costs are shared fairly between new developments and existing customers.

Why the growth charges are required

Hamilton and the wider Waikato region are experiencing rapid and sustained population growth and development activity. This growth places increasing pressure on water supply and wastewater networks, requiring ongoing investment not only to build new infrastructure, but also to upgrade, expand, and maintain system capacity over time.

Not all long-term costs associated with new development are currently funded through existing mechanisms. These unfunded costs include future expansion, renewal, and operational impacts resulting from increased demand on water and wastewater systems. As a result, a portion of growth-related costs has previously been met through borrowing and general water charges. This approach places increasing financial pressure on existing customers.

The growth charges for both water supply and wastewater are intended to address this funding gap by:

- ensuring new development contributes to the long-term costs it creates,
- better aligning charges with the drivers of future infrastructure investment, and
- spreading costs over the period during which the benefits of growth-related infrastructure are realised.

Applying the charges once development is completed and demand begins ensures costs are linked to actual use of water and wastewater services, while avoiding large upfront charges.

Who the charges would apply to

The Water Supply Growth Charge and the Wastewater Growth Charge would apply to all new residential and non-residential developments that result in a net increase in demand for water and/or wastewater services that are consented on or after 1 July 2026.

The charges apply in addition to standard water supply and wastewater charges and apply equally across both Waikato District and Hamilton City service areas.

Relationship to development contributions and financial contributions

The growth charges for both water supply and wastewater are separate from, and additional to, any development contributions or financial contributions that may apply under other legislation or council policies.

How the charges would be calculated

The growth charges are based on the net increase in demand on water supply and wastewater services, measured using Household Unit Equivalents (HUEs). For the purposes of assessing the Water Growth Charge and Wastewater Growth Charge:

- One additional residential dwelling is treated as equivalent to one (1) HUE, and
- Non-residential development is assessed at one (1) HUE per 100 square meters of gross floor area.

This use of HUEs is aligned with how councils commonly represent relative demand. This simplified approach ensures growth-related demand can be assessed and applied in a consistent and administratively efficient manner.

Residential development

- Each new dwelling over 70m² is treated as 1 HUE, regardless of the number of bedrooms.
- Each new dwelling of 70m² or less for which no resource or building consent is required (granny flats and tiny homes) is treated as a ½ a HUE.
- Multi-unit developments are charged per dwelling.
- Where redevelopment occurs, the charge applies only to the net increase in demand.

- Growth charges related to papakainga housing may be discounted or waived subject to negotiation, the specific context, and any prior agreements relating to servicing.

Non-residential development

- HUEs are calculated based on the net increase in gross floor area, measured per 100 m².
- A tiered charging structure is applied to reflect development scale (see below).

Proposed charge level, duration, and allocation

Residential development

- Water Supply Growth Charge \$200 per HUE per year applied over a 25-year period
- Wastewater Growth Charge \$300 per HUE applied over a 25-year period

Each new dwelling is treated as 1 HUE, resulting in a combined total charge of \$12,500 per dwelling, over the period of the term of the charges.

Non-residential development

The annual charges are calculated using a tiered structure based on each additional 100 m² of gross floor area:

Water Supply Growth Charges:

- \$200 for the first 100 m²
- \$40 per additional 100 m² for HUEs 2 to 100, and
- \$20 per additional 100 m² for HUEs 101 and above.

Wastewater Growth Charges:

- \$300 for the first 100 m² (first HUE),
- \$60 per additional 100 m² for HUEs 2 to 100, and
- \$30 per additional 100 m² for HUEs 101 and above.

The non-residential charges are also applied over a 25-year period.

When and how the charges would be applied

The growth charges would generally be applied when a building is completed and ready for use, such as:

- when a Code Compliance Certificate is issued, or
- when the property is occupied or added to the rating valuation roll.

Once applied, the growth charges will appear on the IAWAI's property assessment and invoice, which will be charged annually for the full 25-year charging period, unless reassessed due to redevelopment or a change in demand.

The annual growth charges will be reviewed each year for new developments. For developments where the charge has already been applied, the annual charge amount will remain fixed for the full 25-year period, providing certainty for property owners.

The charges are payable annually only, and lump-sum or upfront payment options are not available.

Ownership and sale of property

The growth charges for water supply and wastewater are charged to the property owner and invoiced alongside IAWAI's standard water supply and wastewater charges.

The growth charges are associated with the property, not the owner. Where a property subject to the charge is sold, the new owner becomes responsible for payment of the charge for the remainder of the 25-year term.

Building consent applicants will be informed of the growth charge at the time of any pre-application meeting, and during the process of lodging and completing a building consent application, for all developments consented on or after 1 July 2026.

The growth charge will be recorded on IAWAI's and the relevant council's property file. Details of the charge will be disclosed as part of any Land Information Memorandum (LIM) request for the property.

Compliance statement

This section explains how the funding approach in the WSS meets the requirements of Schedule 3(2)(a)(iii) and Schedule 3, clause 5(5) of the LG(WS)A 2025. It applies to all

properties within the service area, including those located within the HCC and WDC boundaries.

Schedule 3 requires the Strategy to explain not only what funding sources and charging mechanisms are used, but why they have been selected, how they are applied across the service area, and why differences exist between locations where applicable.

As charges are listed above, this compliance statement focuses on the rationale for the funding approach as well as its structure.

Funding Sources and Rationale

Water supply and wastewater services are funded through a combination of:

- fixed charges per rating unit or per Separately Used or Inhabited Part (SUIP).
- volumetric charges based on metered water consumption.
- differentials that reflect differences in service demand between customer groups; and
- capital value-based charges where permitted on a temporary basis during the transition period.

This mix has been selected to balance financial sustainability, equity, and practicality during the transition period allowed for under the Act.

Fixed charges provide stable and predictable revenue to meet the costs of operating and maintaining water networks. Fixed charges have historically been in place for Waikato District Council. In Hamilton City Council, fixed charges have been expanded as a transitional replacement for capital value-based funding, consistent with the Act's transition pathway. Fixed charges are widely used across the water sector, simple to administer, and provide a clear and predictable mechanism for progressing toward service-based charging.

Volumetric charges strengthen the link between actual use of the service and cost recovery, supporting efficient use of water and alignment with service-based charging principles.

Differentials recognise that some customer groups place higher or more intensive demands on water services and should therefore contribute proportionately to costs.

Capital value charges (Hamilton City Council Boundary area only) are retained because the Act permits their temporary use during the transition period. Retaining them avoids abrupt changes in liability for property owners while the shift toward service-based charging is implemented. As part of this transition, 5% of water supply charges and 2.5% of wastewater charges have been moved from capital value to fixed charges.

In addition to the pricing mechanisms described above, water services are also funded through other fees and charges set out in the Fees and Charges Schedule.

They are applied on a user-pays basis for specific activities or services (such as connections, trade waste, and other service specific transactions) and support equitable cost recovery where costs are directly attributable to individual customers or developments.

Application across the service area

Hamilton City Council boundary area

Within Hamilton City, the funding approach for water supply and wastewater services includes fixed charges, volumetric charges, differentials, and capital value-based charges.

Capital value charges are retained only on a temporary basis, as expressly permitted by the Act, because they form part of the historical funding framework and remain an important mechanism for managing the transition without causing sudden shifts in charges for property owners.

Over time, funding is being progressively shifted from capital value charges to fixed and/or volumetric charges. This reflects the move toward charging based on service availability rather than property value, while maintaining revenue stability and affordability. Volumetric charges apply where water consumption is metered, ensuring that customers who use more water contribute more to the costs of supply.

Differentials are applied to recognise higher or more intensive use by different customer groups. The commercial wastewater differential, which was already in place, has been maintained at its previous level to ensure stability across all customer groups, as changing it would shift a greater share of wastewater costs onto other customers during the transition. Multi-residential and educational differentials recognise the higher water demand and wastewater generation typically associated with these

activities. The educational differential also reflects a shift from the historical residential rate to a more appropriate level, while remaining below the commercial rate.

Waikato District Council Boundary area

Within Waikato District, water services have historically been funded without reliance on capital value-based charges. The funding approach therefore aligns closely with the long-term direction of the Act and is based on fixed charges (applied per rating unit or SUIP), volumetric charges for metered consumption, and differentials reflecting residential and non-residential demand and levels of service.

Fixed charges reflect the cost of providing network availability, while volumetric charges ensure that actual use is reflected in charges where meters are installed. Differentials support equitable cost allocation between customer groups with different service demands.

(granny flats and tiny homes) are treated as ½ a HUE. For non-residential developments, HUEs are calculated based on the net increase in gross floor area, measured per 100m².

Water Supply Growth Charge and Wastewater Growth Charge

Hamilton and the wider Waikato region are experiencing rapid and sustained population growth and development activity. This growth places increasing pressure on water supply and wastewater networks, requiring ongoing investment not only to build new infrastructure, but also to upgrade, expand, and maintain system capacity over time.

Not all long-term costs associated with new development are currently funded through existing mechanisms. These unfunded costs include future expansion, renewal, and operational impacts resulting from increased demand on water and wastewater systems. As a result, a portion of growth-related costs has previously been met through borrowing and general water charges. This approach places increasing financial pressure on existing waters users.

The growth charges are being introduced to ensure the costs of significant growth-related infrastructure are shared fairly between new developments that drive the need for new infrastructure and existing waters users.

The growth charges are preferred to significant increases in Development Contributions because they more fairly align the payments for growth related infrastructure with the period over which the benefits on the investment are enjoyed.

The growth charges are based on an HUE standard measure of demand with each new dwelling over 70m² being treated as 1 HUE, regardless of the number of bedrooms. New dwellings of 70m² or less for which no resource or building consent is required

Section 7 | WAAHANGA 7

Looking ahead - A 30-Year view

Titiro Whakamua - 30 Tau

Long-Term Planning

While this WSS focuses on a smooth transition to get IAWAI started it is important to note that we will also need to take a longer-term view – at least 30 years- for our infrastructure assets. This perspective will be supported by the following two key documents which IAWAI will start developing as part of the next WSS in 2026/2027:

- **Strategic Asset Management Plan (SAMP)⁵**
- **Activity Management Plan (AMP)⁶**

For now, the existing water and wastewater AMPs for HCC and WDC remain in place.

The SAMP and AMP will be implemented through an Investment and Delivery Plan (IDP)⁷, which will guide capital expenditure and project execution. Together, these documents form the foundation for managing infrastructure to meet service levels, support growth, and serve our communities.

A 30-year Capital Works Programme

IAWAI's capital works programme sets priorities for the next 10 years and projects them out to 30 years. This integrated approach supports:

- Evidence-based decision-making
- A sustained response to growth and infrastructure challenges

⁵A Strategic Asset Management Plan defines the overall direction for asset management within the organisation. It explains how asset management aligns with strategic priorities, objectives, policies, and outcomes.

⁶ An Asset Management Plan provides detailed, operational guidance for managing assets over time. It translates the SAMP's strategic intent into actionable plans and includes information on long-term asset needs, risk management, condition, performance, maintenance, and renewal requirements.

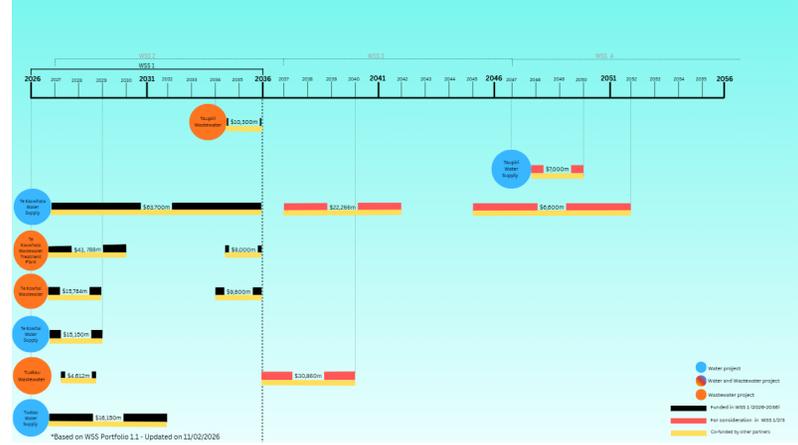
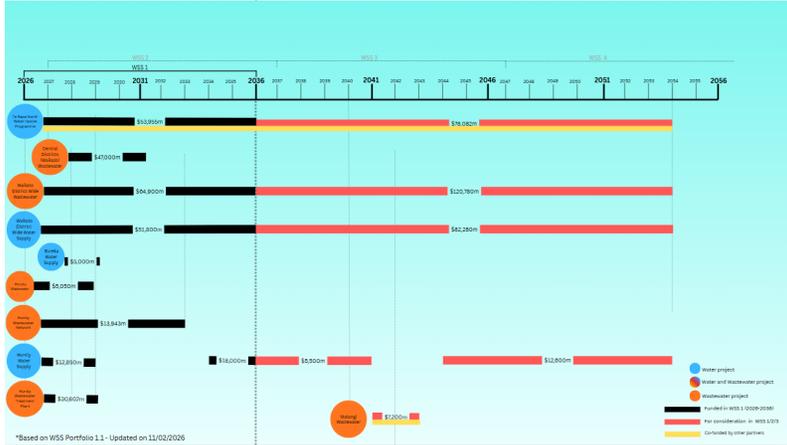
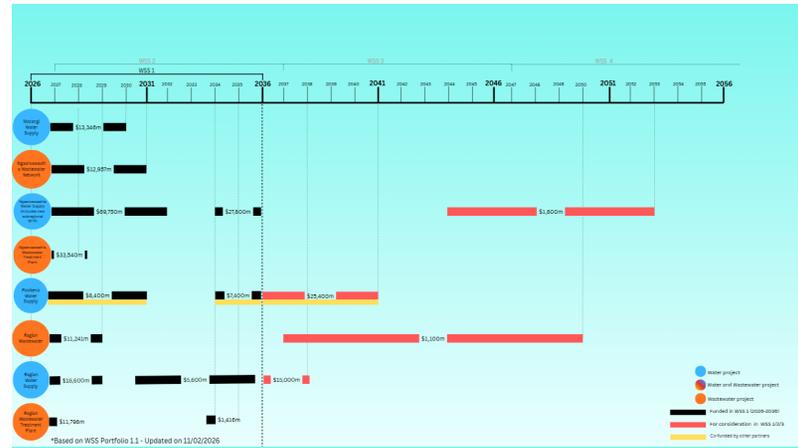
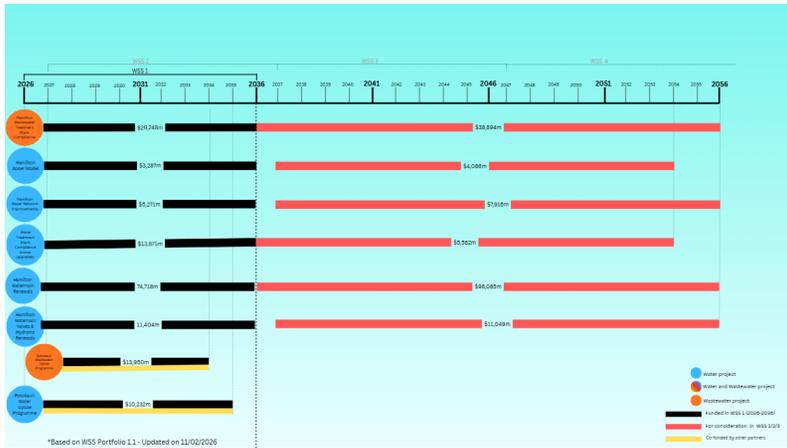
- A commitment to *Te Ture Whaimana* – the Vision and Strategy for the Waikato River – and the health and wellbeing of our waterways, waterbodies and the moana.

The capital works programme informing this WSS will be reviewed for the 2027–2037 strategy and will guide IAWAI's SAMP, AMP, and IDP.

A 30-year overview of capital projects over \$5m and in relation to subsequent WSS cycles (when further decisions are to be made), is provided below.

NOTE: The info graphics below will be consolidated onto a two page spread once designed.

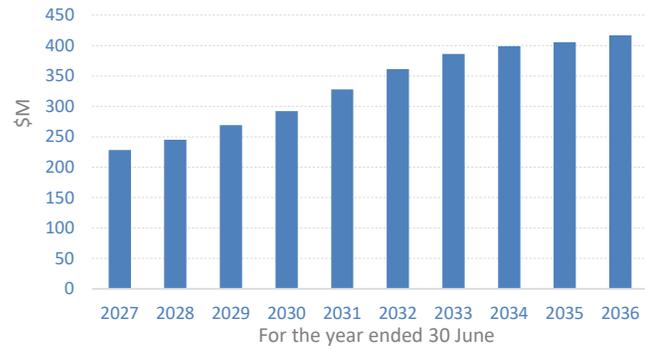
⁷ An Investment and Delivery Plan justify the 30-year investment programme based on expenditure forecasts. It shows how AMP needs are converted into planned investments and delivery. The IDP includes investment priorities, justification, major projects and programmes, procurement and delivery approaches, and risk management strategies if AMP needs are not funded.



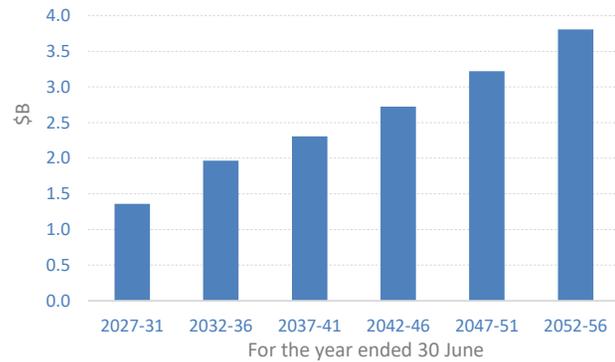
30-year operational forecasts

Operational expenditure for the 30 years has also been estimated. The forecasts for the first 10 years are from the WSS, and longer-term estimates have been based on applying inflation and estimated impacts from the 30-year capital forecasts.

Total infrastructure forecasted yearly operational expenditure each year 2026-36



Total infrastructure forecasted operational expenditure – five yearly periods 2026-56



Section 8 | WAAHANGA 8

Supplementary information

Koorero aapiti

Significant forecasting assumptions

Ngaa Matapae Taapua

Our planning for capital and operational expenditure is based on a set of key assumptions. These ensure consistency across all estimates and forecasts within the WSS and help guide decisions about levels of service and capital project delivery over the next 10 years.

IAWAI's key forecasting assumptions for the 2026–2036 period are outlined below.

Legislative changes

The final pieces of Local Water Done Well legislation, the *LG(WS)A 2025* and the *Local Government (Water Services) (Repeals and Amendments) Act 2025*—were enacted on 26 August 2025.

- The *LG(WS)A 2025* establishes the enduring framework for water service delivery.
- The *Repeals and Amendments Act* modifies existing legislation, including:
 - The Commerce Act 1986 (to enable economic regulation of water services)
 - The Water Services Act
 - The Local Government Act

While this marks a major milestone for IAWAI, Resource Management Act reform is still underway. The Resource Management Act 1991 will be replaced by:

- A new Planning Act
- A new Natural and Built Environments Act

The Fast-track Approvals Act 2024 provides a streamlined process for resource consents and approvals. Several proposed developments near Hamilton are either earmarked for or seeking Fast Track status. This could shift development demand away from planned growth areas and impact growth and financial modelling used by our shareholding councils for their 2027/2028 Long Term Plans. Revised growth projections will inform IAWAI's next WSS (2027–2037).

Uncertainty level: Low

Sources of uncertainty:

- While IAWAI's establishment is legislated and publicly consulted, the complexity of the transition requires a minimum viable product by 1 July 2026 to ensure smooth transition.
- The following five years will be a stabilisation period, during which we will:
 - Establish amalgamated services and systems
 - Transition to a new charging model
 - Build robust systems to meet regulatory requirements

Risk:

- Legislative risk is low due to the enactment of key laws.
- Operational risks remain due to the complexity of service integration and maintaining continuity during transition.

Extreme environmental events

Our region is experiencing a changing climate, with expectations of:

- Increased rainfall intensity
- Higher average temperatures
- Longer, hotter summers
- Shifting wind patterns
- More frequent tropical cyclones

These climate projections have informed our asset and service risk assessments, which are reflected in our Activity Management Plan.

We assume that:

- The government's net zero emissions target by 2050 (excluding biogenic emissions) and current emissions budgets will remain in place throughout the WSS period.

- IAWAI’s role in responding to extreme weather events will grow over the life of this plan.

Uncertainty level: **Medium**

Sources of uncertainty:

Timing and scale of climate impacts, including:

- Sea level rise
- Shifting rainfall patterns
- Temperature increases

Risk:

Asset planning and budgeting may be affected by:

- Unforeseen costs
- Project delays
- Need to adjust infrastructure design and resilience strategies

current sublimit is \$250M and WDC’s \$100M, which include stormwaters assets and key bridges. The group limit is also \$300M.

- Above-ground facilities (e.g., treatment plants, wastewater pump stations and reservoirs) are covered under the MDBI policy subject to deductibles, individual sub limits and shared group limits.
- IAWAI assets will continue to be covered under the collective Waikato group insurance policy until 1 November 2026. After that, the group will renegotiate limits for the renewal of the policy with loss modelling required to inform individual sub limits, including a sublimit for IAWAI.
- Government Assistance:
 - Under Section 33 of the National CDEM Plan, the Government may fund 60% of eligible repair/rebuild costs above the local authority threshold, after insurance recoveries, subject to Cabinet approval and eligibility criteria (e.g., criticality, network performance).
- Residual Costs:
 - Any shortfall after insurance and Government contribution will need to be met by IAWAI and/or its partner councils.

Significant natural disaster / emergency response

IAWAI assumes that a multi-agency approach will be adopted to manage the impacts of significant natural disasters or emergency events within its service area.

In such an event:

- Insurance:
 - Underground water and wastewater assets are insured under the regional Infrastructure Policy, which covers the following natural catastrophe events:
 - Earthquakes
 - Natural landslips
 - Floods
 - Tsunamis
 - Tornadoes
 - Windstorms
 - Volcanic eruptions
 - Hydrothermal and geothermal activity
 - Subterranean fires
 - The policy provides up to 40% of the insured loss, subject to deductibles, individual sublimit and shared group limits. HCC’s

Uncertainty Level: **Low**

Source of Uncertainty:

Potential changes in Government policy regarding co-funding arrangements for disaster recovery.

Risk:

Natural events driven by climate change may occur more frequently or with greater severity than currently predicted. This could lead to increased expenditure and higher debt levels.

Growth assumptions

IAWAI’s growth assumptions are based on those of its shareholding councils:

- WDC: Based on the 2025–2034 Long Term Plan
- HCC: Based on the 2024 LTP Growth Model Run

Both councils use the University of Waikato NIDEA 2021 High Household and Population Projection, assuming a 1:1 ratio of household growth to new dwellings. This

approach aligns with standard practice among Future Proof partner councils. Population distribution and displacement are modelled within each council's jurisdictional boundaries.

Population Projections (rounded)

- Hamilton:
 - 2025: 189,700
 - 2034: 215,380
 - 2054: 275,980
- Waikato District:
 - 2025: 89,760
 - 2034: 101,200
 - 2054: 126,450

These projections inform IAWAI's 30-year demand forecasts in its Activity Management Plan.

Growth areas

Hamilton's primary greenfield growth areas over the next 10 years:

- Peacocke (Stages 1B and 2)
- Rotokauri
- Rototuna
- Ruakura
- Te Rapa North

Additional assumptions for Hamilton growth:

- Hamilton Central: 150 dwellings/year, supported by the Infrastructure Acceleration Fund (IAF), potentially enabling 4,000 new dwellings within 800m of the city centre.
- Infill vs Greenfield Development: A 50:50 ratio is assumed for the 2023–2068 period, despite current trends closer to 70% infill and 30% greenfield. Due to infrastructure constraints in infill areas, greenfield development is expected to increase over time.

Waikato District growth areas:

- Pokeno
- Tuakau
- Te Kauwhata
- Huntly
- Ngaaruawaahia

- Taupiri
- Horotiu
- Te Koowhai
- Raglan

WDC's growth assumptions are based on the Waikato 2070 Strategy and the Future Proof Growth and Development Strategy.

Fast Track areas

Neither WDC nor HCC have included growth from Fast Track areas in their long term plans. However, it is assumed that any development in these areas will displace growth from within Hamilton and Waikato District, keeping total demand projections unchanged.

Key assumptions for Fast Track areas:

- No new Council services are planned.
- IAWAI assumes 100% of growth-related infrastructure costs will be funded by Fast Track developers.
- Developers must secure their own water allocations.
- IAWAI will negotiate commercial agreements with developers, in collaboration with shareholding Councils, based on an all-of-infrastructure approach.

Capital expenditure forecasts

The councils set project budgets using early cost estimates plus a small buffer, which helps manage financial risk. For major water projects, costs are based on a "P50" estimate—meaning there's an even chance the final cost will be higher or lower.

Operating costs are estimated using the best information available, but these may change as projects progress. Overall, there's a medium level of uncertainty, and actual costs could affect council spending, debt, and service levels.

Growth infrastructure investment

Growth in new areas is expected to be supported by privately funded infrastructure from developers, as councils cannot afford to build everything themselves. The plan assumes developers will provide most growth related infrastructure, supported by development agreements and other funding tools. Any major upgrades needed to support development are also assumed to be funded by third parties. There is a

medium level of uncertainty, and if private funding does not eventuate, growth projects may be delayed or may not proceed. Any major upgrades needed to support development are also assumed to be funded by third parties. There is a medium level of uncertainty, and if private funding does not eventuate, growth projects may be delayed or may not proceed.

No funding has been set aside for extra network upgrades that might be needed if existing greenfield areas grow more densely than originally planned.

Development contributions and infrastructure funding

Both Councils use their respective growth models to calculate development contribution charges, particularly in greenfield areas where infrastructure is primarily growth-related.

If growth exceeds projections in certain areas, IAWAI may face pressure to provide additional infrastructure not currently planned in the WSS. While financial impacts are difficult to quantify, IAWAI will adjust its work programmes as needed to manage these pressures.

Conversely, if growth is lower than expected:

- Development contribution revenue will fall short.
- Growth-related infrastructure projects may be deferred.
- Over-investment in lead infrastructure may result in longer cost recovery periods.
- Rating income may be impacted due to lower household growth.

Uncertainty level: **Medium**

Sources of uncertainty:

Changes in internal and external migration patterns.

Risks:

- Demographic and societal trends may diverge from projections, leading to different infrastructure demands.
- Under the “growth pays for growth” principle, IAWAI may need to debt-fund enabling infrastructure, with the expectation of future cost recovery. If growth does not materialize, under-recovery becomes a risk.

- IAWAI cannot charge development contributions for Crown-owned land and buildings, though it can charge for water and wastewater services.

Additional considerations

Boundary adjustment:

Should there be a boundary adjustment between HCC and Waipā DC in the future (in accordance with the Strategic Boundary Agreement), IAWAI will apply its development contributions policy to the newly incorporated area.

Authority gap:

For projects outside current boundaries, IAWAI’s and the councils lack statutory powers to recover costs. In such cases, bespoke agreements will be required.

Development Contributions Policy

From 1 July 2026, IAWAI will adopt the relevant parts of the existing development contributions policies of HCC and WDC for their respective areas. This interim approach will remain in place until 1 July 2027, when IAWAI will implement its own development contributions policy.

Aligning the new policy with the 2027/28 Long Term Plan cycle will ensure consistency with the planning frameworks of both shareholding councils. This alignment will also provide a foundation for IAWAI and the councils to collaboratively develop a new development contributions levies policy, once the relevant legislation is enacted.

Inflation

Separate inflation rates have been used for the operational, personnel and capital budgets due to the different cost drivers that impact these types of cost. Business and Economic Research Ltd (BERL) were contracted on behalf of the local government sector to provide information. The Local Government Cost Index Report October 2025 was used in determining the inflation rates. These forecasts are related to the types of costs that the Water, sewer, drainage, and waste services is likely to incur.

Operating expenditure (excluding personnel) and revenue inflation in financial modelling is:
2026-27 0.0%
2027-28 2.6%

2028-29 2.6%
 2029-30 2.5%
 2030-31 2.4%
 2031-32 2.3%
 2032-33 2.3%
 2033-34 2.2%
 2034-35 2.2%
 2035-36 2.1%

Capital expenditure and revenue (capital subsidies, capital contributions) inflation used in financial modelling is:

2026-27 2.6%
 2027-28 2.5%
 2028-29 2.6%
 2029-30 2.4%
 2030-31 2.3%
 2031-32 2.2%
 2032-33 2.1%
 2033-34 2.1%
 2034-35 2.0%
 2035-36 2.0%

Personnel inflation used in financial modelling is:

2026-27 0.0%
 2027-28 1.9%
 2028-29 1.8%
 2029-30 1.8%
 2030-31 1.8%
 2031-32 1.8%
 2032-33 1.7%
 2033-34 1.7%
 2034-35 1.7%
 2035-36 1.6%

This assumption has a high level of uncertainty. The risk is inflation could be higher or lower than predicted which will impact on revenue, expenditure, and debts.

Interest on investment

The interest rate applying to cash investments is 3%. It is estimated that an average cash balance of \$50 million will earn approximately \$1.5 million in interest per annum.

Interest on expenditure

PwC provides these projections based on the projected debt portfolio, incorporating the staged four-year amortisation of the establishment loans and reflecting a proportionate Hamilton City Council and Waikato District Council profile. A 25-basis point was added to capture potential variation in BKBM and debt mix.

Interest rate

2026-27 4.39%
 2027-28 4.39%
 2028-29 4.39%
 2029-30 4.39%
 2030-31 4.39%
 2031-32 4.85%
 2032-33 5.03%
 2033-34 5.03%
 2034-35 5.03%
 2035-36 5.03%

The interest assumptions have a medium level of uncertainty. The risk is interest rates could be higher or lower than predicted which will impact on revenue, expenditure and debt.

Asset sales

There are no asset sales assumed. No financial impact is assumed from minor asset sales (e.g. disposal of surplus operational assets). The assumption has a low level of uncertainty. The risk is that assets sales could occur resulting in a gain or loss on sale and a reduction in revenue from the asset.

Revaluation of non-current assets

Revaluations on property, plant and equipment have been calculated on the preceding year's balance as disclosed in the Statement of Financial Position. This includes an inflationary allowance calculated in accordance with the GHD cost escalation report provided to Council as at 31 December 2023, in respect of the capital works programme.

This assumption has a high level of uncertainty due to the significant inflationary pressures on the capital programme in a high inflation economy that has yet to settle. There is also demand pressure on capital resourcing with the additional resource demand caused by the Hawkes Bay and Auckland flood events. Should inflation be higher than the budgeted assumptions for revaluation, insufficient rates may be collected for debt repayment and for future renewals.

Useful lives of significant assets

Assets are depreciated on a straight-line basis over their useful lives with annual depreciation expense included in the total costs for each significant service. We have made numerous assumptions about the useful lives of our assets. These are disclosed in the depreciation note within the Statement of accounting policies, included in the Prospective financial statements. The assumption has a low level of uncertainty. The risk is the useful lives of significant assets could be higher or lower than predicted this will impact on depreciation and the value of asset. Acquisition of significant assets Capital expenditure to replace existing assets (renewal projects) it is recognised that projects will be completed throughout the year. It is assumed half of those projects are completed within the first six months. As such, depreciation is forecast based on six months' depreciation for renewal projects in the year the renewals are first budgeted. For each new capital project, staff have assessed the expected completion date for the project from which time the assets are depreciated.

The assumption has a medium level of uncertainty. The risk is significant assets might be capitalised earlier or later than predicted this will impact on depreciation.

Vested assets

The level of vested assets has been determined using growth expectations and then compared to historical trends for reasonableness. The assumption has a high level of uncertainty. The timing and value of vesting from developers is very hard to forecast as the timing of the completion of developments and then the time period that developers take to vest the assets is variable. The risk is vested asset could be higher or lower than predicted. There is no cash impact of this, however there can be a depreciation impact depending on the timing of the vesting.

Infrastructure asset condition information

We are spending more on understanding the state of our assets as this helps us make better planning and budget decisions, however, some of our asset data is not as complete as we would ideally like. We are working to improve what we know about our assets, including their age, how well they're performing, and their condition. We use this information to do our planning. As our data improves, we may need to reprioritise some assets for replacement to reduce to risk of unexpected asset failures. Only having one water treatment plant and one wastewater treatment plant means if either was unable to operate, this would have a significant impact on the community. We lessen this risk by continuing to update our asset information, asset criticality, undertake condition assessments and monitor the performance of our assets. We will continue to use this information to reprioritise our replacement and preventative

maintenance on our assets, and to ensure we manage the risk of failure for the most critical infrastructure. This assumption has a high level of uncertainty.

The risk is that the condition information of the infrastructure assets could be incorrect which could result in asset failure which would increase expenditure, and assets could also be incorrectly valued.

Activity-specific assumptions

Nga Matapae aa-kaupapa mahi

The following activity-specific assumptions will be detailed in IAWAI's Activity Management Plan:

- **Drinking Water Standards:** Compliance with all applicable national drinking water quality standards.
- **Freshwater Quality Standards:** Adherence to environmental regulations and standards for freshwater bodies.
- **Mandatory Performance Measures:** Fulfilment of regulatory performance targets as set by the Department of Internal Affairs.
- **Asset Management Interventions:** Optimising performance, longevity and value of assets while minimising costs and risks.
- **Emergency Management:** Preparedness and response protocols for managing emergency events affecting water and wastewater services.
- **Resource Consents:** Assumptions regarding the availability, renewal, and conditions of resource consents for water abstraction and wastewater discharge. This includes any consents issued under the Resource Management Act with implications for air, stormwater discharge (at treatment plants and water take).
- **Financial Sensitivity Analysis:** Evaluation of financial impacts under different scenarios, including changes in growth, funding, and regulatory requirements.

Regulatory oversight

Arahanga waeture

Taumata Arowai – Water services regulator

Taumata Arowai sets the standards and rules that IAWAI must comply with in delivering water and wastewater services. These regulatory requirements have been incorporated into the key performance standards outlined in IAWAI's Activity Management Plan. IAWAI assumes full compliance with all current and future requirements set by Taumata Arowai.

Commerce Commission – Economic regulation and consumer protection

The Commerce Commission is responsible for implementing the new economic regulation and consumer protection regime for water services in New Zealand. This includes the introduction of regulatory tools such as mandatory information disclosure to enhance transparency and ensure that investments are directed where they are most needed.

All information presented in this WSS is consistent with the relevant requirements and determinations issued by the Commerce Commission under Part 4 of the Commerce Act 1986.

Key contracts

Ngaa kirimana

The following key contractual agreements have novated from WDC to IAWAI effective 1 July 2026:

- The contract between WDC and Watercare for the provision of water supply, wastewater, and stormwater services.
- Supply contracts for water and wastewater servicing for Pookeno and Tuakau.
- The supply agreement with the Te Kauwhata Irrigation Association for the provision of raw water to Te Kauwhata and Meremere.

The Watercare contract is due to terminate on or before 30 June 2028. IAWAI will determine the future delivery model for beyond this date.

IAWAI is contracted to HCC and WDC to provide stormwater services.

Asset and useful life assumptions

Uara Rawa me ngaa matapae orange whaitake

IAWAI assumes that the estimated useful life and valuation of its assets will evolve over time as data quality improves. This improvement is expected through targeted investments and increased reporting requirements from regulators such as the Commerce Commission and Taumata Arowai. These regulatory influences may have significant implications for IAWAI's asset management practices. The initial transfer of assets to IAWAI from the councils will set the value of the assets going forward. This has been undertaken via a combined bottom-up revaluation process, which accurately reflects asset condition and remaining life.

Useful lives are defined for each asset class and are currently assessed based on factors such as:

- Material type (for pipes)
- Age
- Physical condition

As IAWAI's asset maturity improves, additional factors will be incorporated into assessments, including:

- Construction methodologies
- Technological obsolescence
- Economic potential and serviceability

The frequency of asset revaluations will be guided by financial and asset management policies, which are currently under development. However, industry best practice suggests that annual revaluations should be adopted over time.

Strategic Boundary Agreements and future service areas

Tuutohu aa- ripa rautaki me nga rohe ratonga aa-mua

Waipā District Council (Waipā DC) and WDC each have separate Strategic Boundary Agreements with HCC. These agreements establish a clear framework and process for transferring identified land parcels and reorganising the respective council boundaries:

- The HCC–WDC agreement was signed in 2020.
- The HCC–Waipā DC agreement was signed in 2022.

With the establishment of IAWAI, the provision of water and wastewater services for both existing and future growth areas across Hamilton and the Waikato District is now considered boundaryless. Significant integration of the Hamilton and Waikato District waters networks will occur over time.

However, it is acknowledged that the Strategic Boundary Agreement between HCC and Waipā DC may, in the future, result in the incorporation of land within the proposed Southern Links Road of National Significance into IAWAI’s service area.

For this WSS however, IAWAI has made no provision for servicing such an area.

Asset management planning

Whakamahere tiaki huarawa

Levels of service

Levels of Service refers to the quality of a given service. It is a critical part of activity management and is used to inform infrastructure management strategies.

Activity management planning links levels of service to the cost of service (price/quality relationship) and associated risk. These levels have been previously evaluated by both the shareholding Councils through community consultation. IAWAI will review levels of service as part of WSS 2027/2028, aligning them with shareholder strategies, regulatory requirements, and accountability frameworks.

Defined levels of service will be used to:

- Inform customers of proposed service levels
- Develop strategies to deliver these levels
- Measure performance against defined levels
- Identify costs and benefits of services
- Enable customers to assess value in terms of availability, quality, safety, and sustainability

Service driver

From 1 July 2026, the existing level of service measures and commitments will be maintained until they are reviewed as part of the 2027/2037 WSS.

For IAWAI’s water supply and wastewater activities the expectation is that we provide our customers with:

- Water that is safe to drink.
- A water supply system that is managed in a way that minimises the loss/wastage of water.
- A water supply that has adequate clarity, taste, lack of odour, continuity and adequate pressure.
- A timely response and resolution to reported problems with the water supply and wastewater systems.
- A water supply and wastewater system that are sustainably managed.
- A water supply and wastewater system designed, operated and maintained in a way to effectively minimise the risk of harm to the community and the environment.
- A wastewater system operated and maintained to minimise odours and blockages.

We are keeping the Levels of Service targets for water and wastewater the same for Hamilton and for the Waikato district for the next three years except for the number of abatement notices, infringement notices, enforcement orders and convictions received in violation of the territorial authority’s resource consents for discharge from its sewerage system. The target for the Waikato District service area has been changed from <2 for year 2 and year 3 to <0 for both years.

Legislation

The management and operation of IAWAI’s services are guided and regulated by government legislation. The legislative requirements inform the minimum level of

service that IAWAI is required to comply with. The key legislation relevant to the services we provide are:

- Local Government (Water Services Act) 2025
- Local Government (Water Services) Repeals and Amendments Act 2025
- Water Services Act 2021
- Commerce Act 1986
- Local Government Act 2002
- Resource Management Act 1991
- Health and Safety at Work Act 2015
- The Water Services Regulator – Taumata Arowai Act 2020
- Waikato-Tainui Raupatu Claims (Waikato River) Settlement Act 2010
- Nga Wai o Maniapoto (Waipa River) Act 2012
- Utilities Access Act 2010
- Building Act 2004
- Civil Defence Emergency Management Act 2002
- Heritage New Zealand Pouhere Taonga Act 2014
- Local Government Funding and Financing Act
- Goods and Services Tax Act 1985
- Income Tax Act 2007

IAWAI is required to publicly report on the DIA Non-Financial Performance Measures, which have informed our strategic and tactical measures with associated targets.

Taumata Arowai has Network Environmental Performance measures, but no targets have been applied for this iteration of the WSS. However, there is an opportunity when the WSS is reviewed in the future for IAWAI to set targets to demonstrate improvements and service level performance.

The Commerce Commission is expected to finalise its information disclosure regime in early 2026. These will then be included in future IAWAI activity management plans together with relevant targets.

Policies, bylaws, strategies and plans

Strategies, policies, and bylaws are essential tools that provide clarity, consistency, and accountability for IAWAI in delivering agreed services. Strategies define the overall

⁸ Excludes private developer agreements (PDA)s

direction and long-term approach, while plans outline the tactical steps and actions required to implement those strategies.

As required by legislation IAWAI has developed the following:

- Water Services Strategy 2026–2036
- Significance and Engagement Policy⁸
- Waiver Policy
- Water and wastewater charging framework
- Relevant provisions from the HCC and WDC Development Contributions Policy (*pending adoption by the IAWAI Board*)

Additional policies, including management policies, will be developed for the WSS 2027-2037.

HCC and WDC are responsible for establishing water supply and wastewater bylaws but have agreed to delegate administrative responsibilities to IAWAI. Both councils have key bylaws covering water supply, trade waste & wastewater, and stormwater. These bylaws are critical for managing infrastructure, protecting public health and the environment, and ensuring regulatory compliance.

IAWAI will apply these bylaws when assessing and approving customer applications to connect to the three waters infrastructure networks.

In addition to these bylaws, HCC uses a specific policy—the Three Waters Connection Policy—to manage network capacity, water allocation, levels of service, and private infrastructure. This policy is particularly important due to:

- Higher levels of urbanisation
- Network capacity constraints
- Water take consent limits, and
- Alignment with the Hamilton Operative District Plan.

IAWAI will review this policy for application within its service area.

The shareholding councils' waters-related bylaws need to be reviewed and updated to reflect the new requirements of the LG(WS)A 2025. IAWAI will commence work to recommend new bylaws to both councils during 2026-27.

Asset life cycle management

Tiaki toiora Huarawa

The water and wastewater schemes managed by IAWAI vary significantly in size, quality, and age across the service area.

Water supply services

IAWAI provides reticulated water supply to meet the needs of:

- Domestic households
- Commercial and industrial users
- Dairy and agricultural operations

Urban areas—such as Hamilton City and nearby townships—receive an on-demand water supply.

In contrast, rural communities rely on restricted supply systems. Due to water allocation limits, dairy and agricultural operations may face conditions on their water usage.

Firefighting services are only available in urban zones where infrastructure can support the necessary pressure and flow.

Water services are managed through bylaws and supply agreements, which set requirements for flow, pressure, and usage.

Wastewater services

Wastewater services are provided to domestic, commercial, and industrial users across the service area.

Most systems operate through gravity-fed networks. However, in areas with challenging terrain or infrastructure limitations, low-pressure sewer systems are used as an alternative.

These services are managed through bylaws and trade waste consent requirements, which help regulate usage and ensure compliance.

Asset overview

A comprehensive overview of all water and wastewater schemes under IAWAI's management—including asset condition, performance, and future investment priorities—is available in the AMP.

Condition and performance

Both Councils have utilised CCTV methods to assess the condition of gravity pipes, this is the main method of assessment and follows the New Zealand Gravity Pipe Inspection Manual 4th Edition. Ongoing programmes are in place with WDC assessing 1% of the networks and HCC prioritising end of life assets to inform renewals programmes. Where conditions have not been assessed, condition ratings based on age have been assigned. For above ground assets, both councils utilise visual assessments to determine condition. Following transition, IAWAI will review the current strategies and programmes and implement an aligned approach across all assets.

Operations and maintenance

Currently WDC has a contract with Watercare Services to provide Operations and Maintenance services until 2028, the current focus is maintaining the assets until the contract ends. The investment programme that has been developed focused on capital investment to improve the quality of service to customers.

Both HCC and WDC:

- monitor and operate treatment plants and networks 24 hours a day, seven days a week.
- Investigate and resolve customer issues associated with water services
- Programmes to test, analyse and report on drinking water compliance and resource consents.
- Maintaining, monitoring and enforcing the relevant water service bylaws.

Risk, resilience and sustainability

Tuuraru, manawaroa me te toituutanga

Risk framework

IAWAI is developing a Risk Management Policy and Framework. Until this is in place, the shareholder councils' risk frameworks will serve as the interim basis for managing key water supply and wastewater-related risks.

Risks associated with the management, operation, and long-term resilience of water and wastewater services will initially be addressed through the shareholder councils' existing framework. IAWAI is developing its own comprehensive risk policy and framework. This will encompass strategic, organisational, emerging, and operational risks.

Strategic and organisational risks

Relevant risks have been identified from the shareholder councils' risk registers. IAWAI will review, update, and implement appropriate treatments and controls to mitigate residual risks. This process will ensure alignment with IAWAI's evolving strategic objectives and organisational context.

Operational risks

Operational risks relate to those arising from the day-to-day delivery of water and wastewater services. IAWAI will establish an operational risk register to identify, assess, and manage these risks. The shareholder councils have already identified critical safety risks as part of their respective Health and Safety policy. IAWAI will adopt these from 1 July 2026 after which we will develop our own Health and Safety Policy.

Management of critical assets

Critical assets are those whose failure—regardless of cause or likelihood—could result in significant financial, reputational, environmental, or regulatory impacts. IAWAI will develop its own criticality framework to assess and manage these assets. While there is some commonality with the shareholder councils' existing frameworks, IAWAI will consider specific nuances relevant to its operations and context.

Additional resources

Rawa anoo

The following documents support this strategy:

- Waikato District Council Population and Household Projections LTP 2025
- Hamilton City Council Growth Projection LTP 2024

The following policies are relevant to the strategy:

- IAWAI Significance and Engagement Policy 2026/2027
- IAWAI Waiver Policy 2026/2027
- Hamilton City Council Development Contributions Policy 2025 and Waikato District Council Development Contributions Policy 2025 (*pending adoption of water and wastewater provisions by the IAWAI Board*)
- IAWAI Treasury Management Policy (2026/27)

Appendix 1 | Aapitihanga 1

Our levels of service

Ngaa taumata whakaratonga

Current Strategic and Tactical Levels of Service - Water Supply

Level of Service Objective	How will we measure our performance	Baseline Result 24/25	Targets		
			Year 1	Year 2	Year 3
WATER SUPPLY					
Water that is safe to drink	The extent to which the water supplier’s drinking water supply complies with the following parts of the drinking water quality assurance rules:				
	a. T1 Treatment Rules	All Met (100%)	All met	All met	All met
	b. Distribution System Rule	All Met (100%)	All met	All met	All met
	c. T2 Treatment Monitoring Rules	All Met (100%)	All met	All met	All met
	d. T2 Filtration Rules	All Met (100%)	All met	All met	All met
	e. T2 UV Rules	All Met (100%)	All met	All met	All met
	f. T2 Chlorine Rules	All Met (100%)	All met	All met	All met
	g. D2.1 Distribution System Rule	All Met (100%)	All met	All met	All met

	h. T3 Bacterial Rules	All Met (100%)	All met	All met	All met
	i. T3 Protozoal Rules	All Met (100%)	All met	All met	All met
	j. D3.29 Microbiological Monitoring Rule	All Met (100%)	All met	All met	All met
Water supply systems that are managed in a way that minimises the loss/wastage of water	The percentage of real water loss from the local authority’s networked reticulation system (including a description of the methodology used to calculate this).				
	Hamilton City (excluding Southern Districts)	14.9%	<16%	<16%	<16%
	Town and Rural Schemes (this covers all 7 schemes including Southern Districts)	26%	<28%	<28%	<28%
	The total number of complaints received by the local authority about any of the following:				
	a. drinking water clarity b. drinking water taste				

<p>Water supply systems that are of adequate clarity, taste, lack of odour, continuity and adequate pressure</p>	<p>c. drinking water odour</p>				
	<p>d. drinking water pressure or flow</p>				
	<p>e. continuity of supply, and</p>				
	<p>f. the local authority's response to any of these issues</p>				
	<p>expressed per 1000 connections to the local authority's networked reticulation system.</p>				
	<p>Hamilton City (excluding Southern Districts)</p>	5	<7	<7	<7
	<p>Town and Rural Schemes (this covers all 7 schemes including Southern Districts)</p>	14.42	<25	<25	<25
<p>Customers receive a timely response and resolution to reported problems</p>	<p>Where the local authority⁹ attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median</p>				

<p>with the water supply systems</p>	<p>response times measured:</p>				
	<p>a. attendance for urgent callouts: from the time that the local authority receives notification to the time that service personnel reach the site.</p>				
	<p>Hamilton City (excluding Southern Districts)</p>	41 mins	<p><60 mins mins <60 mins <60</p>		
	<p>Town and Rural Schemes (this covers all 7 schemes including Southern Districts)</p>	44 mins			
<p>b. Resolution of urgent callouts: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption.</p>					
<p>Hamilton City (excluding Southern Districts)</p>	2 hrs	<5 hrs	<5 hrs	<5 hrs	

⁹ This is an IAWAI responsibility effective 1 July 2026

	Town and Rural Schemes (this covers all 7 schemes including Southern Districts)	1 hr 45 mins	<4 hrs	< 4hrs	<4hrs
	c. attendance for non-urgent callouts: from the time that the local authority receives notification to the time that service personnel reach the site				
	Hamilton City (excluding Southern Districts)	5 working days	<5 days	<5 days	<5 days
	Town and Rural Schemes (this covers all 7 schemes including Southern Districts)	1 day	<5 days	<5 days	<5 days
	d. Resolution of non-urgent callouts: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption				
	Hamilton City (excluding Southern Districts)	6 working days	<10 days	<10 days	<10 days

	Town and Rural Schemes (this covers all 7 schemes including Southern Districts)	2 days	<5 days	<5 days	<5 days
The water supply systems are sustainably managed	The average consumption of drinking water per day per resident ¹⁰ within the territorial authority district				
	Hamilton City (excluding Southern Districts)	321 l	<400 l	<400 l	<400 l
	Town and Rural Schemes (this covers all 7 schemes including Southern Districts)	174 l	<250 l	<250 l	<250 l

¹⁰ 'Per resident' includes both residential and commercial / industrial uses

Current Strategic and Tactical Levels of Service – Wastewater

Level of Service Objective	How will we measure our performance	Baseline Result 24/25	Targets		
			Year 1	Year 2	Year 3
WASTEWATER					
Customers receive a timely response and resolution to reported problems with the wastewater systems	Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured:				
	a. Attendance time: from the time that the territorial authority receives notification to the time that service personnel reach the site, and				
	Hamilton City	33 mins			
	Town and Rural Schemes (this covers all 9 schemes)	44 mins	<60 mins	<60 mins	<60 mins
b. Resolution time: from the time that the territorial authority receives					

	notification to the time that service personnel confirm resolution of the blockage or other fault.				
	Hamilton City	2.5 hrs			
	Town and Rural Schemes (this covers all 9 schemes)	2 hours 2 mins	<4 hrs	<4 hrs	<4 hrs
The wastewater systems are designed, operated and maintained in a way to effectively minimise the risk of harm to the community and environment	The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system.				
	Hamilton City	1.71	<4	<4	<4
	Town and Rural Schemes (this covers all 9 schemes and is a combined score of sensitive and non-sensitive environments)	1.3	<3	<3	<3
	The total number of complaints received by the territorial authority about any of the following: a. sewage odour b. sewerage system faults c. sewerage system blockages, and				

<p>The wastewater systems will be operated and maintained to minimise odours and blockages</p>	<p>d. the territorial authority's response to issues with its sewerage system,</p> <p>expressed per 1000 connections to the territorial authority's sewerage system.</p>				
	<p>Hamilton City</p>	8.8	<20	<20	<20
	<p>Town and Rural Schemes (this covers all 7 schemes including Southern Districts)</p>	6.4	<10	<20	<20
<p>The wastewater systems are designed, operated and maintained in a way to effectively minimise the risk of harm to the community and environment</p>	<p>Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of:</p> <ul style="list-style-type: none"> a. abatement notices b. infringement notices c. enforcement orders, and c. convictions <p>received by the territorial authority in relation to those resource consents.</p>				
	<p>Hamilton City</p>	0	0	0	0
	<p>Town and Rural Schemes (this covers all 9 schemes and is a combined score of sensitive and non-sensitive environments)</p>	2	<2	<0	<0

Appendix 2 | Aapitihanga 2 Fees and Charges Ngaa Utu

(See separate document attached)

GLOSSARY | Papakupu

AMP	- Activity Management Plan
CCO	- Council-Controlled Organisation
DIA	- Department of Internal Affairs
CDEM	- Civil Defence Emergency Management
FIFO	- First-in, First-out
FFO	- Funds for Operation
HCC	- Hamilton City Council
HUE	- Household Unit Equivalent
IAF	- Infrastructure Acceleration Fund
IDP	- Investment Delivery Plan
LGFA	- Local Government Funding Agency
LG(WS)A 2025	- Local Government (Water Services) Act 2025
LTP	- Long Term Plan
MDBI	- Material Damage and Business Interruption
SAMP	- Strategic Asset Management Plan
SUIP	- Separately Used or Inhabited Part
WDC	- Waikato District Council
WSDP	- Water Services Delivery Plan
WSS	- Water Service Strategy

Waikato District Council Population and Household Projections - Long Term Plan (LTP) 2024-2034

The population and household projections included in this excel are based on the 2021 'high' projections (SA2 level1) generated by the University of Waikato's (UoW) National Institute of Demography and Economic Analysis (NIDEA). The UoW2021 projections were completed at the end of March 2021 considering the 2018 Census data and the impacts of Covid-19 on international migration. The full technical report can be downloaded from www.waikatoregion.govt.nz/assets/WRC/TR202124.pdf, where the population and household 'high' projections for selected years (2025, 2035, 2045, 2055, and 2065) are shown in Table A3 and A6 (see page 26 and 41).

The Waikato District Council (WDC) formally adopted the UoW 2021 high growth scenario as its default growth projection on 21 September 2021. In alignment with Future Proof partners, on 7 June 2023, the WDC adopted UoW2021 high growth projections as the base scenario to inform its 2024-2034 LTP.

Methodology overview: Spatial allocation - To support Council's regular planning activities, WDC's Business Intelligence team converted the UoW2021 projections into annualised projection series. Excluding areas such as roads, parks and reserves, existing population/households within a SA2 were allocated into existing properties and projected population/household growth were allocated into vacant properties. The resulting output series can be grouped by designated boundaries as required.

Boundary description: WDC urban/rural boundary 2023 - the urban boundaries separate urban areas from the surrounding rural, which includes all urban zoning identified within the Proposed District Plan - decision version (released on 17 January 2022) and additional future growth areas identified in the Waikato 2070 Strategy (adopted on 19 May 2020); the rural boundaries will accommodate the existing urban boundaries and follow StatsNZ's Statistical Area 2 (SA2) wherever possible.

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Footnote:

1. The boundaries for the projections are 2020 Statistical Area 2 (SA2) boundaries.

Board Pack - 27 February 2026 - Public Agenda - 09 Water Services Strategy

Population by Urban / Rural Statistical Area

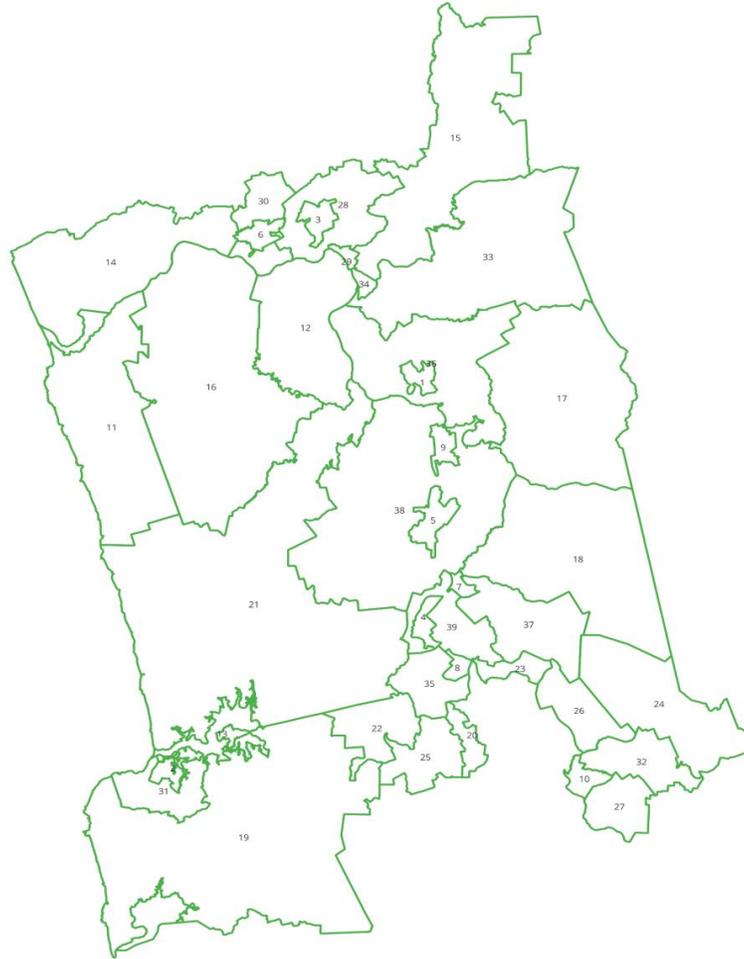
Urban_Rural_Area	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	
Aka Aka	3,165	3,187	3,209	3,230	3,252	3,274	3,296	3,318	3,323	3,329	3,335	3,340	3,346	3,352	3,357	3,363	3,369	3,374	3,386	3,399	3,410	3,422	3,434	3,447	3,459	3,471	3,483	3,495	
Eureka-Tauwhare	2,188	2,196	2,206	2,214	2,223	2,231	2,240	2,248	2,255	2,262	2,269	2,277	2,284	2,292	2,299	2,306	2,313	2,320	2,318	2,317	2,316	2,310	2,309	2,307	2,307	2,307	2,307	2,305	
Hamilton Park	1,648	1,652	1,656	1,660	1,663	1,667	1,671	1,675	1,674	1,653	1,943	2,032	2,121	2,210	2,300	2,389	2,479	2,568	2,903	3,238	3,574	3,910	4,246	4,582	4,918	5,253	5,589	5,927	
Horotiu	641	675	704	732	759	788	818	846	864	882	899	915	933	951	968	982	999	1,017	1,017	1,018	1,019	1,020	1,021	1,021	1,021	1,021	1,021	1,021	
Horsham Downs	728	745	761	778	794	811	828	844	844	844	845	845	845	845	845	845	845	845	845	845	845	1,184	1,297	1,411	1,524	1,636	1,749	1,862	1,975
Huntly	8,264	8,478	8,697	8,915	9,133	9,349	9,566	9,783	9,967	10,153	10,338	10,521	10,708	10,895	11,078	11,262	11,449	11,634	11,698	11,764	11,829	11,896	11,961	12,030	12,096	12,159	12,227	12,296	
Huntly Rural	2,179	2,199	2,215	2,230	2,246	2,264	2,281	2,296	2,371	2,442	2,512	2,587	2,659	2,729	2,804	2,877	2,947	3,020	3,141	3,265	3,392	3,514	3,636	3,755	3,879	4,001	4,128	4,250	
Kainui-Gordonton	1,743	1,748	1,752	1,756	1,762	1,767	1,773	1,779	1,776	1,772	1,769	1,766	1,763	1,759	1,755	1,752	1,750	1,747	1,760	1,773	1,785	1,798	1,809	1,821	1,834	1,847	1,859	1,872	
Mangatangi	1,120	1,124	1,128	1,132	1,135	1,139	1,143	1,147	1,154	1,163	1,171	1,180	1,188	1,197	1,205	1,214	1,222	1,230	1,230	1,229	1,229	1,229	1,229	1,228	1,228	1,228	1,227	1,227	
Maramarua	1,259	1,284	1,312	1,335	1,358	1,381	1,402	1,425	1,432	1,435	1,439	1,445	1,448	1,454	1,460	1,468	1,472	1,476	1,476	1,475	1,475	1,475	1,475	1,474	1,474	1,474	1,473	1,473	
Matangi	3,246	3,266	3,283	3,298	3,318	3,338	3,355	3,369	3,367	3,366	3,363	3,360	3,354	3,351	3,349	3,345	3,344	3,342	3,349	3,354	3,359	3,364	3,369	3,374	3,379	3,382	3,387	3,391	
Mercer	139	144	148	152	153	159	161	163	167	168	170	172	173	175	180	183	183	183	191	199	206	215	223	228	237	245	249	254	
Meremere	582	591	597	608	619	630	643	654	655	661	665	668	673	676	678	679	684	688	688	688	688	687	687	687	687	687	687	687	
Ngā rural-Lake Kainui	1,403	1,447	1,501	1,555	1,611	1,664	1,724	1,785	1,825	1,863	1,901	1,937	1,968	2,005	2,041	2,080	2,120	2,160	2,203	2,240	2,281	2,325	2,367	2,406	2,448	2,482	2,517	2,556	
Ngāruawhāia	7,389	7,540	7,683	7,826	7,960	8,105	8,241	8,380	8,405	8,427	8,456	8,490	8,521	8,552	8,580	8,604	8,627	8,650	8,672	8,695	8,710	8,725	8,746	8,764	8,781	8,803	8,822	8,841	
Ohinewai	106	106	106	108	108	108	109	111	111	115	121	129	132	136	141	146	151	156	160	171	177	183	189	199	208	213	223	225	230
Onewhero	1,986	2,004	2,023	2,043	2,061	2,080	2,098	2,117	2,143	2,169	2,196	2,222	2,248	2,275	2,301	2,328	2,354	2,378	2,385	2,392	2,398	2,405	2,411	2,419	2,428	2,435	2,442	2,449	
Pokeno	2,995	3,284	3,572	3,861	4,147	4,435	4,723	5,011	5,259	5,509	5,762	6,012	6,265	6,516	6,766	7,017	7,267	7,516	7,581	7,651	7,719	7,785	7,851	7,918	7,986	8,054	8,117	8,183	
Pokeno Rural	1,233	1,255	1,277	1,297	1,323	1,342	1,365	1,388	1,403	1,418	1,430	1,442	1,455	1,468	1,480	1,492	1,509	1,527	1,590	1,648	1,709	1,769	1,832	1,897	1,958	2,019	2,088	2,153	
Port Waikato-Waikaretu	800	804	807	811	815	819	822	826	827	829	830	831	833	834	835	837	838	839	842	844	846	849	851	853	856	858	860	862	
Pukekawa	1,520	1,527	1,534	1,541	1,548	1,555	1,561	1,568	1,568	1,569	1,569	1,570	1,570	1,570	1,571	1,571	1,572	1,572	1,574	1,576	1,577	1,579	1,581	1,583	1,585	1,587	1,588	1,590	
Raglan	3,484	3,603	3,720	3,839	3,956	4,076	4,196	4,312	4,376	4,438	4,500	4,559	4,623	4,683	4,744	4,802	4,863	4,926	4,966	5,008	5,048	5,087	5,129	5,171	5,215	5,256	5,299	5,340	
Rotokauri	1,061	1,078	1,095	1,112	1,130	1,147	1,164	1,181	1,191	1,200	1,210	1,219	1,229	1,239	1,248	1,258	1,268	1,277	1,288	1,299	1,310	1,321	1,331	1,342	1,353	1,364	1,375	1,386	
Tamahere	3,488	3,523	3,560	3,600	3,634	3,668	3,706	3,747	3,741	3,732	3,725	3,718	3,715	3,708	3,700	3,695	3,686	3,678	3,673	3,667	3,662	3,657	3,652	3,646	3,642	3,639	3,634	3,630	
Tamahere South	2,029	2,036	2,044	2,051	2,058	2,066	2,073	2,080	2,095	2,109	2,124	2,139	2,153	2,168	2,183	2,197	2,212	2,227	2,227	2,227	2,227	2,227	2,227	2,227	2,227	2,227	2,227	2,227	
Taupiri	559	587	613	640	671	696	721	745	765	788	806	819	838	855	873	896	915	935	950	972	994	1,014	1,035	1,058	1,079	1,104	1,129	1,151	
Te Akau	1,691	1,697	1,702	1,707	1,713	1,718	1,726	1,732	1,729	1,724	1,720	1,718	1,715	1,711	1,708	1,703	1,701	1,700	1,703	1,705	1,708	1,711	1,714	1,715	1,716	1,719	1,721	1,723	
Te Kauhata	2,385	2,533	2,682	2,825	2,975	3,125	3,271	3,421	3,641	3,859	4,078	4,297	4,516	4,740	4,959	5,180	5,398	5,619	5,856	6,094	6,331	6,568	6,806	7,047	7,287	7,524	7,762	7,999	
Te Kowhai	2,069	2,095	2,125	2,157	2,189	2,219	2,247	2,278	2,332	2,385	2,439	2,495	2,550	2,604	2,659	2,715	2,770	2,825	2,848	2,870	2,893	2,916	2,938	2,962	2,985	3,008	3,032	3,055	
Te Uku	1,773	1,779	1,783	1,789	1,794	1,800	1,804	1,810	1,807	1,805	1,801	1,797	1,794	1,791	1,787	1,783	1,779	1,775	1,775	1,773	1,772	1,772	1,770	1,769	1,767	1,767	1,765	1,764	
Tuakau	5,437	5,590	5,738	5,888	6,046	6,192	6,335	6,482	6,506	6,528	6,560	6,583	6,615	6,639	6,661	6,684	6,711	6,733	6,742	6,753	6,765	6,782	6,797	6,805	6,813	6,821	6,837	6,852	
Tuakau Rural	1,440	1,500	1,568	1,634	1,694	1,763	1,836	1,905	1,982	2,058	2,127	2,204	2,272	2,347	2,425	2,501	2,573	2,649	2,695	2,741	2,785	2,824	2,863	2,910	2,955	3,002	3,042	3,083	
Waerenga	1,512	1,526	1,541	1,557	1,570	1,580	1,598	1,608	1,604	1,601	1,598	1,596	1,594	1,592	1,589	1,584	1,582	1,580	1,584	1,586	1,588	1,594	1,597	1,599	1,602	1,606	1,609	1,612	
Whale Bay	899	960	1,019	1,082	1,145	1,204	1,260	1,322	1,387	1,451	1,519	1,589	1,652	1,714	1,782	1,852	1,922	1,986	2,006	2,025	2,048	2,071	2,090	2,108	2,125	2,146	2,165	2,188	
Whangamarino	659	672	686	700	709	725	739	755	755	757	756	755	755	756	756	757	755	756	762	769	778	782	790	796	802	809	814	819	
Whatawhata East	2,836	2,861	2,886	2,911	2,936	2,961	2,986	3,010	3,008	3,005	3,002	3,000	2,997	2,994	2,991	2,989	2,986	2,983	2,988	2,993	2,998	3,003	3,009	3,014	3,019	3,023	3,028	3,033	
Whatawhata West	537	539	542	544	546	548	552	554	553	552	551	550	549	549	548	547	547	546	546	545	545	545	545	544	544	544	543	543	
Whitkahu	2,047	2,052	2,058	2,063	2,069	2,074	2,079	2,084	2,078	2,072	2,066	2,060	2,054	2,049	2,043	2,037	2,031	2,025	2,021	2,017	2,013	2,009	2,005	2,001	1,996	1,992	1,988	1,984	
Total	78,240	79,887	81,533	83,181	84,823	86,468	88,113	89,759	91,034	92,299	93,573	94,842	96,113	97,386	98,655	99,926	101,198	102,467	103,763	105,060	106,355	107,650	108,950	110,244	111,540	112,838	114,128	115,426	

Household by Urban / Rural Statistical Area

Urban_Rural_Area	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Aka Aka	1,083	1,093	1,103	1,113	1,123	1,133	1,142	1,152	1,158	1,163	1,168	1,173	1,179	1,184	1,189	1,194	1,200	1,205	1,212	1,218	1,225	1,232	1,239	1,245	1,252	1,259	1,265	1,272
Eureka-Tauwhare	725	729	734	738	742	747	751	756	760	765	769	774	778	783	787	792	796	801	807	812	818	825	832	840	848	856	864	872
Hamilton Park	519	521	524	526	529	531	533	536	537	538	539	540	541	542	543	544	545	546	547	548	549	550	551	552	553	554	555	556
Horotiu	203	212	222	230	238	248	257	265	272	278	285	290	297	302	309	313	319	325	326	327	328	329	330	331	333	334	334	
Horsham Downs	237	243	249	255	261	267	273	280	280	281	282	283	284	284	285	286	287	288	327	366	405	445	484	524	563	603	642	682
Huntly	2,688	2,772	2,857	2,942	3,029	3,113	3,200	3,284	3,358	3,434	3,512	3,587	3,661	3,735	3,809	3,884	3,959	4,036	4,066	4,099	4,130	4,163	4,197	4,227	4,258	4,290	4,321	4,354
Huntly Rural	819	821	823	824	824	826	827	830	860	892	919	949	980	1,010	1,043	1,073	1,102	1,130	1,182	1,230	1,283	1,333	1,383	1,434	1,484	1,534	1,581	1,629
Kainui-Gordonton	547	550	553	556	559	562	565	568	569	570	571	571	572	572	573	574	574	580	585	590	596	601	606	612	617	622	627	
Mangatangi	350	352	354	356	358	360	362	363	366	370	374	378	380	384	388	392	396	399	400	401	401	402	403	404	404	405	405	406
Maramaru	418	427	433	444	454	466	474	481	486	489	493	496	499	503	506	509	512	517	518	519	520	520	520	521	522	523	523	524
Matangi	1,028	1,034	1,043	1,051	1,057	1,067	1,074	1,084	1,086	1,088	1,090	1,092	1,095	1,097	1,100	1,102	1,105	1,107	1,111	1,115	1,118	1,122	1,125	1,128	1,132	1,136	1,140	1,143
Mercer	41	40	40	40	40	40	40	40	41	41	41	41	44	46	46	47	47	47	48	51	52	54	56	60	62	63	66	69
Meremere	185	189	195	197	199	200	204	210	211	213	214	215	217	218	220	222	223	223	223	223	223	223	225	226	226	227	228	228
Ngā rural-Lake Kainui	526	531	531	533	536	540	547	550	564	579	595	612	627	640	653	671	685	700	715	732	748	763	774	789	804	818	829	849
Ngāruawāhia	2,100	2,169	2,242	2,315	2,385	2,457	2,524	2,597	2,615	2,627	2,643	2,659	2,673	2,690	2,706	2,721	2,736	2,753	2,767	2,778	2,787	2,796	2,810	2,821	2,834	2,846	2,857	2,866
Ohinewai	37	37	37	37	37	37	37	37	39	39	40	42	44	46	47	49	52	55	56	58	58	59	59	61	64	66	70	73
Onewhero	695	703	710	718	727	734	742	749	761	772	784	796	808	819	831	842	854	865	869	873	877	880	884	889	893	897	902	906
Pokeno	899	1,004	1,110	1,215	1,321	1,426	1,532	1,637	1,726	1,814	1,903	1,992	2,081	2,168	2,256	2,346	2,433	2,521	2,548	2,572	2,598	2,624	2,648	2,674	2,701	2,731	2,759	2,784
Pokeno Rural	453	453	453	452	452	452	452	451	456	463	468	472	476	485	490	496	502	508	530	558	582	606	628	653	677	696	719	746
Port Waikato-Waikaretu	343	345	348	350	353	355	357	360	361	363	365	366	368	369	371	373	374	376	378	379	381	383	385	386	388	390	392	393
Pukekawa	521	525	528	532	535	539	542	546	547	549	551	552	554	556	557	559	561	562	564	566	568	569	571	573	574	576	578	580
Raglan	1,294	1,344	1,393	1,446	1,497	1,546	1,600	1,654	1,683	1,710	1,739	1,765	1,792	1,820	1,846	1,874	1,901	1,930	1,949	1,970	1,990	2,009	2,029	2,049	2,070	2,093	2,113	2,133
Rotokauri	328	334	340	346	352	358	365	371	375	379	383	387	392	396	400	404	408	412	417	421	426	430	434	439	443	447	452	456
Tamahere	1,099	1,116	1,128	1,143	1,158	1,171	1,185	1,198	1,199	1,200	1,201	1,203	1,203	1,204	1,205	1,206	1,206	1,207	1,207	1,208	1,209	1,210	1,211	1,212	1,213	1,213	1,213	1,214
Tamahere South	700	704	708	712	716	721	725	729	736	744	751	758	766	773	780	788	795	802	804	805	807	808	810	811	813	815	816	818
Taupiri	222	223	224	224	225	225	225	225	229	238	242	248	256	262	270	275	282	288	292	297	307	318	327	334	339	348	359	363
Te Aka	606	610	614	618	621	624	628	632	633	633	634	634	634	635	635	636	636	637	639	642	644	647	649	650	653	655	657	658
Te Kawwhata	683	753	817	879	942	1,009	1,075	1,141	1,205	1,269	1,334	1,398	1,461	1,524	1,588	1,650	1,713	1,777	1,848	1,918	1,987	2,057	2,128	2,199	2,268	2,337	2,407	2,476
Te Kowhai	717	730	743	757	770	783	796	808	829	851	872	893	915	938	959	982	1,004	1,025	1,036	1,047	1,055	1,063	1,074	1,084	1,094	1,103	1,114	1,124
Te Uku	944	898	852	805	757	711	663	617	617	618	619	620	620	621	621	622	623	623	624	625	625	626	627	627	628	629	629	
Tuakau	1,767	1,822	1,877	1,933	1,989	2,046	2,101	2,153	2,166	2,181	2,195	2,206	2,220	2,233	2,248	2,260	2,280	2,293	2,303	2,308	2,316	2,331	2,342	2,350	2,359	2,366	2,375	2,382
Tuakau Rural	480	501	522	542	562	580	602	626	654	682	712	743	771	800	828	858	883	911	928	947	965	977	992	1,010	1,025	1,046	1,061	1,079
Waerenga	546	544	541	537	533	529	526	523	524	524	525	525	526	527	527	527	528	530	532	534	535	538	539	542	544	548	550	
Whale Bay	-	62	128	195	264	331	396	458	481	508	532	558	582	608	636	662	688	713	723	731	742	752	760	769	778	785	794	804
Whangamarino	224	220	218	216	213	211	206	201	202	203	203	205	207	208	208	210	212	212	213	214	216	218	219	221	224	225	227	229
Whatawhata East	900	910	920	930	940	950	960	970	971	973	975	977	979	981	982	984	986	988	991	995	999	1,002	1,006	1,009	1,013	1,016	1,020	1,023
Whatawhata West	173	174	175	176	177	178	179	180	181	182	182	182	183	183	183	183	184	184	184	184	184	185	185	185	185	185	186	186
Whititahu	668	671	674	678	681	683	686	690	690	690	689	689	689	689	689	689	689	689	689	689	689	689	689	689	689	689	689	689
Total	25,768	26,366	26,963	27,561	28,156	28,756	29,353	29,952	30,458	30,972	31,482	31,993	32,504	33,013	33,524	34,037	34,548	35,059	35,561	36,062	36,566	37,069	37,572	38,070	38,573	39,080	39,583	40,081

Waikato District Council Boundary Map Per Statistical Area

ID	Area name
1	Te Kauwhata
2	Raglan
3	Pokeno
4	Ngāruawāhia
5	Huntly
6	Tuakau
7	Taupiri
8	Horotiu
9	Ohinewai
10	Tamahere
11	Port Waikato-Waikaretu
12	Pukekawa
13	Inlets Waikato District
14	Aka Aka
15	Mangatangi
16	Onewhero
17	Waeenga
18	Whitikahu
19	Te Uku
20	Rotokauri
21	Te Akau
22	Whatawhata West
23	Horsham Downs
24	Eureka-Tauwhare
25	Whatawhata East
26	Hamilton Park
27	Tamahere South
28	Pokeno Rural
29	Mercer
30	Tuakau Rural
31	Whale Bay
32	Matangi
33	Maramarua
34	Meremere
35	Te Kowhai
36	Whangamarino
37	Kainui-Gordonton
38	Huntly Rural
39	Ngā rural-Lake Kainui





Hamilton City Council

Te kaunihera o Kirikiriroa

HCC 2024 LTP Growth Model Run

Draft Version 3.0 – 1 March 2024

GROWTH FUNDING & ANALYTICS UNIT



Table of Contents

1. DOCUMENT RELEASE LOG	2
2. DOCUMENT PURPOSE	2
3. EXECUTIVE SUMMARY	3
4. METHODOLOGY	3
5. DISCUSSION	12
6. OUTPUTS	27
Appendix 1: PC13 considerations	28

1. DOCUMENT RELEASE LOG

Date	Description	Version	Author	CM record number
6-09-2023	DC GM Documentation	1.0	Marshall Forrester	-
06-10-2023	HCC 2024 LTP Growth Model Run Documentation	2.0	Marshall Forrester	
13-03-2024	HCC 2024 LTP Growth Model Run Documentation	3.1	Marshall Forrester	

2. DOCUMENT PURPOSE

2.1. Purpose

This document outlines the methodology and assumptions made in the 2024 LTP Growth Model run. The purpose of the 2024 LTP Growth Model run is to provide dwelling and population projections, which will then be reaggregated to the appropriate DC catchment zone. This is so Hamilton City Council can charge individuals or groups who develop in these catchments proportionally to the benefits they receive based upon the infrastructure that is being put in said catchments.

2.2. Scenario Matrix

Scenario Name:	2024 LTP GM
Scenario Description:	Growth Model run used to inform demand by catchment for the 2024 LTP DC Policy review occurring late 2023/early 2024
Residential Data Source	Market Economics Plan Change 12 Plan Enabled Capacity (July 2022 Release) HCC Commercial Feasibility Model (August 2023 Release) HCC Infrastructure Capacity Constrained Areas (Informed by Strategic Waters, April 2023) ¹ Plan Change 13 (Te Rapa Race Course) Capacity and uptake assumptions (Informed by City Planning) ²
Demand Data Source	NIDEA 2021 High Household and Population Projections Central City (Hamilton Central and Kirikiriroa) uptake assumptions of 150 dwellings/year (Identical to PC12 run) ³
Infill: Greenfield Demand Ratio	50:50 NIDEA 2021 High

¹ Provided by Strategic Waters team, discussed and presented in section 4.4.

² Discussion with Keith Hornby, see Appendix 1

³ D-4386362

City Boundaries	Existing city boundary Includes re-zoning assumptions in alignment with PC13
Date Requested:	September 2023
Date Published:	March 2024
Stakeholder Requested:	Greg Carstens, Tiki Mossop

3. EXECUTIVE SUMMARY

In terms of total demand this model run, 2021 NIDEA High has significantly more demand post 2033 than the 2021 DC GM run (5.3.1)

This growth model run has a 50 50 Infill Greenfield Demand split, which is the same demand as the 2021 DC GM run, but differs from our PC12 and HBA demand inputs, as these had a 50 50 split gradually changing to 70 30 after 30 years (4.1.2).

As demand begins to reach maximum greenfield capacity around 2054, greenfield development after this point predominantly is distributed into Temple View. HCC is comfortable with released projections beyond this point as these model outputs are only being used for dwelling projections until 2054 (4.1.5).

PC12 which allows for increased density means that development appears significantly denser in this GM run when compared to the 2021 DC GM run (5.2).

150 dwellings per year were removed from infill demand and developed exclusively in the SA2's of Hamilton Central and Kirikiriroa (4.1.5).

Red zones are used in this run, and these impact timing of infill development and prevent some infill development from occurring (4.1.5).

Greenfield development patterns were modelled using a combination of infrastructure development timing and developer intentions as of September 2023 (4.1.4).

The output used was chosen as it was deemed more realistic than multiple other scenarios tested by Growth Funding and Analytics (5.4).

4. METHODOLOGY

4.1. Overview

4.1.1. Process

The growth modelling process is broken into six sub-processes, namely: Inputs, Spatial Input Preparation, Residential Allocation, Population Allocation, Spatial Output Preparation, and Outputs. Each sub-process is described in-detail in the following sections.

4.1.2. Inputs

The scenario matrix in Section 2.2 outlines the key inputs discussed and agreed with stakeholders. This section provides background details on these inputs.

This growth model run uses HCCs in house Commercial Feasibility (CF), and for infill areas uses M. E's Plan Enabled Capacity. Greenfield capacity was calculated using density assumptions which were up to date as of September 2023. Infill Infrastructure Constraints have been considered in the model. This documentation outlines the assumptions and processes that were used in this run of the Growth Model.

Residential Data Source

The HBA 2023 Growth Model run was the first run to use the in-house HCC Commercial Feasibility Model.⁴ For a full understanding of assumptions made, it is recommended to read the full documentation.

To summarise the generation of the residential data for this run:

1. Plan-enabled capacity (PEC) is generated by Market Economics using assumptions from HCC and various parcel information/attributes. In this case, the base Plan Enabled Capacity analysis generated for Plan Change 12 was used.
2. The PEC was used as an input to the HCC Commercial Feasibility (CF) model. This assessed each possible typology according to the PEC for its commercial feasibility, including the year that they become feasible. For most parcels, a minimum 20% profit margin for developers is considered feasible.
3. For infill parcels, each parcel is given a single typology to be developed based on the earliest-online commercially feasible typology on that parcel (with the maximum yield if there is a tie). **All greenfield parcels are assumed to have a detached typology.**
4. Each parcel is given spatial information, such as the distance to the nearest road/neighbourhood centre/bridge.
5. Each parcel is given year-online information (based on the infrastructure, when can it be developed) – this was particularly important for areas in the Infrastructure Capacity Constraint Area (ICCA), as some come online within 3-8 years. Some parcels had manual adjustments to their year onlines. These parcels are outlined in section 3.1.5.

Demand Data Source

The 2024 LTP Growth Model uses the NIDEA/Te Ngira University of Waikato "High" Household Projections, assuming that household increase and dwellings built are 1:1. The modelling methodology is outlined in their documentation.⁵ The household to dwelling assumption is normal practice for growth modelling at HCC and with the Council's Future Proof partners.

Residential allocation is enforced to occur at a defined infill: greenfield ratio. This modelling run assumes an infill: greenfield ratio of 50:50 for the entire modelling period from 2023 to 2068. This assumption differs from our previous 2 growth model runs for HBA and PC12, which both used an initial 50:50 infill: greenfield ratio gradually changing to a 70:30 infill: greenfield ratio over a 30-year period from 2023 to 2052. Using this as a demand input was tested in this run, and results from this will be shown in section 4.4.1 of this documentation. Additionally, given the very real infrastructure capacity constraints identified in the infill area, it was requested by Greg Carstens to trail a 30:70 infill: greenfield split and what growth looked like in this scenario. These outputs are shown in section 4.4.2 of this report.

⁴See HCC Commercial Feasibility Documentation. No permanent document link at time of writing.

⁵ <http://www.creatingfutures.org.nz/waikato-projections-demographic-and-economic/2018-projections-outputs/>

In terms of assumptions for development, 150 dwellings were removed each year from infill demand to be allocated to the statistical areas of Hamilton Central and Kirikiriroa. This was done because HCC have received an IAF grant from the Government which should lead to 4000 new dwellings in the next 10 years within Hamilton's 800m walkable catchment. Of these 4000, HCC believes that a 150 per year sufficiently demonstrates the growth we should see in this area.

The city boundary and zoning used for Growth Modelling is the existing city. Zoning changes contained within PC13 have been included in this run. Rating valuation information was used to indicate if a parcel is currently developed or not.

4.1.3. Spatial Input Preparation

The spatialisation of the inputs for HCC's growth modelling is done in FME Safe Software to allow optimisation, on-the-fly visualisation, and manipulation of interim outputs.

The first process joins the commercial feasibility data from with HCC parcel information to enable mapping and geospatial analysis. Each parcel is assigned a typology and a "year online" parameter, which is the first indicative year that the selected typology is market feasible for development (on the understanding that the development capacity of the parcel is plan and infrastructure enabled). Where a parcel has multiple typology options (for example, a duplex or a standalone dwelling can be feasibly built), the earliest feasible typology is chosen. If multiple typologies have the same feasibility year, the one with maximum yield or dwelling count is chosen.

The next FME form creates pseudo-parcels from large lot parcels in greenfield areas using a GIS rasterization technique. Undefined greenfield parcel boundaries are simulated based on anticipated dwelling densities for each suburb and given year online information based on the most appropriate available HCC data. Note that the uncertainty in some areas where development depends on yet-to-be-built infrastructure can cause conflict between modelling assumptions and stakeholder or developer intentions.

The next form calculates road network distance between each parcel and key city locations. The distance of the closest centre and closest bridge were identified for each parcel. This enables the model to consider the current infrastructure that allows movement across the city and the proximity of the parcels to key city locations.

The last form generates the neighbourhood matrix for every parcel in the model, to consider the likelihood of development of a parcel and its surrounding neighbourhood. A parcel's neighbourhood is defined as all developed parcels within 150-meter radius from the parcel's centroid. The output is a list of all the neighbour parcels of each parcel and indicates whether a neighbour parcel is developed using the ratings valuation data.

4.1.4. Greenfield/ Future Growth Area assumptions

For this run the modellers used density assumptions for Greenfield areas as of September 2023. This is a dynamic set of numbers and can vary from day-to-day based on new developer plans or uptake from consents. However, the modellers agreed on the numbers below to maintain consistency with numbers already released to the organisation. The source of the numbers were developer masterplans, pre-application meeting notes, plans within resource consents, HCC capacity analysis and the 2023 Housing

Business Assessment plan enabled capacity. The table below summarises the number of dwellings by growth area.

Areas	Number of dwellings
Peacocke Stage 1B	240
Peacocke Stage 2	7123
Rotokauri	7025
Rototuna	1983
Ruakura	1654
Te Rapa North	1500
Total	19525

4.1.5. Residential Allocation and Modifications

The residential allocation component of the growth model calculates the most likely infill and greenfield parcels to be developed year-by-year between 2023 and 2068. This is achieved using a cellular automata-based machine learning algorithm trained on Hamilton City's growth patterns. The model uses spatial information such as distances to key infrastructure with feasibility information to calculate the likelihood a given parcel is developed. More information can be found in the relevant documentation.⁶

For each year in the model, the residential allocation model chooses the top N highest likelihood parcels as assessed by the machine learning algorithm for development. The number N is given by the yearly demand information calculated from the NIDEA/Te Ngira High Household Projections.

For the residential allocation model to include the most up-to-date development expectations for Hamilton City, several parameters are modified to constrain how the machine learning model operates. Infrastructure Capacity Constrained Area is a new component first introduced in the 2023 HBA Growth Model run. All modifications made to the inputs and/or growth model are specified below.

a. Infrastructure Capacity Constrained Area (ICCA)

Several infill Infrastructure Capacity Constraint Areas (ICCA) in Hamilton City were identified to have insufficient infrastructure capacity to cater for the existing demand by Strategic Waters Unit via 3 Waters Traffic Light Assessment.⁷ These areas therefore cannot support intensification until the constraints are remedied.

As a result, parcels within ICCA zones within the model are not able to be developed until their infrastructure constraint is remedied. These new "year online" are shown in Figure 1. The exception to this is developments which have already had resource consents pending or granted, which are allowed by the model. Areas with no current plans to remedy the infrastructure limitations are not enabled for development across the duration of the model run. Once areas with constraints are reenabled, their development capacity is not limited. This

⁶ Growth Model Technical Documentation D-4386280

⁷ GF&A Memo: ICCA assumptions in 2024 HBA growth model scenario RER output, 31 May 2023

differs from the 2023 HBA Growth Model run which implemented caps on these areas based on population limits for SA2's which were impacted by the ICCA⁸.

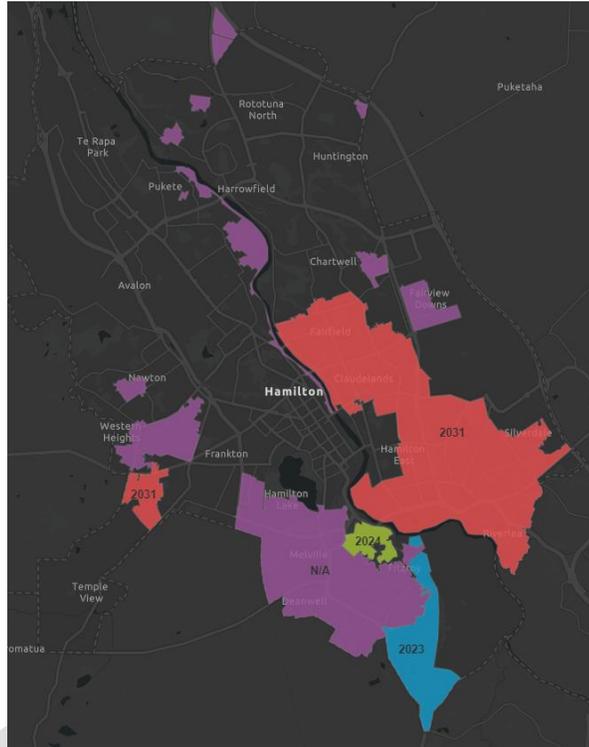


Figure 1: Extent of ICCA areas with their "year online" labelled.

Identification of ICCAs was based on best available information at the time, however, are subject to change as planned investment is delivered. New areas with infrastructure constraints will emerge overtime as development occurs in those areas.

Potential or underway developments in an ICCA that already have applied for or have a granted Resource Consent by 31 March 2023 are an exception, and are assumed to be constructed within five years, even if the ICCA boundary prevents such developments from occurring.

b. Infill: Greenfield Ratio

Residential allocation is enforced to occur at a defined infill: greenfield ratio. This modelling run assumes an infill: greenfield ratio of 50:50, which has been used to both align with the previous Growth Model run that was used to calculate DC charges, and as an acknowledgement that whilst current infill: greenfield development is closer to a 70:30 ratio, given Hamilton is approaching very real infrastructure limitations in our infill zones (as observed by the implementation of ICCA zones this run), and HCC believes it is reasonable to expect that over time the greenfield growth cells will take an increased proportion of demand in the future.

c. Deadlines

Development of a parcel or area can be enforced to happen in any given year or timeframe. This is used if HCC have credible information about the development of certain parcels, which

⁸ L:\City Growth Group Reporting\11 Growth Funding & Analytics\20230501 HBA 2023 Growth Model Run\03 Documentation

include existing consent information, master plans and documented developer intentions. In this run deadlines were used in 2 ways.

1. Greenfield

- Greenfield deadlines were set in areas where we have developer intentions such that expected patterns of development are replicated in our modelling.

2. Infill

- As stated in 3.1.4.a), parcels in ICCA zones which have been consented to be developed were assigned deadlines to ensure that they were developed.

d. Infill Weighting Mechanism

Modelling experimentation in the PC12 modelling run found that the growth model produced unrealistic results in the central city area. This was due to the growth model algorithm being trained on lower density growth patterns and not operating as anticipated in such a large high-density environment.

In the PC12 runs a weighting mechanism was used in the neighbourhood centres to fix the irregular growth pattern. Whilst the PC12 run used a gradually decreasing boost from 2026 to 2050 in these local centres and had a range of 700m as the threshold for this boost. In this run parcels within 500m of the neighbourhood centres received a development boost which decreases for each year the model runs until the boost has no impact on development by the year 2031. 500m was the threshold for the boost to be applied, any parcel within this range had an equal boosting regardless of whether it was further or closer from the neighbourhood centre. Post 2031 development is directed by the growth model algorithm alone.

This weighting mechanism concept was adapted from M. E's Plan Enabled Capacity model, which used a modified sales price and development pattern around neighbourhood centres and along main roads, as community assets like this are deemed to increase the feasibility of a parcel for development.

Boosting is necessary in our modelling as it encourages short term growth patterns about already developed community assets in infill areas. We expect to see development occurring in these areas whilst we await the completion of major infrastructure projects, before seeing development move towards these areas.

Our reasoning for reducing the length of time of the boost compared to the PC12 run was that updated information from our engineers informed us of the limited capacity of our infill zones (ICCA). Thus, major developments occurring over an extended period about the neighbourhood centres that the boosting mechanic promotes would prove to be unrealistic as we cannot guarantee that these areas will have the infrastructure required to service such developments.

Thus, reducing the time and impact of this mechanic steers growth towards the infrastructure enabled, and funding supported stage 1 west zone (figure 2). This ensures that the growth patterns we observe in our growth model outputs more accurately reflects patterns of infill development which are consistent with infrastructure.

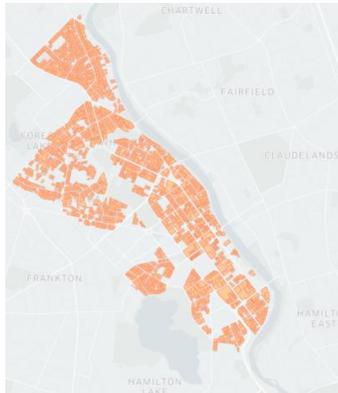


Figure 2: Hamilton's Stage 1 west zone

e. Separation of Hamilton Central, Kirikiriroa SA2 areas from infill demand

As implemented in the PC12 run, the Hamilton Central and Kirikiriroa SA2 areas were separated from the primary component of infill modelling because the large capacity increase introduced by PC12 caused a large and unrealistic bias toward central city development.

Instead, just as the model demand for infill and greenfield sections is split distinctly, an additional demand component was added, called Central City Demand. This removes what our assumption for Central City demand is at the time (in the case of this mode run 150 dwellings per year) and allocates this demand into just the SA2's of Hamilton Central and Kirikiriroa.

150 dwellings is an appropriate estimate as it aligns with the Infrastructure Acceleration Fund (IAF) bid, known developments in the consenting pipeline, and rough estimates from M.E for expected high-density CBD developments.

By separating this demand within the model this means we get the benefits of growth model development patterns but does not sacrifice the realism of infill development about the city, which occurs when these SA2's are included in the primary section of the infill code.

In implementing this code, the maximum capacity of an individual parcel was capped at 150 dwellings per parcel in Hamilton Central and Kirikiriroa. This had to be implemented due to modelling limitations.

f. Rototuna

To remain consistent with the 2021 LTP Growth Model run that was previously used to set DC charges, the Rototuna zone was defined by its DC catchment area, as opposed to its Stats NZ defined area. The result of doing this is this means that the entire Rototuna DC catchment is defined as greenfield in this model run, rather than just the growth cell portion of Rototuna. See figure 3 to see this distinction visualized.

A primary foundation for the collection of DC revenue is that there is total consistency across the catchments in terms our modelling, as ultimately, we are aiming to charge developers the appropriate portion of costs for infrastructure HCC must put in place to allow their developments to take place, which is crucial in greenfield areas as without council investment in infrastructure development would not be possible. As DC charges have a 30-year recovery time, a catchment classification cannot be changed until at minimum all projects which directly

correspond to the enablement of growth in that DC catchment have been completed, and/or reached the end of their recovery time.

However, the by-product of such consistency, which is making this whole area a greenfield area, is an important distinction, as in terms of growth model inputs, greenfield demand and infill demand are separate. This means that by including this entire area as a greenfield zone, this dramatically increases total greenfield capacity. If left unadjusted, this results in Rototuna taking demand from growth cells which we know for certain will be developed.

To try and shape a more realistic output, one thing that we can use to shape the development of these “infill” Rototuna parcels is the fact that they have a development scenario associated with them, as their yields were calculated through HCCs in house commercial feasibility model.

There are 3 development scenarios for infill cells. These are building a new dwelling on an available parcel, subdividing a parcel, and then building a new house on said subdivision, and lastly completely redeveloping a section such that the existing dwelling is demolished, and then developing new dwellings on said section. Given the recency of Rototuna’s development, to be seeing redevelopment in this area from the start of the model run would be highly unrealistic. Thus, a manual intervention was required to get a realistic result.

The change that was made was that if the development scenario for a parcel in this “infill” section of Rototuna was redevelopment, 60-80 parcels were enabled for redevelopment from 2030 to demonstrate in the outputs the iterative redevelopment of Rototuna (the aim was 75 per year but due to differing parcel dwelling capacity numbers this amount varies annually). These were selected through ordering redevelopment parcels by their original year online (which is calculated through HCC’s Commercial Feasibility), and manually altering these year onlines to allow for a steady supply of Rototuna parcels for redevelopment.

This does not mean we did not test the alternative scenarios surrounding how to treat the Rototuna “infill” area. To see what these outputs look like when these adjustments are not made, see section 4.4.1 of this documentation.



Figure 3: The entire zone displayed above is defined as Rototuna. The blue sections are the growth cell components, and the red are the “infill” sections.

g. Temple View

Given this growth model run is being used for the calculation of DC charges, and the primary areas in which these charges are larger are in greenfield areas in which projects are predominantly growth related, it is important to have greenfield demand flowing into areas in which are funded in the upcoming LTP. As the growth model has set values for dwelling

demand each year, and Temple View does not yet have any infrastructure projects in the upcoming LTP, to observe dwelling development in this growth cell ahead of growth cells which do have infrastructure plans and projects would serve to reduce the amount of dwellings being developed in these growth cells, thus potentially inflating the DC charge for these growth cells, (dividing the same project costs over a lesser number of developed dwellings). Thus, Temple View dwellings were manually allocated a year online to be at minimum 2055, which places all Temple View development outside the 30-year time frame of projects which are in the upcoming LTP.

The effects of these changes can be observed when looking at section 4.4.3, when development post 2054 is largely made up of Temple View development as this area finally made available for the growth model to develop and the rest of Hamilton's greenfield areas are running out of capacity.

h. Western Heights

Due to DC charges being substantial in the stormwater catchment of Western Heights as no development occurred in this stormwater catchment organically, 30 parcels were given a 2030 deadline in this catchment to reduce the charge to realistic levels.

i. PC15 – Tuumata Block

Due to plan change 15 having not yet completed hearings, the 68ha Tuumata block was not included in this model run's Greenfield capacity. Tuumata has an expected to be realised yield of 900 dwellings.

4.1.6. Population Allocation

Due to the use of HCC's inhouse Commercial Feasibility model, this now means that all dwellings that are projected to be developed now have a typology associated with them. This allowed HCC to increase the sophistication of its population allocation methodology, with research proving that different typologies have differing population densities (i.e., a detached house in a greenfield growth cell will have a higher number of people living in it when compared to a high-density apartment in the Central City). Thus, population allocation was performed on a typology basis for this Growth Model run. For a full understanding of the updated population allocation model, it is recommended to read the documentation⁹.

4.1.7. Spatial Output Preparation

The residential and population allocation models output data at a parcel level, including the parcel's typology, zoning, and other spatial attributes. Dwellings and population are aggregated to larger spatial catchments of Statistical Area 2 (SA2) and Infrastructure Catchments as defined by stakeholders in their requirements.

4.1.8. Outputs

Outputs are provided in raw output and in summarised formats. See the Outputs section for more detail.

⁹ L:\City Growth Group Reporting\11 Growth Funding & Analytics\Project 05 - Growth Model Programme\05 Population Allocation Model\ Population Allocation V7 20230529

5. DISCUSSION

5.1. Discussion Context

Discussion of spatial outputs refers to either Statistical Area 2 (SA2) or Infrastructure Area Zoning. Infrastructure Area Zoning area definitions compared to SA2 are defined as in Figure 3.

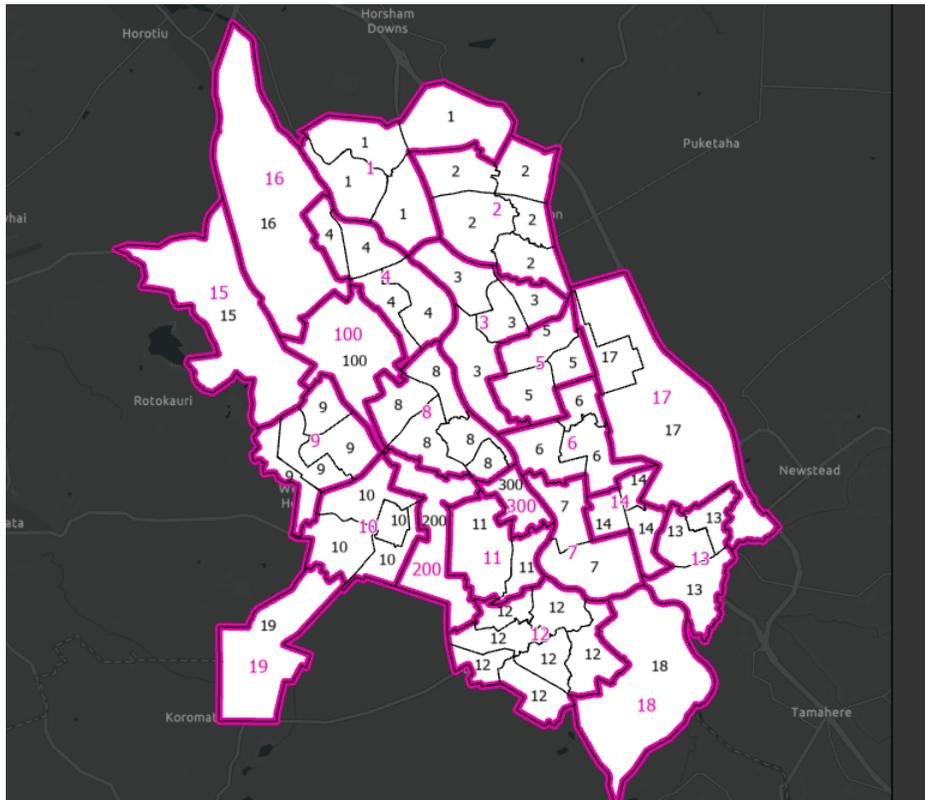


Figure 4: Statistical Area 2 (SA2) to Infrastructure Area conversion reference map. Infrastructure Areas shown and labelled in Pink, and black areas/labels indicate the underlying SA2 which aggregate to that Infrastructure Area.

5.2. High-level discussion of outputs

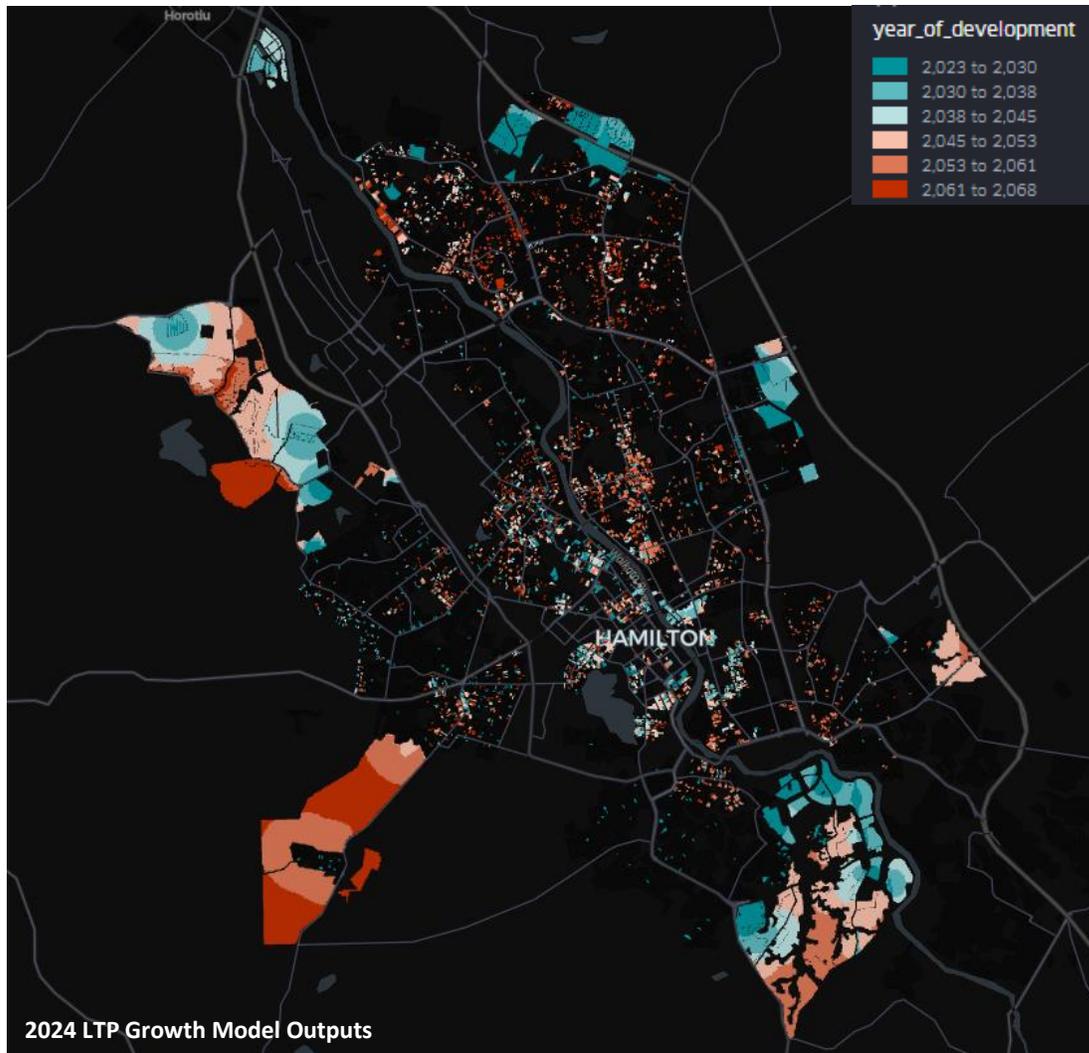


Figure 5: 2024 LTP GM output

From a high level, infill development from 2023 to 2031 (local centre boost years) occurs in Dinsdale and Western Heights but is mainly concentrated in Maeroa and Whitiara. Once the boosting mechanic is disabled post 2031 development firmly swings towards Hamilton Lake and further densification of Maeroa and Whitiara, as well as Hamilton East.

These areas remain as the dominant development areas of infill growth until 2050, which we then start to see areas which were disabled by the ICCA layer, such as Fairfield and Miropiko, get some densification.

In terms of general modelling trends, it is observable that the model algorithm prefers areas of high densification over scattered development, as the earlier developed parcel mapped in blue are all tightly packed almost replicating patterns observed in greenfield areas, whilst red mapped later stage development appear more prominently on the map as they are more spread about the city. This idea is explored further in section 4.4.1 when comparing dwelling density.

From a greenfield perspective, all greenfield areas barring Rototuna are developed to capacity.

Greenfield development begins in Peacockes in Amberfield and Northview, and grows inwards over time, with the southernmost sections of stage 2 being the last to be developed, which is in accordance with current knowledge of infrastructure timing in Peacockes.

A similar pattern of development is observed in Rotokauri, but instead of starting in the outer areas and spreading inwards, the information we have from developers means that we know that development starts should start in the two centres on opposite sides of the growth cell and grow outwards from these centroids.

In Rototuna North, as infrastructure is almost all complete as of running the model, it is developed to completion in the first 10 to 15 years. Te Awa Lakes is also fully developed within the first 20 years of the model run.

Ruakura development flows in accordance with infrastructure timing, with development flowing from its innermost points to the edges, which run beside the newly constructed state highway.

Most late-stage greenfield development is in the infill portions of Rototuna, as the growth cells begin to run out of capacity and parcels which are tagged for redevelopment are made available for development. Graphs displaying the distribution of greenfield development by growth cell are shown in section 4.3.3 of this documentation.

5.3. Comparison to 2021 LTP Growth Model Run

5.3.1. Difference between Model Runs

There are several key differences between the 2021 LTP Growth Model Run and the 2024 LTP Growth Model run.

The first difference is the demand inputs of the two models. The 2021 LTP Growth model was run using NIDEA's 2020 household and population projections as its demand input, whilst the 2024 LTP Growth Model run used NIDEA's 2021 household and population projections. Whilst only being one year apart, NIDEA 2021 household and population projections were based on 2018 census data, whilst the 2020 household and population projections were rebased from the 2013 census data. This results in these two demand inputs having very different demand values, particularly in the final years of the model run. See figure 6 for a comparison of the respective demands.

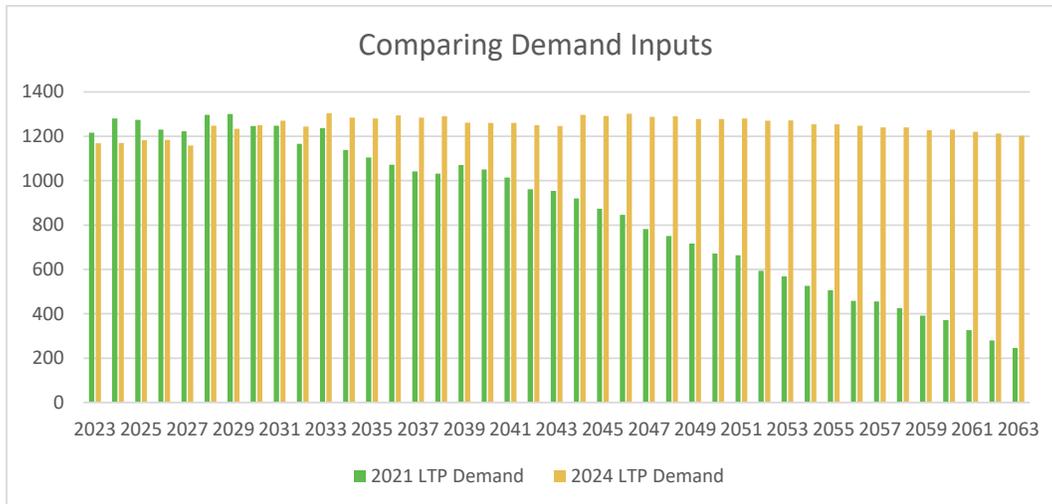


Figure 6: Comparing 2021 and 2024 LTP Demand inputs.

The result of these differences in demand is the 2024 LTP Growth Model run has significantly more development when compared to the 2021 LTP Growth Model run.

The second difference is the alteration of plan change rules, which dramatically changed the density of development which was possible in Hamilton. This is why, despite having significantly less demand, when the 2021 LTP Growth Model run is visualized the outputs appear to have more development than the 2024 LTP Growth Model run, when the 2024 LTP Growth Model run has significantly more development, it is just far denser so appears the outputs appear to be displaying less development.

This is shown by a comparison of average developed dwellings per parcel in infill, displayed in figure 7. On average developed parcels in the 2024 LTP have 3.1 times the capacity of 2021 LTP developed parcels, meaning that in terms of observable development on the visualisations of outputs for every 3 parcels observed in the 2021 LTP model output map, this is roughly equivalent to 1 parcel being developed in 2024. This explains why even though 2024 has higher demand, 2021 appears to have more development occurring.

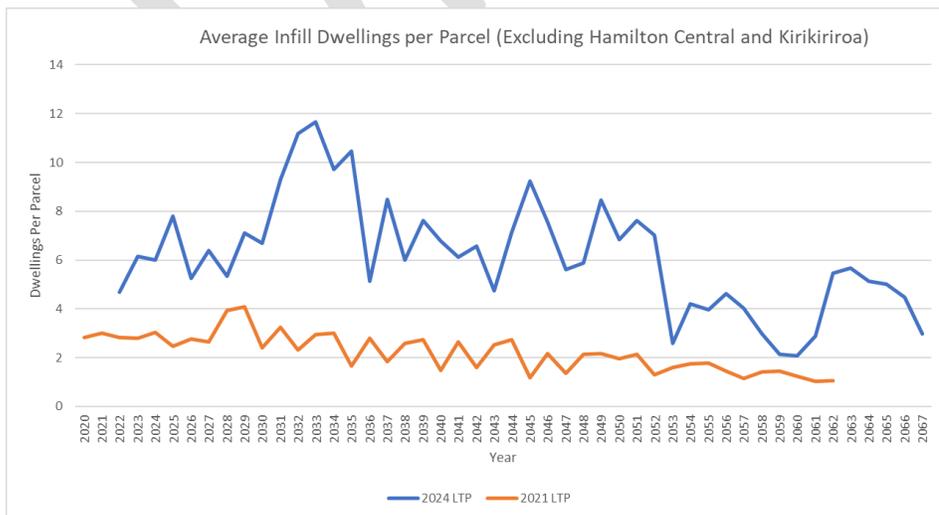


Figure 7: Comparing 2021 and 2024 average number of dwellings built per parcel.

The third difference between the two runs is the set demand in the statistical areas of Hamilton Central and Kirikiriroa of 150 dwellings from infill per year. This was not done in 2021 as infill demand was not great enough to cope with such an assumption (total demand for both infill and greenfield dwellings falls as low as 244 dwellings in 22063), and the primary driver of said assumption, the signing of the IAF, had not yet been completed.

In maintaining this 150 Central City dwelling assumption, this keeps the 2024 LTP Growth Model run consistent with the previously published 2023 HBA Growth Model, and the 2022 PC12 Growth Model run.

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5.3.2. Infill Comparison

Figure 4 shows a visualisation of the outputs between the 2024 LTP Growth Model Run, and the previous 2021 LTP Growth Model Run. For this documentation, the 2024 LTP Growth Model Run will be referred to as 2024 outputs, and the 2021 LTP Growth Model Run will be referred to as the 2021 outputs.

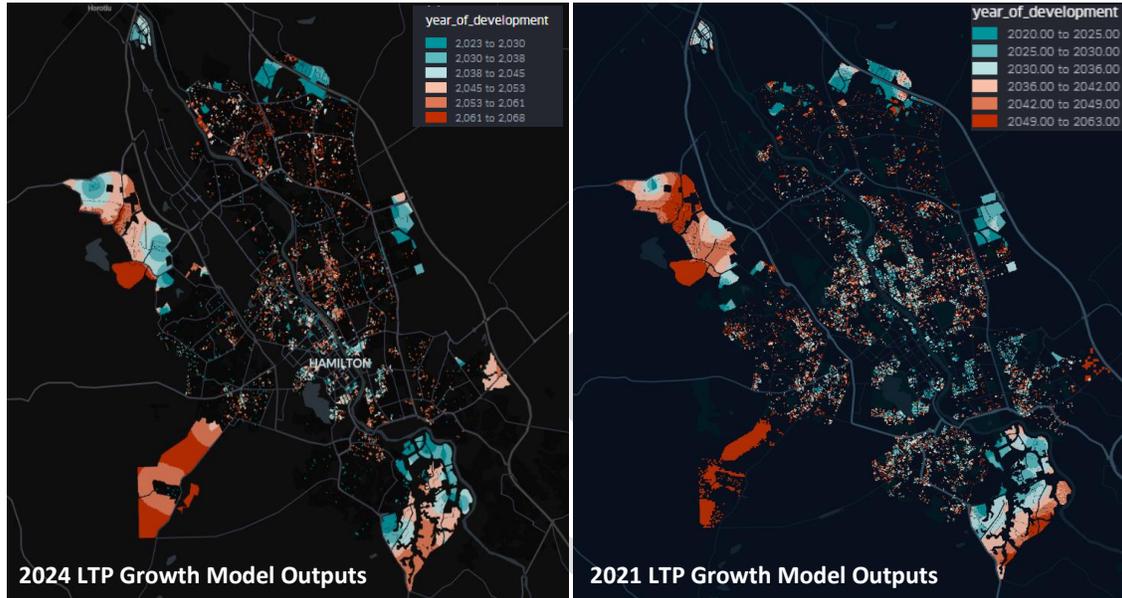


Figure 8: Outputs of 2024 LTP GM Run (left) and 2021 LTP GM Run (right)

In terms of how development patterns have changed, 2021 outputs see initial development along the river around SA2's of Beerescourt, Miropiko and St Andrews East. These early developments are instead seen in 2024 in the SA2's of Dinsdale, Western Heights, Maeroa and Whitiora. Hamilton Lake remains a hub of early development in both 2021 and 2024 outputs, but again the development has increased density in the 2024 outputs.

Development on the East of the river in Miropiko and Fairfield are delayed by infrastructure constraints in the 2024 outputs, with development intensifying in these areas from 2045 onwards, compared to when such constraints were not implemented in 2021, where development was observed in these SA2's from as early as 2030.

In the 2021 outputs development in the later years appeared in Nawton, as well as in Enderley and Chedworth. Nawton is part of the red zoned area, thus development already limited from a modelling perspective in the 2024 outputs, but additionally the increased density means that the development in Enderley and Chedworth is sated on the east of the city by intensification of Miropiko and Fairfield.

Note the lack of development in the southernmost infill portions of Hamilton of Glenview, Melville and Resthill, as well as the aforementioned Nawton area on the South West portion of Hamilton. These SA2's are not developed in this model run due to these zones due to ICCA constraints.

5.3.3. Greenfield summary

Greenfield is not impacted by the ICCA.

In terms of development timing of greenfield areas, we see a refinement of our major growth cells of Rotokauri and Peacocks. This is primarily due to us now having updated information from developers allowing us to make more informed assumptions about how these growth cells will be developed.

Due to the increased demand inputs between the two model runs, we see all greenfield growth cells being developed to capacity, which was not possible in 2021. See the graph below to compare the development timings of the greenfield growth cells.

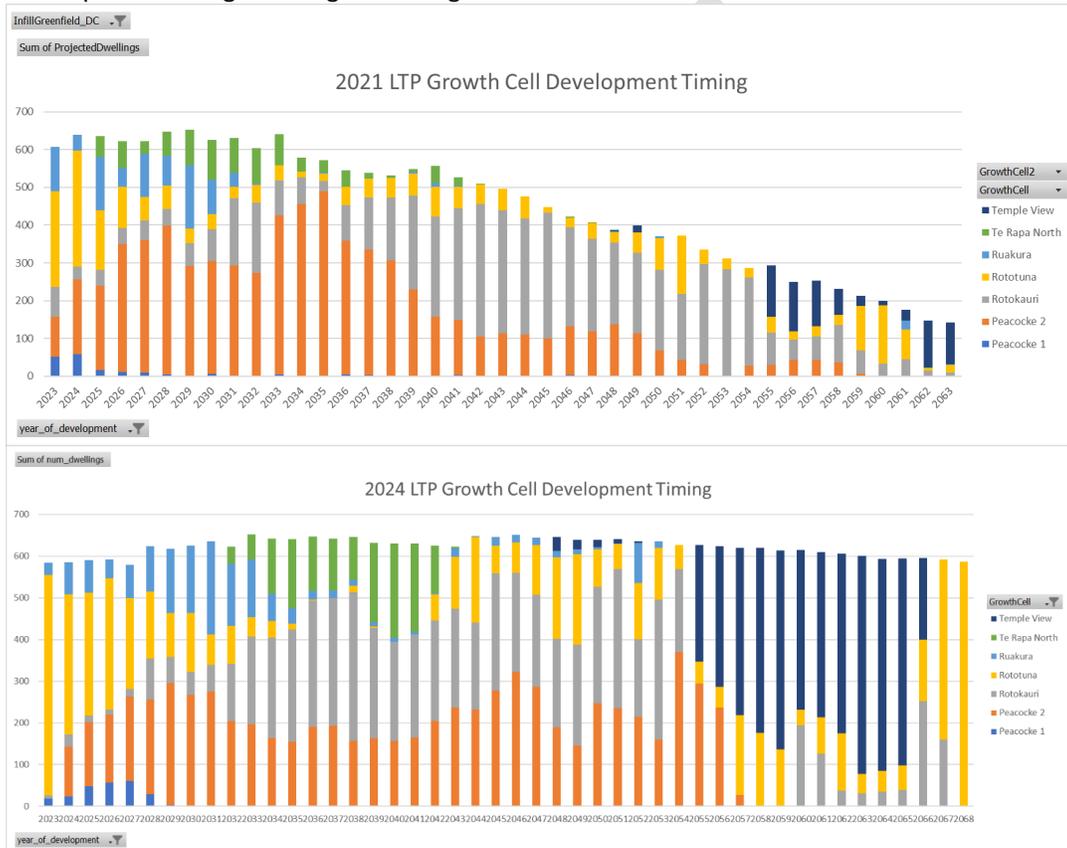


Figure 9: Comparing the development timing of greenfield growth cells.

Overall, the difference between development timings is not dissimilar, but the difference in demand is the biggest change.

Peacocks and Rotokauri have increased densities under new plan change rules, and with additional demand in 2024 both growth cells are developed to capacity.

Te Rapa North has updated development timing in this model run, with this area only becoming infrastructure enabled in 2032, compared to 2021 which had this growth cell infrastructure enabled from 2025.

In both outputs, Peacocke and Temple View are the primary locales for greenfield development, with both capacities being exhausted over the respective model run periods.

Ruakura experiences similar growth timing in 2024 outputs compared to 2021 outputs but has increased capacity in the 2024 run.

Rototuna development occurs throughout in both runs as this demonstrates the eventual redevelopment of parcels that were built in the early stages of the opening of the Rototuna growth cell.

Temple View dominates post 2055 development on the 2024 outputs. The reasoning for development starting in 2055 is as no infrastructure projects are funded in this upcoming LTP, as the purpose of this growth model run is to be used for DC charges, enabling development prior to 2055 would divert development away from growth cells which have infrastructure projects in the upcoming LTP. Through said diversion this would decrease the number of dwellings being built in these areas, and thus increase their DC charge. Thus, to negate this problem development was delayed in Temple View to 2055.

5.4. Alternate Scenario Testing

5.4.1. Rototuna With vs Without Adjustments

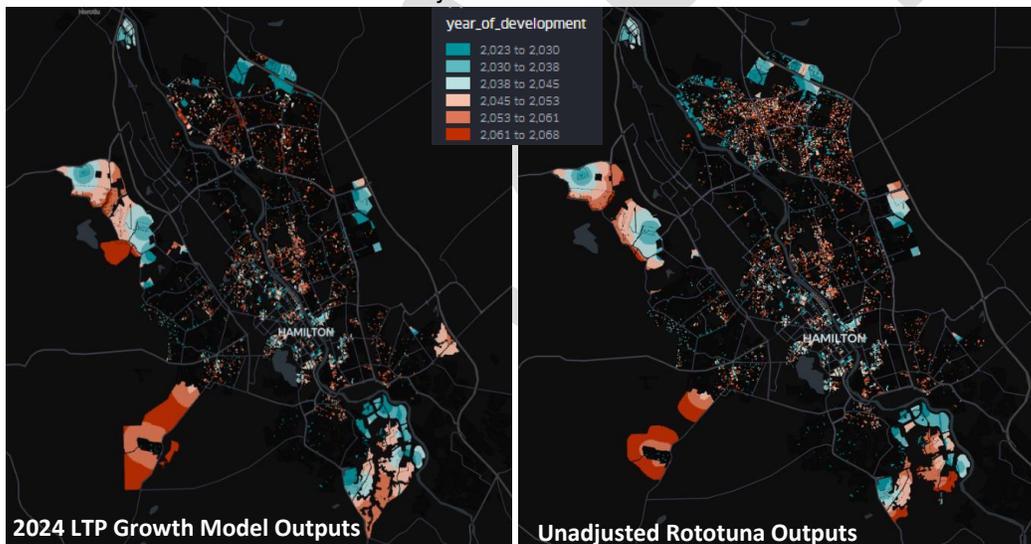


Figure 10: 50 50 Scenario with Rototuna year online adjusted to 2062 (left) and unadjusted (right)

As outlined in section 3.1.4.f), as for DC purposes the entire Rototuna catchment needs to be considered as a Greenfield area, in doing so this opens infill sections of Rototuna to be developed under Greenfield demand, as in the growth model demand inputs are mutually exclusive. A key component of the growth model is that each parcel in infill is competing with other infill parcels to be the most feasible to be developed, and likewise for greenfield parcels, when you then have infill parcels competing with greenfield parcels you get a situation where you are no longer comparing like for like situations, and thus the outputs begin to become unrealistic.

To compare the development timing of all growth cells to see what adjusting does to greenfield development pattern, figure 11 displays growth cell development over the course of the model. Figure 12 displays the type of developments that are occurring in Rototuna.

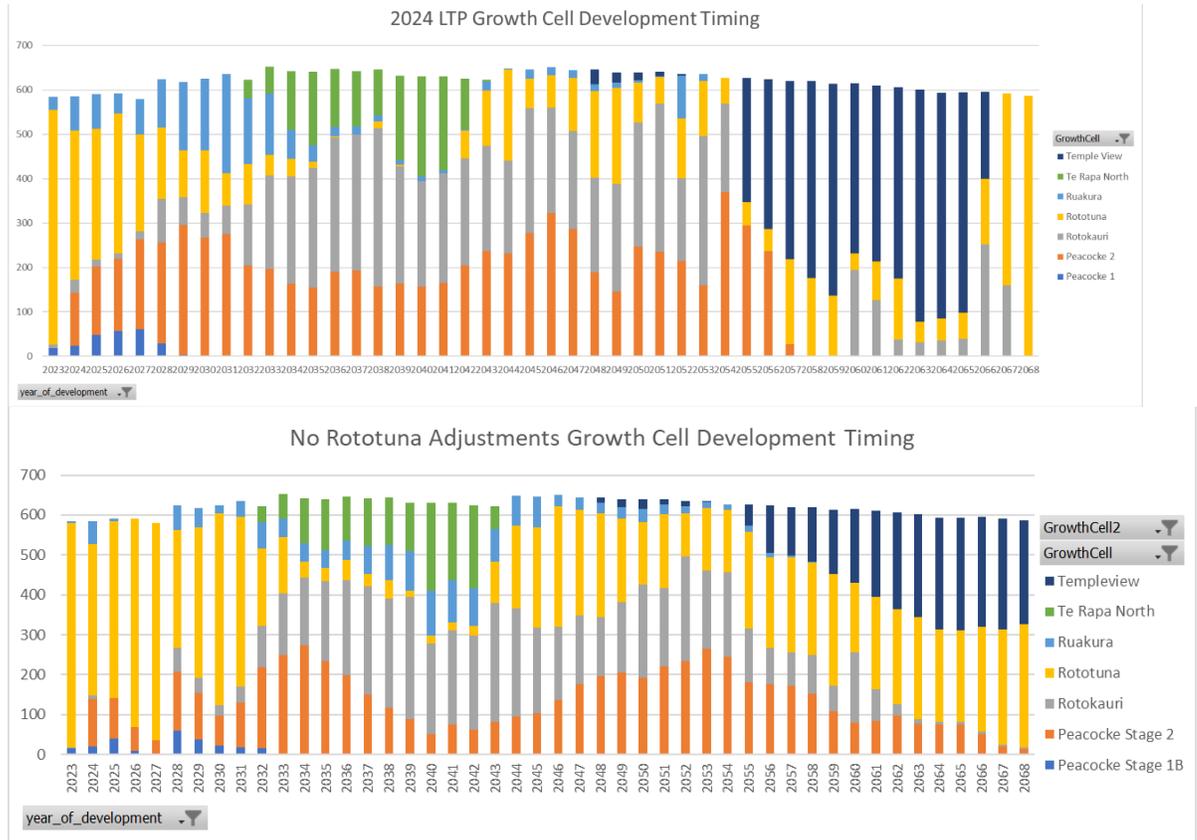


Figure 11: Comparing development timing of implementing Rototuna alterations and no alterations to Rototuna.

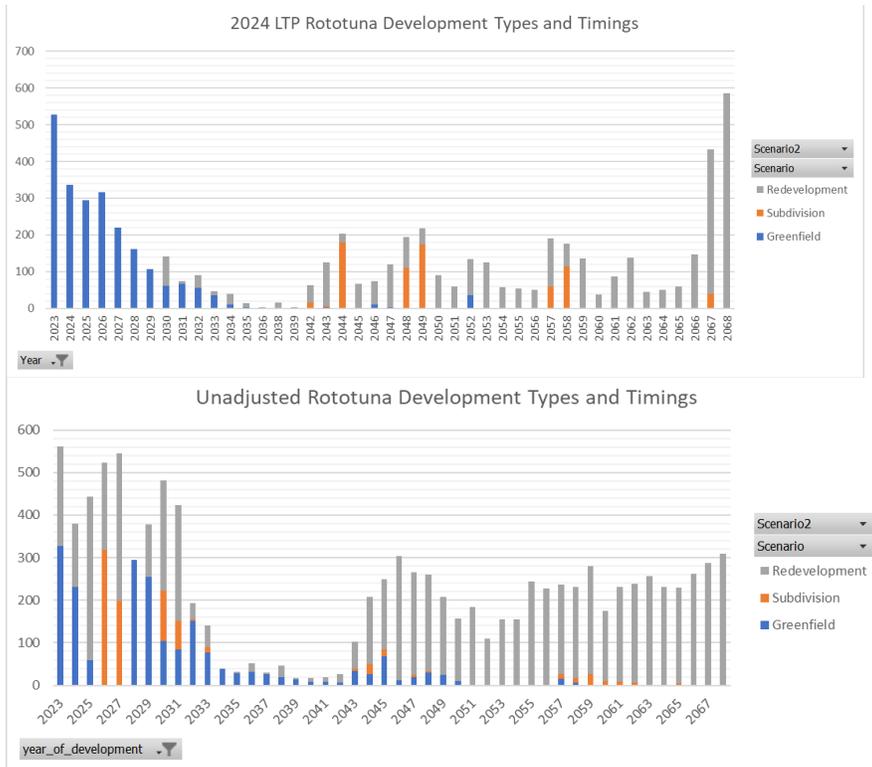


Figure 12: Comparing the types and timing of development that occur in Rototuna with and without adjustments.

When Rototuna has no adjustments to year online, as a sizeable portion of these parcels are infrastructure ready from day one, which given most greenfield areas are not infrastructure ready this early, this results in Rototuna parcels being preferential for early development by the model, as shown by figure 11.

Given demand is a static input, the impact of increasing development in Rototuna is that it “takes” demand from other Growth cells. When no adjustments are made to Rototuna, the other growth cells develop to just 82.0% of their total capacity, versus 100% when adjustments are made. This decreased development is most noticeable in figure 9 when comparing the development of Peacockes and Rotokauri (developed to just 83.9% and 84.8% capacity respectively).

Figure 12 displays that most development that occurs in Rototuna in the first 10 years when adjustments are not made are redeveloped parcels, followed by subdivision and then greenfield developments. This means that without adjustments, the model is implying that it is more feasible for dwellings to be demolished and rebuilt with increased density before the greenfield portions, and even subdividable sections of Rototuna exhausted.

Such a standpoint is not realistic.

By adjusting the year online for parcel developed under a redevelopment scenario, this has the effect of producing development patterns that could occur. Firstly, the greenfield growth cell portion of Rototuna is exhausted. Next comes a consistent stream of redevelopments and subdivisions. Note how even though parcels are being opened from 2030, they are only beginning to be developed post 2042. This displays that the growth model is developing parcels in the desired

growth cells of Peacockes and Rotokauri over redeveloping Rototuna sections, which is the goal of making the following interventions.

Given the purpose of this model run is for calculating accurate DC charges, as making said changes increases how realistic the outputs are, HCC chose to use the growth model outputs with the interventions as the final output.

5.4.2. Gradual 70:30 Infill to Greenfield split

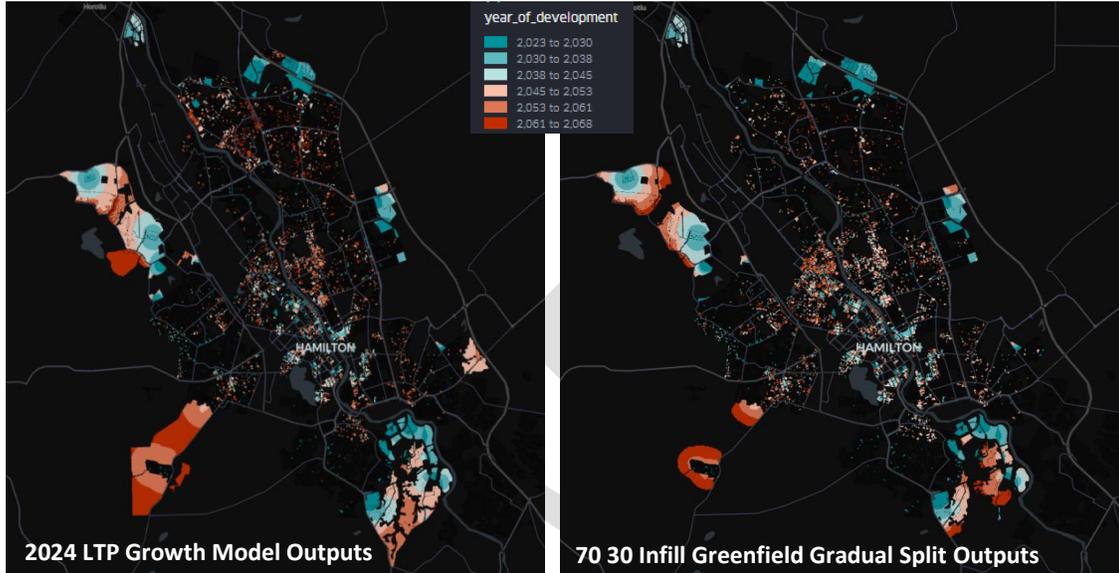


Figure 13: Outputs of 2024 LTP GM Run (left) and 2024 LTP GM Run 70:30 Gradual Split (right)

The purpose of testing this scenario is the last two growth model runs (the 2022 PC12 Growth Model run and 2023 HBA Growth Model run) both used a 70:30 infill: greenfield gradual split, due to current infill greenfield development trends observed through HCC development data. The “gradual” is achieved by starting at a 50:50 infill: greenfield split and increasing infill demand by 1.33% (and decreasing greenfield demand by 1.33%) each year for 30 years until a 70:30 infill: greenfield split is achieved, and then this split is maintained until the end of the model run.

Due to decreasing greenfield demand, we observe less development in greenfield areas. The only greenfield growth cell which is developed to capacity is Te Rapa North (Te Awa Lakes). Figure 14 displays the percentages that each growth cell is developed. Refer to figure 3 for what the Rototuna growth cell constitutes.

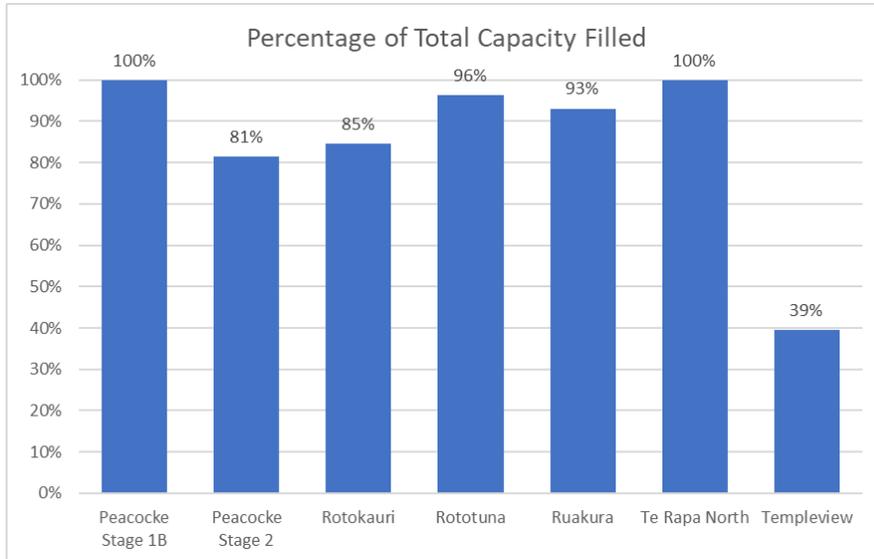


Figure 14: Percentages that Hamilton’s Growth cells are developed when using a 70 30 gradual demand split (with a 50 50 split all are developed to 100%)

The purpose of this growth model run is for DC charges. If a growth model output was out into the DC model which did not have a fully developed greenfield, then we would run the risk of overcharging those developing in greenfield areas, as if the infrastructure we put in place assumes that these areas would be developed to capacity, then we would be violating this primary assumption in our modelling. Thus, this scenario is not viable for DC purposes.

5.4.3. 30:70 Infill Greenfield Split

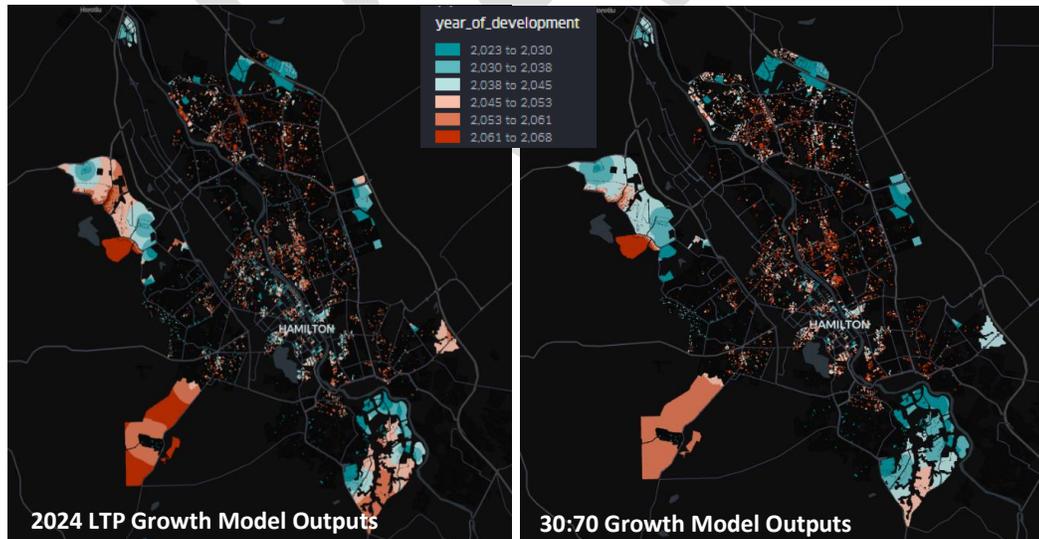


Figure 15: Outputs of 2024 LTP GM Run (left) and 2024 LTP GM Run 30 70 Split (right)

The purpose of this scenario was to test what would happen if our greenfield zones were allocated additional demand to compensate for the fact that Hamilton’s infrastructure constraints may lead to reduced capacity to develop in our infill zones.

However, even with the additional capacity provided by including the entire Rototuna DC catchment as a greenfield area, with a 30/70 split demand still exceeds capacity, as shown by figure 16.

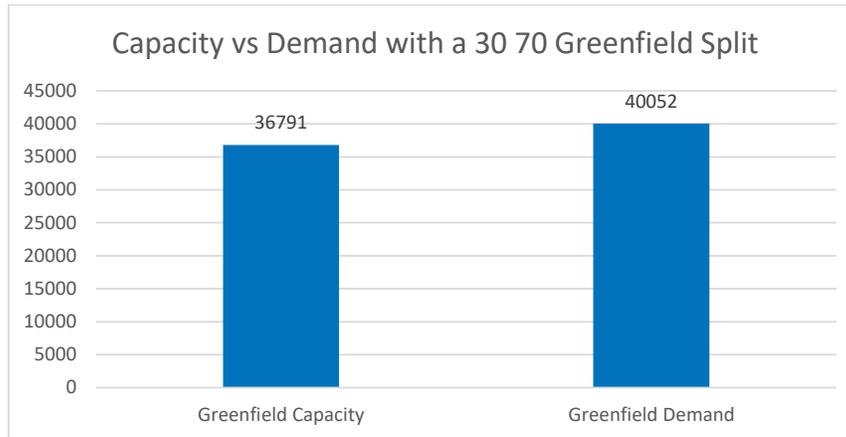


Figure 16: Greenfield capacity vs demand with a 30/70 split

When looking at the outputs themselves, we see that Rotokauri, Peacockes, Ruakura and the growth cell portion of Rototuna developed in the first 20 years of the model. Once these zones have been exhausted of capacity, Temple View, and the non-growth cell zones of Rototuna are developed.

This result was not used as the timings of greenfield development and this scenario implying an almost complete redevelopment of the Rototuna area, as well as the fact that demand was accelerated in greenfield areas to the point that infrastructure timing boundaries were getting violated by the model (i.e. growth model was developing in areas where infrastructure was not yet completed to satisfy the high levels of demand), this result was not deemed to be realistic.

5.4.4. Rototuna Covenants

During the submission process, HCC was made aware of Rototuna development potentially being impacted by covenants which restricted further development in already developed areas of Rototuna. As explained in section 4.1.5 f), our growth model run allows for regeneration of Rototuna through manually enabling 60-80 parcels which were tagged under a redevelopment scenario to be developed. To determine whether such an assumption was justifiable, an investigation had to be performed to determine the true extent of Rototuna's capacity given the presence of development restricting covenants, and whether our above modifications were justifiable given this information.

The first step in this analysis was to determine how much of Rototuna was impacted by covenants. Greenfield areas which have not yet been developed were assumed to not be impacted by covenants, as within the Growth Model once a parcel is developed once it cannot be developed again, thus redevelopment or subdivision scenarios we are testing as a part of this covenant analysis are unapplicable to these sections of Rototuna.

In terms of our greenfield capacity in Rototuna, there is 1983 dwelling capacity specified in section 4.1.4. There is also an additional 336 dwelling capacity in 4 large (<5000m²) yet to be developed lots which were tagged as greenfield by HCCs in house Commercial Feasibility Model, which obtained this greenfield tag from M.E.'s plan enabled capacity model, which had tagged these parcels as being greenfield parcels which had not yet been developed, which is what we are checking against when performing this covenant analysis.

Given our above assumptions about greenfield not being impacted by covenants, HCC then investigated how much of the remaining Rototuna area was impacted by development limiting covenants.

Through collaboration with M.E., HCC received a shape file which had information about parcels within the Rototuna area, and which ones were impacted by some form of covenant. See figures 17 and 18 below.



Figure 17: Blue zones are parcels are not impacted by any form of covenant according to the shape file provided by M.E.. Red parcels have some form of covenant attached to the parcel.

Area	Capacity	% of Rototuna
Unaffected by Covenants	3437	23.7%
Affected by Covenants	11036	76.3%
Total	14473	100.0%

Figure 18: Figures for blue zones in the map are shown in the unaffected by covenants row, red zones are shown in the affected by covenants row.

Whilst a parcel may have a covenant on it, not all covenants impact upon development capacity. Further analysis was performed by HCC which revealed that 74% of covenants on a land parcel do not have an impact on further parcel development in the forms of intensification. See figure 19 below for the figures relating to Rototuna total capacity once this is taken into consideration.

Classification	Capacity	%
Covenants which Impact Redevelopment	8167	74%
Covenants which do Not Impact Redevelopment	2869	26%
Total	11036	100%

Figure 19: Determining how of Rototuna which is impacted by covenants can be developed given research performed by HCC.

Given the above, Rototuna has an estimated capacity when covenants are considered of 6306. The number of dwellings developed by the Growth Model in Rototuna is 6103. As the number of dwellings developed in Rototuna is less than the total capacity of Rototuna when development limitations created by covenants are factored in, this means that we can conclude that the manual intervention of enabling 60-80 parcels per year for redevelopment in Rototuna was appropriate.

5.5. Population Allocation

5.5.1. Old Methodology vs New Methodology Population Allocation Comparison

Population projections are from 2023 to 2068.

With more population being allocated to larger typologies, such as detached housing, and less being allocated to typologies which encourage increased density, such as apartments and townhouses, this means that when compared to the old methodology (which applies a uniform population per dwelling across all typologies) Greenfield zones which have more detached houses now have more population allocated, and infill zones which have had plan changes allowing for increased densification now have less population allocated.

Greenfield areas of Peacockes, Rotokauri and Temple View are the areas which see notable increase in population gained when using the new methodology, up 18.8%, 19.3% and 16.9% respectively. Infill areas which have higher density typologies, such as Hamilton Central, Kirikiriroa, Whitiora and Claudelands see the biggest decreases in population under the new methodology, with the population difference being 29.1%, 30.3%, 18.0% and 17.5% down when compared to the population that would have been allocated under the old methodology.

The full comparison table is shown in figure 17.

The formation rate is the total population allocated to an SA2 under the new methodology divided by the total number of developed dwellings in that SA2.

Row Labels	New Method	Old Method	Percentage Change	Formation Rate
Bader	588	567	3.6%	2.3
Beerescourt	3219	3856	-16.5%	1.8
Chartwell	380	391	-2.8%	2.2
Chedworth	245	253	-3.1%	2.1
Claudelands	3747	4544	-17.5%	1.8
Crawshaw	64	61	5.6%	2.5
Deanwell	5	5	10.8%	2.7
Dinsdale North	152	142	7.3%	2.5
Dinsdale South	777	794	-2.1%	2.1
Enderley North	508	495	2.7%	2.3
Enderley South	255	271	-6.0%	2.1
Fairfield (Hamilton City)	1084	1066	1.7%	2.2
Fairview Downs	96	90	6.1%	2.5
Fitzroy	294	317	-7.2%	2.2
Flagstaff East	1734	1472	17.8%	2.5
Flagstaff North	1942	1809	7.3%	2.4
Flagstaff South	1677	1533	9.4%	2.3
Forest Lake (Hamilton City)	2867	3423	-16.3%	1.8
Frankton Junction	224	268	-16.2%	1.9
Glenview	67	65	3.2%	2.6
Greensboro	195	232	-15.8%	1.8
Hamilton Central	6096	8600	-29.1%	1.6
Hamilton East	536	518	3.5%	2.2

Hamilton East Cook	65	68	-3.3%	2.1
Hamilton East Village	4210	5051	-16.6%	1.9
Hamilton Lake	4520	5349	-15.5%	1.9
Hamilton West	3000	3565	-15.8%	1.9
Hillcrest East (Hamilton City)	147	147	-0.1%	2.2
Hillcrest West (Hamilton City)	447	459	-2.8%	2.1
Huntington	410	349	17.5%	2.5
Kahikatea	537	552	-2.8%	2.2
Kirikiroa	4751	6812	-30.3%	1.5
Maeroa	3435	4124	-16.7%	1.9
Melville North	60	60	1.6%	2.5
Melville South	69	67	3.5%	2.6
Miropiko	2482	2784	-10.8%	1.9
Nawton East	552	538	2.7%	2.3
Nawton West	192	189	1.7%	2.3
Peachgrove	471	460	2.5%	2.2
Peacockes	19762	16632	18.8%	2.7
Porritt	618	598	3.3%	2.2
Pukete East	62	58	6.8%	2.4
Pukete West	120	118	1.6%	2.2
Queenwood (Hamilton City)	238	242	-1.6%	2.2
Resthill	49	45	10.8%	2.7
Riverlea	72	70	2.9%	2.2
Rotokauri-Waiwhakareke	18427	15451	19.3%	2.7
Rototuna Central	908	877	3.5%	2.3
Rototuna North	5977	5221	14.5%	2.8
Rototuna South	1619	1571	3.1%	2.2
Ruakura	4691	3963	18.4%	2.8
Saint Andrews East	135	142	-4.9%	2.2
Saint Andrews West	155	148	4.8%	2.4
Silverdale (Hamilton City)	74	76	-1.8%	2.2
St James	423	389	9.0%	2.3
Swarbrick	262	287	-8.6%	2.0
Te Manatu	592	536	10.4%	2.5
Te Rapa North	4150	3492	18.9%	2.7
Te Rapa South	174	146	19.0%	2.6
Temple View	12041	10300	16.9%	2.5
Western Heights (Hamilton City)	600	566	6.0%	2.5
Whitiara	4502	5488	-18.0%	1.9
Grand Total	127757	127757	0.0%	2.2

Figure 17: Population allocation differences between new methodology and old methodology, the percentage differences, and the formation rate under the new methodology. Projections are until 2068.

6. OUTPUTS

6.1.1. Summary of Outputs

Output Name	Description	CM record number
LTP 2024 Growth Model Outputs		

Appendix 1: PC13 considerations

1) PC13 Te Rapa Racecourse

<https://hamilton.govt.nz/property-rates-and-building/district-plan/plan-changes/plan-change-13/>

The concept design indicates that the likely yield is approximately 162 residential dwellings based on a mix of single dwellings, duplexes, terrace houses and apartments. This creates a gross density of approximately 31 dwellings per hectare.

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Policy Owner: IAWAI Chief Executive

Date approved: TBC

Next review date: TBC

Document number: TBC

Required by legislation: Local Government (Water Services) Act 2025
Local Government Act 2002

1. PURPOSE

- 1.1 This policy is required by the Local Government (Water Services) Act 2025 (the Act). The policy content sets out:
- a. IAWAI's general approach to determining the significance of proposals and decisions.
 - b. Criteria or procedures that the organisation will use to assess significance.
 - c. The organisation's general approach to engaging with consumers and communities, including when engagement will be undertaken by IAWAI or IAWAI's shareholders, WDC and HCC.
 - d. How the organisation will respond to community preferences about engagement, and
 - e. IAWAI's approach for engaging with particular communities (for example, iwi, hapuu, and other Maaori organisations in its service area).
- 1.2 The purpose of the policy is, as set out in s.35(1) of the Act, is to:
- a. Enable IAWAI, its shareholders, consumers and communities to identify the degree of significance of issues, proposals, water services infrastructure, decisions and activities.
 - b. Enable the organisation to develop a flexible and locally appropriate approach to engagement.
 - c. Provide clarity about how and when engagement will occur, including if this will be undertaken by the organisation or its shareholders.
 - d. At the start of any decision-making process, inform IAWAI about how much engagement will occur before making a decision, who will be involved, and the method of engagement.



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2. DEFINITIONS

Act	Local Government (Water Services) Act 2025
Consultation	a process generally required by statute or triggered by the Significance and Engagement Policy framework. This process is generally timebound, transactional, and asks for feedback on a proposal to enable citizen participation. This process aids and informs decision-making.
Community	a group of people living in the same place or having a particular characteristic in common. Includes interested parties, affected people and key stakeholders.
Decisions	refers to all the decisions made by or on behalf of IAWAI including those made by officers under delegation. (Management decisions made by officers under delegation during the implementation of IAWAI decisions will not be deemed to be significant).
Engagement	a term used to describe the process of listening to inform decision making, and is often informal, fluid and built on relationships. This process involves seeking input from or involving the community, particularly those affected by or interested in a decision, to inform and assist in the process of developing proposals.
HCC	Hamilton City Council.
Maataawaka	Maaori residing in the Waikato District and Hamilton City who do not have a genealogical connection to local iwi, hapuu and marae.
Mana whenua	Iwi, hapuu and marae with a genealogical connection to the Waikato District and Hamilton City, and as a result, have ancestral authority over land, water, and other taonga within the Waikato District and Hamilton City.
Public-private partnership	as defined in the Act, a long-term contract for delivering a water service, where: <ul style="list-style-type: none"> a. Providing the service requires constructing a new water services infrastructure or enhancing existing water services; and b. The construction or enhancement is financed from external sources on a non-recourse basis; and <p>The water service provider acquires or retains full ownership of the infrastructure.</p>
Shareholders	a legal entity that holds ownership shares in IAWAI and has formal rights over the company's financial and strategic decisions. IAWAI's shareholders are Hamilton City Council (HCC) and Waikato District Council (WDC), each holding a 50% ownership stake in IAWAI.
Significance	as defined in Section 5 of the LGA 'in relation to any issue, proposal, decision, or other matter that concerns or is before a local authority, means the degree of importance of the issue, proposal, decision, or matter, as assessed by the local authority, in terms of its likely impact on, and likely consequences for, —



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	<ul style="list-style-type: none"> a. the district or region: b. any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter: c. the capacity of the local authority to perform its role, and the financial and other costs of doing so'.
Significant	as defined in Section 5 of the LGA 'means that the issue, proposal, decision, or other matter has a high degree of significance'.
Significant contract	As referenced in Section 22, 23 and 24 of the Act, a proposed contract which is assessed under this Policy and determined to be significant.
Strategic water services asset	<p>As defined in the Act, for a water service provider—</p> <ul style="list-style-type: none"> a. means water services infrastructure or another asset or group of assets without which the provider is unable— <ul style="list-style-type: none"> i. to meet its regulatory requirements; or ii. to maintain its capacity to achieve the outcomes set out in its water services strategy; and b. includes an asset or group of assets listed as strategic water services assets in this significance and engagement policy.
WDC	Waikato District Council

3. APPLICATION

- 3.1 This policy applies to all decisions taken by IAWAI where there is or likely to be an impact on the community within Hamilton City and Waikato District

4. STEP 1 – DETERMINING SIGNIFICANCE OF PROPOSALS AND DECISIONS

- 4.1 **Determining the significance of issues, proposals and decisions**
- 4.2 Significance, in relation to the issues, proposals and decisions of IAWAI, means the degree of importance of an issue, proposal, decision, or matter as assessed by IAWAI in relation to its likely impact on, and likely consequences for:
- a. Hamilton City and Waikato District;
 - b. any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter;
- 4.3 IAWAI will assess the significance of any proposal or decision using the criteria set out in 'Attachment 2 – Determining Significance'.
- 4.4 When considering the matters listed in Attachment 2, each policy consideration will be rated either 'low', 'medium' or 'high'. Following this assessment, the total level of significance of the matter will be rated as either 'low', 'medium' or 'high'.



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- 4.5 If a proposal or decision is affected by a number of the considerations referenced in Clause 4.3, it is more likely to have a higher degree of significance. In general, the more significant a decision, the greater the need for community engagement.
- 4.6 **District and city wide vs. local significance.**
- 4.7 IAWAI acknowledges that a decision or proposal can be of 'low' or 'medium' significance at a district and city-wide level but hold 'high' significance with a specific community, town or area.
- 4.8 Decisions or proposals can still be deemed of 'high' significance when the localised impact and interest are substantial, even if the wider city and district impact is less pronounced.
- 4.9 **Determining significant contracts**
- 4.10 To determine whether a contract is a significant contract, IAWAI will undertake an assessment, considering all the following criteria together:
- a. Whether the contract is of high in value relative to IAWAI's revenue; and
 - b. Whether the contract will create a public-private partnership,
 - c. All matters that are essential to IAWAI's ability to meet its obligations under this Act in relation to which the contract relates.
 - d. Whether the contract or commitment has an aggregate per annum value of more than 10% of annual operating revenue.
 - e. A contract providing for the construction of an asset or related assets with a value of more than 25% of the value of IAWAI's property, plant and equipment.
- 4.11 A contract will only be considered significant after considering all the criteria in Clause 4.10 and the overall impact, value, and importance of a contract. This approach ensures that only contracts with substantial impact on IAWAI's operations, finances, or strategic direction are classified as significant.
- 4.12 Engagement on significant contracts would generally be limited to:
- Processes within IAWAI's Procurement Policy and Procedures
 - Targeted engagement with relevant stakeholders.
 - Direct engagement with shareholders.
- 4.13 After entering a significant contract, IAWAI will develop performance indicators for the contract. The performance indicators will be reported on in its Water Services Annual Report.
- 5. STEP 2 – DETERMINING ENGAGEMENT APPROACH**
- 5.1 **General principles for engagement**
- 5.2 IAWAI acknowledges that community engagement is broader than consultation. Engagement is a process that involves all or some of the community and can be



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focused on sharing information, generating ideas, decision making, and/or problem solving.

- 5.3 IAWAI staff will consider the level of significance of the decision or proposal (low, medium or high) and any relevant information it holds on the community's views and perceptions related to a proposal before undertaking any further community engagement.
- 5.4 The engagement approach (platform, questions, audiences, tactics, analysis, reporting) and associated communications, will be outlined by IAWAI staff in a communication and engagement plan specific to the proposal.
- 5.5 Each IAWAI communication and engagement plan will be informed by the proposal details.
- 5.6 IAWAI will tailor its engagement approach to reflect level of significance (low, medium or high) and the preferences and priorities of the communities it serves, as set out in Attachment 1.
- 5.7 Engagement techniques will be selected based on factors such as:
 - Public awareness and history of the issue or proposal;
 - Stakeholder involvement;
 - Timing in relation to other events;
 - Geographic location of affected communities;
 - Existing feedback channels (e.g. WDC community boards, Rural Economic Advisory Panel, HCC and WDC committees); and
 - The distinct priorities of IAWAI's communities, from urban centres like Hamilton, to growing towns such as Huntly and Pookeno, coastal settlements like Raglan, and smaller rural areas including Horotiu and Te Kauwhata.
- 5.8 IAWAI recognises that different communities have different experiences and engagement preferences. These differences will be considered to ensure meaningful participation in decision-making.
- 5.9 If IAWAI makes a decision that is significantly inconsistent with this policy, the steps identified in Section 38 of the Act will be undertaken.
- 5.10 **Engaging with Maaori**
- 5.11 IAWAI acknowledges the unique and enduring relationship of mana whenua with water bodies and taonga within the Waikato District and Hamilton City. In giving effect to Te Ture Whaimana o Te Awa o Waikato, IAWAI is committed to working in genuine partnership with mana whenua, guided by Te Tiriti o Waitangi and the principles of partnership, protection, and participation. IAWAI will recognise the following when engaging with Maaori:
 - Te Tiriti o Waitangi settlements, particularly specific identified mechanisms including, but not limited to, Co-Governance Agreements and Joint Management Agreements.



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- The status of Te Ture Whaimana as the primary direction setting document for proposals or decisions that impact on Waikato te Awa, the Waikato River.
- 5.12 In some cases, IAWAI has statutory obligations, through its shareholders as their water services company, to engage with iwi/hapuu/marae (mana whenua). This is required by the Local Government Act 2002 (LGA), Resource Management Act 1991, Waikato Raupatu River Settlement Act 2010, and Ngaa wai o Maniapoto Act 2012. This engagement is primarily through formal agreements such as JMAs and Memorandum of Understandings (MOU).
- 5.13 To fulfil its obligations, IAWAI will assess the impact of its decisions and proposals on mana whenua and maataawaka, using the criteria outlined in 'Attachment 2 Determining Significance'.
- 5.14 Based on the assessed level of significance (low, medium or high), IAWAI will select appropriate engagement methods for mana whenua and maataawaka on a case-by-case basis. Engagement will be proportionate to the potential impact and significance of the decision.
- 5.15 For decisions of higher significance to mana whenua, IAWAI will actively engage with mana whenua throughout the decision-making process. As shown in Attachment 1, engagement channels may include:
- Participation in marae forums;
 - Use of iwi communication channels;
 - JMA hui; and
 - Other methods as required.
- 5.16 IAWAI will engage with maataawaka through committee hui, and/or other iwi, hapuu and marae forums where appropriate.
- 5.17 **When IAWAI will not engage with the community**
- 5.18 There are times when it will not be appropriate to engage with the community on certain issues, proposals, decisions, or matters. Examples of this include:
- Organisational decisions (e.g. staff changes and operational matters) that do not materially affect a level of service;
 - Decisions and contracts that are consistent with IAWAI Water Service Strategy, or another policy or plan that has already been subject to consultation, or directives from central government;
 - Protection of the privacy and safety of individuals (as provided for in the Privacy Act 2020 and Local Government Official Information and Meetings Act 1987);
 - Maintenance of confidentiality and/or commercial sensitivity to enable IAWAI to carry out commercial activity or negotiations without prejudice (as provided for in the Local Government Official Information and Meetings Act 1987);
 - Where IAWAI is acting with urgency (for example under the Civil Defence Emergency Management Act 2002);



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- Decisions to act where it is necessary to: i. Comply with the law; ii. Save, or protect life, health or amenity and prevent serious damage to property; iii. Avoid, remedy or mitigate an adverse effect on the environment; iv. Protect the integrity of existing and future infrastructure and amenity.
- Decisions in relation to regulatory and enforcement activities, such as water restrictions under the water alert level system.

- 5.19 The requirements to engage with the community will not apply in circumstances where IAWAI is negotiating and entering unprogrammed public/private partnership development agreements where commercial sensitivity requires confidentiality and the financial triggers in clause 4.7 are not met. In those circumstances, subject to the financial thresholds being triggered (as outlined in paragraph 5.1 of the Shareholders' Agreement), IAWAI will consult with its shareholders.
- 5.20 Additionally, as noted in s.242 of the Act, IAWAI is not required to consult on its water services annual budget. If a decision relating to the water services annual budget meets the criteria for significance in this policy that would otherwise require consultation, s.242 prevails and consultation is not required.
- 5.21 Where IAWAI already holds a clear understanding of community views as a result of recent or related consultation, it may choose not to undertake further consultation, even where the proposal or decision is assessed as having a high level of significance.

6. WHO LEADS ENGAGEMENTS

6.1 IAWAI leads engagement

- 6.2 IAWAI is the consultation and engagement lead when the matter falls within its statutory power as a water organisation. When required, IAWAI will inform or seek approval or decisions from WDC and HCC, as shareholders.
- 6.3 IAWAI will use the Special Consultative Procedure where required to by law, including for:
- A summary of the Water Services Strategy (S.235 of the Act).
 - Water service bylaws (Water Supply, Stormwater, and Trade Waste), if the bylaw is assessed as being significant. This is subject to delegations from shareholders.
- 6.4 IAWAI will consult with the community where required to do so by law or in accordance with the framework as described within this Significance and Engagement Policy, including for:
- A waiver policy (S. 102 of the Act)
 - Proposed Trade Waste Discharge Plan, subject to delegations from its shareholders (S. 186 of the Act)
 - Amendments to its Water Services Strategy, subject to its Significance and Engagement Policy (S.238 of the Act).



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- The adoption, amendment, or revocation of water service bylaws (Water Supply, Stormwater, and Trade Waste) which are of lower significance or lower impact to the public, as assessed by Section 156 of the LGA. This is subject to delegations from shareholders.
- Development contributions policy (s.119 of the Act).
- A stormwater network risk management plan (s.204 of the Act).

6.5 IAWAI will consult with its shareholders HCC and WDC for the following matters:

- Development contributions policy (s.119 of the Act).
- A stormwater network risk management plan (s.204 of the Act).
- Water Services Strategy.

6.6 IAWAI will consult with stakeholders for the following matters:

- The Minister for Treaty of Waitangi Negotiations before purchasing any Crown owned land that is not subject to a Treaty settlement (s. 183 of the Act).
- Medical Officer of Health when making decisions to close or transfer a water service (s.73 of the Act).
- Water Services Authority, Shareholders, Waikato Regional Council and Corridor managers when preparing a stormwater network risk management plan (S. 204 of the Act)
- Before seeking approval from Fire and Emergency New Zealand regarding the location of fire hydrants (S.215 of the Act)

6.7 **Engagement with mana whenua and maataawaka**

6.8 IAWAI will lead engagement with mana whenua and maataawaka when the matters fall within its statutory power as a water organisation. These responsibilities are listed in clause 6.2 to clause 6.6.

6.9 **Shareholders lead engagement**

6.10 WDC and HCC are the engagement lead where legislation places the decision and consultative duty on territorial authorities.

6.11 WDC and HCC will consult with the community on the following matters:

- A Proposed Trade Waste Discharge Plan, unless delegated to IAWAI, under Section 188 of the Local Government (Water Services) Act 2025.
- The adoption, amendment, or revocation of water service bylaws (Water Supply, Stormwater, and Trade Waste) which are of lower significance or lower impact to the public, as assessed by Section 156 of the LGA, unless delegated to IAWAI.
- Preparing a stormwater network risk management plan (S. 204 of the Act), unless delegated to IAWAI.



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7. IAWAI STRATEGIC WATER SERVICES ASSETS

- 7.1 IAWAI will determine over time whether specific water services assets are strategic water services assets for the purposes of section 236(11) of the Act.
- 7.2 **Schedule of strategic assets**
- 7.3 The following are IAWAI's strategic assets at the time of adoption of this policy, as required by s. 36 of the Act:
- Water plants, land, reservoirs and reticulation network as a whole; and
 - Wastewater treatment plants, land, pump stations and network as a whole.
- 7.4 **Application of schedule of strategic assets**
- 7.5 IAWAI takes a group of whole-of-asset approach to the strategic water service assets listed in Clause 7.3.
- 7.6 This means where a strategic asset is a network or has many components, decisions may be made in respect of individual components within the networks to transfer ownership or control, without those components being regarded as strategic. This is unless such decisions are considered to significantly alter the level of service provided by IAWAI.
- 7.7 An asset that is part of a network or group that is not integral to the functioning of the whole (i.e. where the rest of the group or network will still enable IAWAI to meet its strategic outcomes) will not be regarded as strategic on its own.
- 7.8 Decisions relating to strategic assets may have a high degree of significance depending on the extent to which the decision affects IAWAI's ability to deliver key services and achieve strategic outcomes.
- 7.9 The degree of significance, including for mana whenua and maataawaka, will be assessed against the criteria in Attachment 2, and the consultation and engagement approach will reflect the degree of significance.
- 7.10 IAWAI will determine the significance of any proposed change to the level of service of a strategic asset using the criteria outlined in Attachment 2.

8. RELEVANT DOCUMENTS

- 8.1 The following documents may be read alongside IAWAI's Significance and Engagement Policy for information purposes:
- HCC Significance and Engagement Policy;
 - WDC Significance and Engagement Policy;
 - WDC Maori Partnerships Strategy and Plan;
 - HCC He Pou Manawa Ora Strategy;
 - HCC Te Amorangi Maori Partnerships Strategy



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- IAWAI Maaori Engagement Strategy;
- Treaty Settlement Documents; and
- JMA/Co-Governance Agreements.

9. POLICY REVIEW

- 9.1 This policy shall be reviewed at three-yearly intervals or as otherwise required by the Chief Executive of IAWAI.

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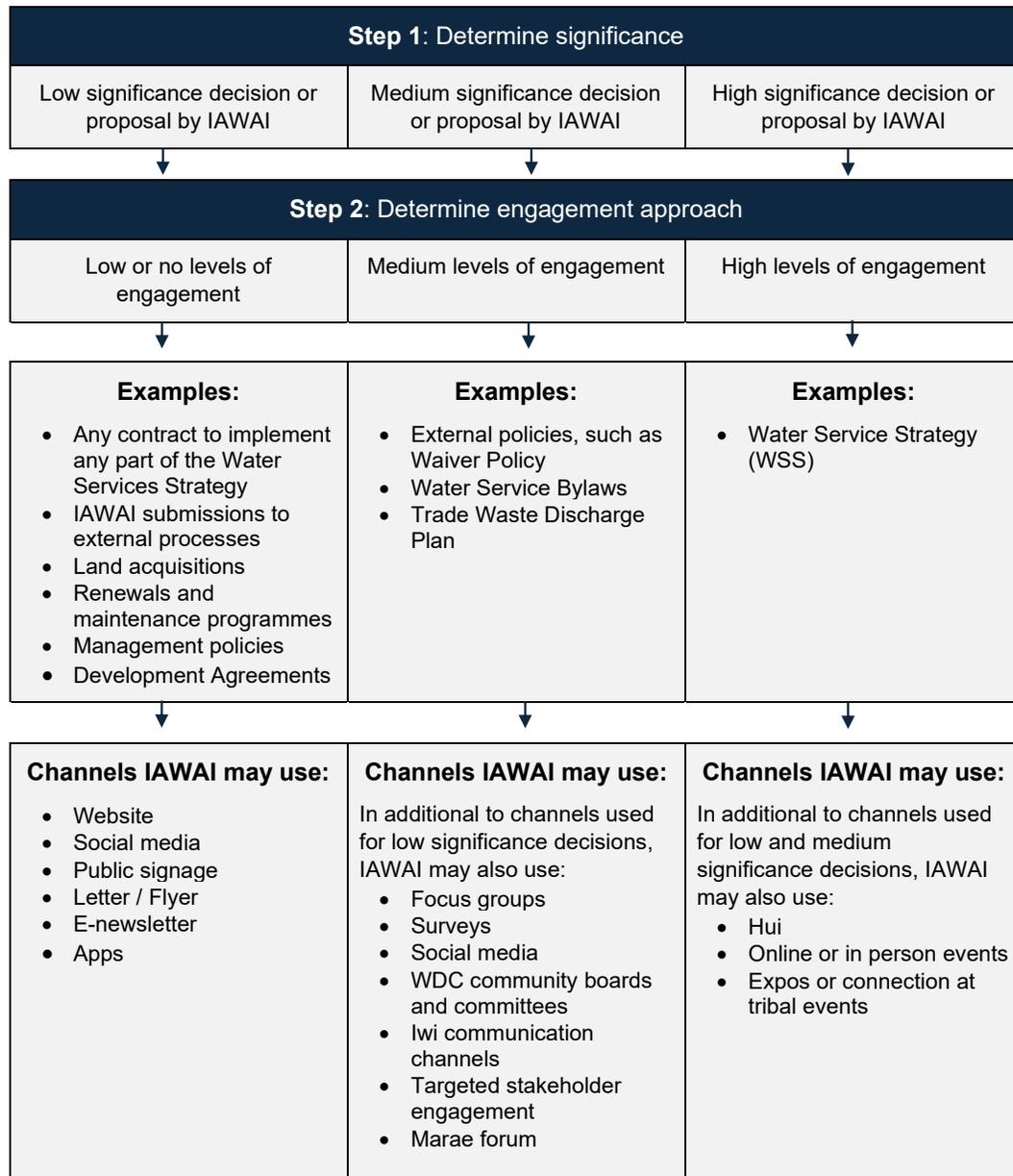
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ATTACHMENT 1:

Process to apply the Significance and Engagement Policy





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ATTACHMENT 2:

Determining significance

- To identify the significance of a decision or proposal, refer to the criteria in the “low,” “medium,” and “high” columns for each policy consideration, shown in Table 1. If multiple considerations indicate higher significance, the overall significance of the proposal or decision increases. Generally, the greater the significance, the more community engagement is required.
- The example values provided under policy consideration ‘Level of financial impact’ are for illustration purposes only. The specific threshold amounts will change each financial year, reflecting changes in IAWAI’s operating and capital expenditure.

Table 1: Criteria for determining significance

Policy consideration	Low	Medium	High
1. Level of financial impact	The proposal or decision has no/minor financial impact on IAWAI budgets, reserves, debt levels or limits in the Financial Strategy.	The proposal or decision has a moderate financial impact on IAWAI budget, reserve, debt levels, but does not result in IAWAI’s Financial Strategy limits being exceeded.	The proposal or decision that would result in unbudgeted operating expenditure with an aggregate per annum value exceeding 10% of annual operating revenue AND/OR The acquisition or construction of any asset or related assets for a price or value exceeding 25% of the value of IAWAI’s plant, property and equipment.

Policy consideration	Low	Medium	High
2. Proportion of impact	Impacts an individual person or household.	Impacts subgroup or groups within the community.	Impacts a large portion of the community e.g. the whole district or city / multiple towns / wards.
3. Degree of impact	Low impact on current and future well-being	Moderate impact on current and future well-being	High impact on current and future well-being
4. Level of community interest	Minimal public engagement and discussion.	Moderate public engagement and discussion.	High levels of public engagement and discussion.
5. Degree of impact on the interests, values and aspirations of iwi / hapu / marae (mana whenua) in the district	No impact on land, bodies of water, waahi tapu (sacred sites), plant and animal life and other taonga (sacred treasures), or mana whenua values and aspirations.	Moderate impact on land, bodies of water, waahi tapu (sacred sites), plant and animal life and other taonga (sacred treasures) or mana whenua values and aspirations.	Significant impact in relation to land, bodies of water, sites, waahi tapu (sacred sites), plant and animal life and other taonga (sacred treasures), or mana whenua values and aspirations.
6. Degree of impact on the interests, values and aspirations of maataawaka	No impact on the interests, values and aspirations of Maaori in the district.	Moderate impact on the interest, values and aspirations of Maaori in the district.	Large impact on the interests, values and aspirations of Maaori in the district.



Proposed Waiver Policy 2026

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Policy Owner: IAWAI Chief Financial Officer

Date approved: TBC

Next review date: TBC

Document number: TBC

Required by legislation: Local Government (Water Services) Act 2025

1. PURPOSE

- 1.1. This policy has been adopted under s.102 of the Local Government (Water Services) Act 2025 (the Act).
- 1.2. This policy recognises the recent establishment of IAWAI as the Water Organisation and is intended to closely align to each Council's existing rates remission policies, ensuring continuation for property owners within each Council's boundary area.
- 1.3. This policy is specifically intended to cover water charges that were previously deemed to be rates, as defined under the Local Government (Rating) Act 2002, prior the implementation of this policy.
- 1.4. It is anticipated that further review of this policy will be undertaken over time to establish a consistent approach across the entire IAWAI serviced area.
- 1.5. The purpose of this Waiver Policy is to guide IAWAI – Flowing Waters Ltd (IAWAI) (and shareholding Councils) when considering requests for waiver in the following situations:
 - a. Penalties for unpaid water service charges – WDC and HCC.
 - b. Excess metered water consumption due to a leak – WDC and HCC.
 - c. Other situations where waivers may be applied:
 - Subdivision developments – WDC only.
 - Low value properties – WDC only.
 - Where there has been a change of property use – HCC only
 - Community organisations within retail shops – HCC only
 - Natural calamity or disaster – HCC only
 - Hardship Relief for Not-for-Profit Community Organisations – HCC only



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2. SCOPE

- 2.1. This policy applies to rating units within the combined Waikato District Council (WDC) and Hamilton City Council (HCC) territorial authority boundary areas.
- 2.2. Waivers included within this policy have separate conditions and criteria, dependent upon which territorial authority boundary area (WDC or HCC) the property is located.
- 2.3. The intention of area specific conditions and criteria is to:
- ensure efficient operation by IAWAI/shareholding Council until such time as charging across boundary areas becomes standardised.
 - align to the respective Council's existing practices, and application of their corresponding rates remission and postponement policies.
 - provide consistency and certainty to water users in each area.
- 2.4. This policy does not apply when water is supplied to an adjacent local authority area (not HCC or WDC) under a bulk supply arrangement.

3. DEFINITIONS

Authorised Officer	A representative of IAWAI who has delegation to approve waiver decisions under IAWAI's Delegation Policy.
IAWAI - Flowing Waters Ltd	The water organisation providing water services is a publicly owned council-controlled organisation (CCO) formed jointly by its shareholders, WDC and HCC.
Individual	A water user who is a natural person.
Excess Water consumption	A significant increase in water consumption based on the normal consumption rate, which is directly attributable to a leak in the internal reticulation of a property with a metered connection to the water supply network.
Extraordinary Circumstances	Situations beyond the reasonable control of the water user that justify special consideration under this policy (e.g., natural disasters, severe illness).
HCC Boundary area	All property within the area under the jurisdiction of Hamilton City Council. Territorial Authority boundaries are maintained by Stats NZ and updated annually.
Penalty	Any additional charge imposed on unpaid water charges.
Point of Supply	The location where IAWAI's water services infrastructure connects to the property's internal reticulation system, typically at the water meter.



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Ratepayer	Any person or entity liable for rates under the jurisdiction of WDC or HCC.
Rating Unit	Land that is treated as a single unit for the purpose of assessing and collecting local government rates.
<u>Rates Remission</u>	<p><u>The requirement to pay the rate for a particular financial year is forgiven in whole or in part in accordance with Council's Remission Policy.</u></p> <p><u>Remission does not apply to water and wastewater charges set by a water organisation. The equivalent relief for water and wastewater charges is a waiver, which is provided for under this Waiver Policy.</u></p>
Undetected Leak	A leak which is completely concealed either underground, under a slab or in a wall cavity.
Waiver	<u>Full or partial removal of charges. Waiver means that the requirement to pay a water organisation charge, set under the Local Government Water Services Act, is forgiven, in whole or in part, in accordance with this Waiver Policy, and is the equivalent of a rates remission for charges that are not rates.</u>
Water charges	For the purpose of this policy, charges for water and wastewater services which, if they were not charged by a water organisation, would otherwise be deemed as rates.
Water User	Any person or entity connected to water and/or wastewater services or are not connected but where these services are otherwise available.
WDC Boundary area	All property within the area under the jurisdiction of Waikato District Council. Territorial Authority boundaries are maintained by Stats NZ and updated annually.

4. PRINCIPLES

4.1. IAWAI has a waiver system that:

- a. complies with legislation, the IAWAI Shareholders' Agreement, and IAWAI – Flowing Waters Statement of Expectation
- b. fairly and appropriately considers and applies waivers for properties within each shareholding council area
- c. is transparent and promotes accountability; and
- d. is consistent with respective shareholding councils' rates remission (or equivalent) policies



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5. WHEN CAN IAWAI WAIVE PENALTY CHARGES?

- 5.1. This policy enables IAWAI to consider requests to waive penalties added to unpaid water charges, under specific circumstances.
- 5.2. This policy is required under section 102 of the Act, which requires IAWAI to adopt a waiver policy allowing the organisation to waive either a water services charge or a penalty for an unpaid water services charge.

5.3. Penalty waivers (WDC area only):

- 5.4. These criteria apply only to water users within the Waikato District Council territorial authority boundary area.
- 5.5. Penalty waivers will be considered where an applicant meets any of the following criteria:
 - a. individuals on benefits or other low-incomes or who have been made redundant/unemployed, have no other means, and have exhausted all other avenues of relief.
 - b. individuals suffering significant family disruption e.g. serious illness or accident of self or a close family member, death of a close family member or separation/divorce.
 - c. individuals in cases of extenuating circumstances, e.g. loss of records by fire or theft.
 - d. individuals who contact the council prior to a penalty date to advise that they will not have funds available to pay the rates instalment until after the due date, and payment is made within fourteen (14) days of the due date. (Limited to one penalty within any two (2) year period for any particular water user).
 - e. where the council accepts an agreed payment arrangement, penalties added subsequent to the commencement of the payment arrangement may be waived at the end of the relevant rating year, provided that the payment arrangement is being honoured.
 - f. where the council accepts an agreed payment arrangement to clear accumulated arrears and current water charges, penalties may be waived at the end of each rating year provided the payment arrangement is being honoured and the payments have the effect of reducing the arrears. The penalty waiver may include either instalment penalties, arrears penalties or both.
 - g. the water user has a good payment history (being two clear years without incurring penalties). IAWAI may consider previous WDC rates payments when establishing payment history.
 - h. penalties may be waived in other situations where, in the opinion of the IAWAI, it would be just and equitable to do so.



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- 5.6. All applications for waiver of penalties must be in writing and must be made by the ratepayer of the rating unit concerned.
- 5.7. Penalty waivers (HCC area only):**
- 5.8. These criteria apply only to water charges for properties within the Hamilton City Council territorial authority boundary area.
- 5.9. Penalty waivers will be considered when the applicant meets the following criteria:
- where payment has been received after the due date for payment, provided that none of the previous invoices over the prior 12 months were similarly received late. IAWAI may consider previous HCC rates payments when establishing payment history; or,
 - makes satisfactory arrangements for regular and substantial reduction of arrears. (These arrangements are to include the waiver of penalty charges as long as such arrangements are fully met); or,
 - enters into a direct debit payment arrangement; or,
 - provides sufficient information which, if considered genuine and if substantiated with reasonable excuse for late payment, would justify waiver of penalty charges.
- 5.10. A request for waiver of IAWAI penalties may be considered alongside the request for remission of Council rates penalties.
- 5.11. Where water is charged via a water meter, penalties may also be waived when the request has been submitted in conjunction with an application to waive water charges resulting from an undetected leak.
- 5.12. When can IAWAI waive water charges due to water leaks?
- 6. WHEN CAN EXCESS WATER CHARGES FROM AN UNDETECTED LEAK BE WAIVED?**
- 6.1. The intention of this waiver is to encourage prompt leak repairs, reduce water wastage, and provide fair relief for unexpected water charges caused by leaks.
- 6.2. This policy enables IAWAI to consider requests for a waiver where excess metered water consumption can be attributed to an undetected water leak.
- 6.3. This provision applies only to:
- the property has a metered water connection, and charges are based on actual consumption; and,
 - an application for a waiver is received within six months of the leak being detected; and,



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- c. the leak has been repaired by a licensed or certifying plumber within 20 working days of being identified, unless evidence is provided that an appropriate repairer was not reasonably available within that timeframe.
- 6.4. The requirement for leaks to be repaired by a licenced or certifying plumber (in order to qualify for leak waiver) ensures that:
 - a. all repairs meet appropriate plumbing standards
 - b. health risks associated with potential contamination are mitigated
 - c. the likelihood of repeat issues is reduced
- 6.5. Application for a leak waiver will be reviewed within 20 working days from the date on which the application (including all required information) is received.
- 6.6. IAWAI will only accept and consider one application for leak waiver from the owner of a property once every five years. However, if the entire supply line between the point of supply and dwelling is replaced, IAWAI may consider a further waiver.
- 6.7. Method of determining excess water resulting from a leak**
- 6.8. A waiver of charges may be granted where the water usage during the period of the leak is at least 50% higher than normal usage for the property.
- 6.9. IAWAI reserves the right to decide the most appropriate method to determine what is normal usage, and the quantity of excess water resulting from a leak. This method may include (but is not limited to):
 - a. Review of previous water consumption based on recent and/or seasonal readings.
 - b. Note: Typically, the previous two-meter readings would be used, although IAWAI may consider a longer period of time, where seasonal use or a change of use applies.
 - c. Subsequent meter readings: for example, at time of repair and at further intervals as specified by IAWAI.
- 6.10. Responsibilities of IAWAI and property owners and ratepayers**
- 6.11. IAWAI is responsible for:
 - a. ensuring water services are provided to properties within the Waikato District Council and Hamilton City Council territorial boundary areas.
 - b. ensuring water services meet regulatory standards for safety, quality, and environmental protection.
 - c. maintaining all water services infrastructure up to the meter.
- 6.12. The property owner is responsible for:
 - a. maintaining all water pipes, fittings and/or plumbing and ensuring that it is in working order, after the point of supply (water meter).



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- b. monitoring consumption and ensure suspected leaks are investigated and repaired.
- c. dealing with any visible leaks promptly.
- d. protecting against any unauthorised use of accessible supply on your private property - this will not be deemed as a leak.

6.13. Water leak waivers (WDC area only):

- 6.14. These conditions and criteria apply only to water users within the Waikato District Council territorial authority boundary area.
- 6.15. Typically, an undetected leak which is eligible for waiver, is one which occurs between the water metered connection and the house, and within the house, or within a garage or outbuildings.
- 6.16. Water leak waivers of half of the excess charge will be considered where an applicant meets all the following criteria:
 - a. IAWAI is satisfied that the excessive consumption is caused by a leak on the property (subject to the provision of supporting evidence); and
 - b. Supporting evidence includes but is not limited to:
 - Photos and/or video footage clearly showing the leak (such photos or footage showing extent of the leak with the cause clearly visible); or
 - A report from a licensed or certified plumber confirming that the leak has occurred, where and how the leak was found, dates and an opinion as to how long the leak had been occurring.
 - c. There is proof of the leak being repaired by a licensed or certifying plumber (plumber's invoice); and
 - d. The plumber's invoice is a GST invoice which relates to the repair of the leak containing:
 - e. A valid GST number.
 - The name of the plumber who completed the repair.
 - Contact details.
 - The plumber's practising license number; and
 - Comprehensive description of the repair work and materials used.
 - f. water usage during the period of the leak is at least 50% higher than normal usage for the property (typically the normal average usage is based on the previous two bills where an actual read occurred at the property).
- 6.17. In extraordinary circumstances, non-domestic customers may be considered.



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- 6.18. In extraordinary circumstances where a waiver application would fall outside of the criteria, or where a reduction of more than 50% is appropriate, a waiver may be granted at the sole discretion of IAWAI's Authorised Officer. This may apply in situations where a water leak waiver application has been declined, and where this could lead to cases of genuine financial hardship for the owner, or where timely detection of a leak could not have reasonably occurred.

Exclusions for water users within the WDC boundary area

- 6.19. For water users within the Waikato District Council boundary area, this policy is intended to support cases of hardship for residential (domestic) water uses only.
- 6.20. Waivers for water leaks will not be considered in any of the following circumstances:
- a. Water supplied is for any non-domestic use – i.e. farms, commercial, industrial, public service, educational, or social service properties.
 - b. Repairs have not been carried out by a licensed or certifying plumber and within the required time frame.
 - c. The property is a vacant lot (i.e. parcel of land which is undeveloped / has no buildings or significant structures on it).
 - d. Where leaks are, or should be visible, including but not limited to:
 - i. header tanks,
 - ii. overflows from toilets,
 - iii. above ground pipes or fittings,
 - iv. pipes or fitting attached to raised flooring or in walls or ceilings.
 - v. where there is no stopcock on a water tank(s).
 - e. Pipes that supply external water uses outside of the house, such as irrigation, stock water, swimming pools, ponds, landscaping, or similar systems.

6.21. Water leak waivers (HCC area only):

- 6.22. These conditions and criteria apply only to water users within the Hamilton City Council territorial authority boundary area.
- 6.23. Water leak waivers of half of the excess charge will be considered where an applicant meets all the following criteria:
- a. Application for waiver must be made on the form prescribed.
 - b. A brief report from a licensed or certifying plumber is required.
 - c. Each application will be considered on a case-by-case basis. Those applicants that have demonstrated good water supply management (having regard to the nature of the connection) and responsive corrective actions will be considered favourably.



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- d. Applications will be declined where the water supply has been poorly maintained, damaged through negligence, or where multiple applications for waiver or remission have been made.
- e. The maximum waiver for metered connections is 50% of the excess water consumption resulting from a leak on the first affected water billing period.
- f. Where a remission or waiver has been applied previously, the Authorised Officer will require the property owner and/or ratepayer to get a condition assessment of the property's pipes. This will be required prior to approval of any subsequent waiver.

7. IN WHAT OTHER SITUATIONS WOULD IAWAI CONSIDER WAIVING WATER CHARGES?

- 7.1. Water service entities are not bound by the Council rating rules set out in the Local Government (Rating) Act 2002.
- 7.2. In some circumstances it may be operationally practical for IAWAI to align any mid-year charging adjustments with the relevant Council's established rates remission processes, particularly where both Council rates and IAWAI water charges are administered through the same billing system.
- 7.3. Using waivers in conjunction with Council rates remissions can reduce administrative complexity for IAWAI and allow for a consistent approach to managing both water charges and Council rates.
- 7.4. The following waivers apply specifically to properties located within either the Waikato District Council boundary or the Hamilton City Council boundary and are intended to replicate each Council's existing rates remission processes.

7.5. General waivers (WDC area only):

WDC General Waiver 1: Subdivision Development Waiver

- 7.6. IAWAI will consider waiving water charges to facilitate subdivision development in the Waikato district.
- 7.7. Developers may apply for remission on the second and subsequent lots of a new subdivision that remain unoccupied or unsold after the end of the rating year in which they are first charged water charges (and rates).
- 7.8. Waivers will be considered where an applicant meets all the following criteria:
 - a. The subdivided new lots must be unsold and unoccupied after the end of the rating year in which they are first charged rates.
 - b. The land must be vacant land.
 - c. Waiver will apply to the second and subsequent lots of the subdivision.



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- d. The owner must apply for a waiver and provide reasons why rates relief should be granted and supporting evidence.
- 7.9. Each application will be considered on its merits, taking into account the following factors:
- a. The landholdings of the owner within the Waikato district
 - b. The extent of the subdivision
 - c. The impact of the request on development in the district
 - d. The anticipated sales process of the subdivided lots
 - e. The rates and water accounts, including any penalty charges, must be up to date prior to application

WDC General Waiver 2: Low Value Property Waiver

- 7.10. IAWAI will consider waiving water charges for land that has a capital value of less than \$1,500, whether or not contiguous with other properties, and to remit water charges in respect of cemeteries of an area exceeding two hectares and not being used for any other purpose than as a cemetery (cemeteries less than two hectares are non-rateable).
- 7.11. Waiver will be considered where an applicant meets all of the following criteria:
- a. Full remission of the water charges is granted where the registered capital value of the rating unit is \$1,500 or less.
 - b. Full remission of the general rates is granted in respect of on land used or set aside for cemetery purposes that has an area greater than two hectares. If circumstances change in respect of the rating unit, the Council will review whether rates remission should still be granted.
 - c. This policy does not apply to land owned or used by any person or corporation operating a utility of any description on the land.

7.12. General waivers (HCC area only):

HCC General Waiver 1: Change of use – Commercial to residential

- 7.13. IAWAI will consider waiving water charges when the use of a property has changed from commercial to residential. This applies to show homes and home-based businesses, where a differentiated commercial charge has been applied.
- 7.14. Show home waiver criteria is as follows:
- a. Where a show home has been sold and occupied solely for residential use; and,
 - b. Is no longer used as a show home; and,
 - c. Commercial advertising has been removed; and,



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- d. IAWAI is satisfied that there is no commercial use, as defined within HCC's rating category definitions.
- 7.15. Home based business waiver criteria applies where a (rating) division has been created for a commercial activity in a rating unit that is otherwise categorised residential; and,
- a. the commercial activity has ceased; and,
 - b. commercial advertising has been removed; and,
 - c. Property has been reverted to full residential use and where that use is a permitted activity under Council's District Plan.
- 7.16. Waivers will be considered where an application meets the following criteria:
- a. This waiver applies to properties located within the HCC boundary area only, where water and/or wastewater has been charged on a differential basis, according to use.
 - b. This waiver is consistent with HCC's current Rates Remission and Postponement Policy.
 - c. The intention of this provision is to adjust value based and fixed charges (which have been set on a commercial differential basis) to those of residential charges, in specific circumstances where the property has changed use part way through a financial year.
 - d. IAWAI will calculate the difference between the commercial and residential charges from the next instalment, after written notice of change of use.
 - e. Should the application be received during the last instalment period, IAWAI will adjust the charging category for the start of the following rating year.
 - f. The property will be inspected to establish the criteria have been met.

HCC General Waiver 2: Community Organisation Operating Retail Shops

- 7.17. IAWAI will consider waiving water charges for community organisations operating retail shops.
- 7.18. This waiver applies to properties located within the HCC boundary only, where water and/or wastewater has been charged on a differential basis, according to use.
- 7.19. The intention of this waiver is to facilitate the on-going provision of the community organisation and their services to the residents of Hamilton.
- 7.20. This acknowledges the benefits these community groups deliver to Hamilton by way of helping those in need and supplying low-cost items to the community and is consistent with HCC's current Rates Remissions and Postponements Policy.
- 7.21. Waivers will be considered when an application meets the following criteria:



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- a. The applicant must be a legally constituted charitable trust or incorporated society not for profit which delivers social benefits to the community.
- b. The community retail shops will be rated at standard commercial charges (aligning to Councils Rating category) but shall receive a 50% waiver of Water and Wastewater charges.
- c. Applications must be received by 31 May, and successful applications will take effect from the following 1 July.

HCC General Waiver 3: Property affected by Natural Calamity or Disaster

- 7.22. The objective of this waiver is to assist water payers experiencing extreme hardship as a result of a calamity or natural disaster that affects their ability to pay water charges.
- 7.23. This waiver ensures that any value-based water charges are treated consistently with Council's existing rates remission approach, so that affected water payers receive fair and equitable relief.
- 7.24. Waivers approved under this policy do not set a precedent. They will apply only to the specific event and only to properties directly affected by that event.
- 7.25. IAWAI may waive all or part of any charge on a rating unit (effective from the time of application) where the application meets the following criteria:

Natural Calamity or Disaster

- 7.26. A waiver may be granted where erosion, subsidence, submersion, or another natural calamity or disaster has affected the use or occupation of the rating unit.
- 7.27. This applies only to recognised single events and does not apply to erosion, subsidence, or other changes that occur independently of a major natural disaster.
- 7.28. The extent of the waiver will be determined on a case-by-case basis, depending on the severity and impact of the event

Accidental Residential Fire

- 7.29. For residential properties where an accidental fire renders the dwelling uninhabitable to the extent that demolition is required.
- 7.30. The waiver applies to value-based water charges from the date of application to the end of the current rating year and will be calculated as if the value of the affected improvements were excluded.
- 7.31. It applies only to the portion of the rating year in which the event occurred and does not extend beyond that year.
- 7.32. IAWAI may set additional or event-specific criteria where considered fair and reasonable. This flexibility recognises that the appropriate response may vary depending on:
 - a. the nature and severity of the event.



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- b. the number of properties affected; and
 - c. available funding at the time.
- 7.33. IAWAI may also require financial or other supporting documentation as part of the waiver assessment process.

7.34. Application for this waiver must be made by the water payer and only applies to properties located within the HCC boundary area only.

HCC General Waiver 4: Hardship Relief for Not-for-Profit Community Organisations

- 7.35. The objective of this waiver is to facilitate the ongoing provision of not-for-profit community organisations, operating within the Hamilton city boundary area, recognising their services to the residents of Hamilton, where payment of the full water and wastewater charges may affect the community organisation's viability.
- 7.36. IAWAI may waive up to 40% of water and wastewater charges in respect of the rating unit, where the application meets the following criteria:
- 7.37. The organisation is eligible for a 'not-for-profit community organisation' rates remission in accordance with Hamilton City Council's Rates Remissions and Postponements Policy.
- a. The organisation must not operate for private pecuniary profit;
 - b. The organisations must not receive any funding from government agencies or have any contracts for fee for service with government agencies;
 - c. The organisation must operate on a voluntary basis and have no full-time or part-time paid employees or contractors operating in this capacity;
 - d. The cost of the full water and wastewater charges will cause the organisation extreme financial hardship and/or cause the organisation to operate at a financial deficit.
- 7.38. Organisations must provide the following documents with their application:
- a. Statement of Objectives;
 - b. Constitution or Trust Deed;
 - c. Full financial accounts;
 - d. Information showing extreme financial hardship and operating position;
 - e. Information on activities and programmes; and
 - f. Information on funding sources.
- 7.39. Each application shall be determined on a case-by-case basis.
- 7.40. Applications must be received by 31 May to apply from the following 1 July, and must be submitted annually by the community organisation.



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8. DELEGATIONS

- 8.1. Decisions under this policy are delegated to authorised officers as set out in IAWAI's Delegations Policy.

9. REFERENCES

- 8.2. The following documents may be read alongside IAWAI's Waiver Policy for information purposes:

- Local Government Water Services Act 2025.
- Local Government (Rating) Act 2002.
- Waikato District Council Rates Remission and Postponement Policy.
- Hamilton City Council Rates Remission and Postponement Policy.
- IAWAI Water Services Strategy.
- IAWAI - Flowing Waters Statement of Expectations.

DRAFT

Board meeting 27 02 2026

Public session

10 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)

That the Board:

1. Receives the report.

Key points

2. **Attachment 1** presents the third Strategic Investment Portfolio report to the Board for projects transferred to IAWAI from 1 July 2025.
3. The report covers the period December 2025 to end of January 2026. Work to better align reporting and improve visibility of risks, benefits, health and safety and financials across the portfolio is ongoing.
4. The Portfolio is at **Amber** status, reflecting targeted financial and delivery challenges in specific major projects while overall progress continues.

Background

5. To realise benefits of IAWAI early, Councils agreed that some major “transformation” projects be transferred to IAWAI in the establishment period (from 1 July 2025 – 1 July 2026).
6. 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.
7. This is the third portfolio report on the transferred projects.

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

8. 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

9. There are no financial implications arising from the recommendations in this report.

Consultation

10. 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

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



**IAWAI PORTFOLIO REPORT
FEBRUARY 2026**

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PORTFOLIO REPORT SUMMARY – FEBRUARY 2026

This report provides an update on the status and summary of key activities associated with the IAWAI Strategic Investment Portfolio for the period beginning December 2025 and ending January 2026.

This summary report comprises:

- Portfolio Status Update
- Portfolio Risks, Compliance, Issues and Opportunities
- Health and Safety Summary
- Updates on the “Transferred Projects” that make up the portfolio:
 - *Servicing Strategies / Fast Track Developments*
 - *Wastewater Consenting*
 - *Other Wastewater (WW) Programme (i.e., Raahui Pookeka, Ngaaruawahia, Southern WW treatment plants (WWTP))*
 - *Pukete WW Programme*
 - *Bulk WW Programme*
 - *Water Supply Programme*
 - *HIF (IAF) Water Supply Programme*
 - *Universal Water Metering*

PORTFOLIO STATUS UPDATE – FEBRUARY 2026

Current Status: Amber

- Indicates targeted delivery challenges in major projects, while overall progress continues.
- Requires proactive oversight to maintain momentum and address emerging risks.

Strategic Focus Areas

- Risk Mitigation in Transition: Ensuring smooth transfer from Waikato District Council and Hamilton City Council to IAWAI.
- Portfolio Oversight Refresh: Aligning governance structures with the new CCO executive framework.
- Delivery Capacity Readiness: Preparing for a forecast five-fold increase in capital expenditure by 2027/28.
- Industry Partnerships: Strengthening collaboration to secure delivery capability.
- Investment Management: Updating business case artefacts and assurance processes.

Current Challenges

- Reporting and governance structures require refinement.
- Decision-making speed and investment assurance need improvement.
- Capacity building is critical to meet future demand.
- Legislative changes e.g. RMA

PORTFOLIO STATUS UPDATE – FEBRUARY 2026 continued

Opportunities for Efficiency:

- Shift from individual project procurement to programme-based procurement.
- Integration of project workstreams for streamlined delivery.
- Strategic use of resources and consultants to optimize outcomes.
- Appointment of contracted Programme Managers for key strategic programmes under the new structure.

Governance Evolution:

- Development of portfolio governance group terms of reference and membership being initiated.
- Governance implementation to be aligned with the proposed Day 1 organisational structure.

Strategic Positioning:

- Despite current challenges, the portfolio is being positioned to deliver on strategic, consumer, and cost-of-service objectives as it enters the next phase of transformation.

PORTFOLIO RISK, OPPORTUNITIES & ISSUES

Rating	Risks and Opportunities	Proposed Mitigation	Mitigation implemented this period
	<p>COST FORECAST VS CAPACITY</p> <p>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.</p>	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> The re-cast capital programme for the WSS has been updated to factor in potential resourcing challenges and delivery risks associated with strategic projects.
	<p>WORKFORCE AND RESOURCING</p> <p>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.</p>	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> The workforce transition for infrastructure is underway, which will ramp up capability, currently 'shared' with HCC. It has been built upon principles of recruitment for key leadership roles supported by industry partnerships. Commercial and procurement capability are integrated into the workforce model, which has been designed to empower IAWAI to lead the commercial environment as an enabler to IAWAI outcomes.
	<p>INDUSTRY CAPACITY</p> <p>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.</p>	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> IAWAI workforce model is predicated on a healthy ecosystem of suppliers - the IAWAI workforce model merges strategy, commercial and procurement activities and will build the foundations for model delivery.
	<p>INVESTMENT ASSURANCE AND BUSINESS CASES</p> <p>If the portfolio does not meet functional and current investment management requirements against the ~\$3B (uninflated) portfolio 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.</p>	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Risk and Benefits frameworks are scheduled on the HCC Capital Portfolio Improvement Programme timeline as a priority in mid-2026. Recommendations on investment/business case approaches are expected to be delivered in alignment with the establishment of the investment planning framework currently in consultation, this is likely to be completed in February 2026.

PORTFOLIO RISK, OPPORTUNITIES & ISSUES

Rating	Issue	Proposed Mitigation	Mitigation implemented this period
	<p>CHANGE IMPACT ON DELIVERY VELOCITY</p> <p>The development of resourcing and governance models for the major project portfolio is still being established. This uncertainty is influencing the pace of delivery and the ability to provide full assurance that the portfolio is on track.</p>	<ul style="list-style-type: none"> 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. Ensure communication and clarity on roles/responsibilities, escalations and delegations, such that delivery momentum can be maintained. 	<ul style="list-style-type: none"> The HCC Capital Portfolio Governance Group inaugural meeting on 25 August 2025 (including IAWAI representation) acknowledged this risk and agreed to monitor as part of HCC capital reporting Transitional arrangements are rolling out for both HCC and the IAWAI capital delivery model, and the consultation period is underway, both HCC and IAWAI leadership are monitoring closely, and have several communication and leadership support mechanisms in place to support people in transition and ensure minimal impact on delivery.
	<p>DATA & REPORTING</p> <p>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:</p> <ul style="list-style-type: none"> PPM toolset 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 currently. 	<p>Work towards an automated reporting and data configuration to view all IAWAI major projects in the HCC system.</p> <ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Work continues on immediate short-term enhancements to systems and data to improve business intelligence for reporting Long term organisational investment is needed to fix broader end to end system and data management issues. A proposal is expected to be completed by February 2026 for consideration in HCC as much of the IAWAI data is currently held in HCC capital budgeting and management systems.

PORTFOLIO HEALTH, SAFETY AND WELLNESS

Overall Status:

- No serious incidents were reported across any portfolio projects this period.
- The portfolio continues to operate in a low to moderate physical-risk environment, with most activity focused on planning, design, technical assessments, stakeholder engagement, and resource consenting.
- Several projects are expected to transition into detailed design and construction phases soon, which will increase operational risk profiles.

Key Focus Areas for Portfolio delivery

- Portfolio Risk Identification: Ongoing identification of critical health and safety risks, and ensuring controls to avoid, remedy, or mitigate those risks are in place.
- Monthly HSW Reporting: Ensuring consistent reporting of health, safety, and wellness metrics in monthly project updates.
- H&S Practices Review: Reviewing health and safety practices and documentation for planning, investigation-led, and physical works projects.
- Development of Lead & Lag Indicators: Creating appropriate lead and lag indicators to strengthen future portfolio-level reporting.
- Safe Delivery of Field Activities: Ensuring safe management of site visits and technical investigations.
- Contractor Competence & Oversight: Verifying capability and ensuring appropriate oversight of contractors undertaking specialised investigations and physical works

Servicing Strategies / Fast Track

Overall – Amber ▲

- Work continues on integrated servicing solutions for Te Kowhai/Horotiu/North Hamilton and Pookeno/Tuakau. These will guide future investment and developer engagement. Some funding has been included for strategic infrastructure to support growth in Pookeno and North Hamilton/Te Kowhai/Horotiu.
- Fast-track developments are creating major servicing pressures, with required infrastructure investment not funded in current LTPs. No funding is included in the recast capital programme, reflecting the 'growth pays for growth' approach.
- A servicing solution for Te Kowhai West is agreed, with Waikato District Council expected to sign a Private Developer Agreement by March 2026.
- An outline of the key issues and servicing solutions for Pookeno/Tuakau will be provided to the IAWAI board in March 2026.
- More than 10 fast-track proposals around Hamilton's fringe pose significant servicing challenges. Most seek to connect to existing networks; others are proposing decentralised systems, which carry risks if not well managed. Technical staff are working with fast-track developers to identify long-term servicing solutions and test viable short-term options. R2 is the most advanced, with investigations underway for TKE, Brymer and SL1.
- Work with Waikato Regional Council continues on consistent water allocation consent conditions, with draft conditions under review.
- Fast-track proposals in wider Waikato District will be added to future reporting.
- Engagement with Waipā District fast-track developers is occurring on a without-prejudice basis to identify sustainable long-term solutions; commercial negotiations will be required to support servicing decisions.

Programme/Project	Oct/ Nov RAG	Dec/ Jan RAG	Phase	Overall Commentary
Te Kowhai West			Planning	<p>A servicing strategy for Te Kowhai West has been advanced, supported by earlier infrastructure already built at Horotiu. IAWAI has agreed the terms of a Private Developer Agreement enabling a new bulk wastewater connection to Horotiu. Waikato District Council will execute the agreement in early 2026.</p> <p>Work is also underway on an integrated servicing strategy for Te Kowhai, Horotiu and North Hamilton to ensure a coordinated approach to future development. The integrated servicing strategy has informed the re-cast capital programme included in the proposed Water Services Strategy</p>
Pookeno / Tuakau			Planning	<p>The existing Pookeno servicing strategy is being revisited to capture new development proposals and to take a broader view of servicing needs for the area in the longer term. This strategy will identify a preferred option to take forward for development. Engagement with mana whenua is needed to support the identification of the preferred option.</p> <p>An outline of the key issues and servicing solutions will be provided to the IAWAI board in March 2026.</p> <p>In parallel with this work, developers in Pookeno have identified potential private servicing solutions involving a new wastewater treatment plant and discharge, and have applied for referral under the Fast Track Approval Act. Staff are working closely with the developers representatives to identify integrated servicing solutions that meet the broader wastewater servicing needs for Pookeno and Tuakau. There is a risk that this work will not be completed in time to inform the completion of live commercial negotiations or expected servicing undertakings.</p>

Servicing Strategies / Fast Track Continued

Programme/Project	Oct/ Nov RAG	Dec/ Jan RAG	Phase	Overall Commentary
Te Kowhai East (TKE)			Assessments	<p>Early assessments confirm the existing Waikato network cannot service the TKE proposal. Three-waters workshops were completed in December, and the developer is seeking connection to Hamilton City Council networks. An agreed work programme is now in place to progress servicing solution investigations, development of commercial terms, and proposed consent conditions.</p> <p>A water allocation consent application has been lodged with Waikato Regional Council and is intended to transfer to HCC/IAWAI. Draft consent conditions were received in January 2026 and are under review. The conditions adopted for this consent are intended to form 'boiler plate' for other fast-track development water abstraction consents.</p> <p>Stormwater challenges may affect land use yields and implicate downstream effects that require mitigation.</p>
Te Awa Lakes (TAL)			Cost recovery agreement	<p>No change from previous report.</p> <p>Development located in the northern part of Hamilton City, that comprises approx. 2,500 residential dwellings, a town centre, a business precinct, and a recreational precinct. Development is listed in the FTAA and can proceed under the FTAA process.</p> <p>Developer has yet to confirm if they will use the Fast Track consent process available to them or proceed using typical RMA processes.</p>
HT1 / Orchard Grove			Consultation	<p>No change from previous report. Minister/EPA decision required to approve Referral before a FT application is started. Servicing approach not yet confirmed, proposing either connection to HCC networks or a private WWTP onsite.</p>
SL1 Stage 1			Assessments	<p>Cost recovery agreement signed. Workshops held with developer's engineers on water, wastewater and stormwater. Modelling scopes being drafted for water and wastewater (limited or no local connection available without major upgrades for some areas). Bundled water take application (all of SL1 area) lodged. IAWAI/HCC team are struggling to obtain level of information required to engage meaningfully on servicing options and solutions.</p>
SL1 Rogerson			Cost recovery agreement	<p>No change from previous report. A referral application has been approved by the Minister. The applicant can now prepare the substantive application. Potential groundwater source as interim potable water, and onsite wastewater treatment proposed. Cost recovery agreement pending.</p>
SL1 Houchens			Consultation	<p>No change from previous report. A referral application is being prepared. Pre-referral consultation in next period.</p> <p>Potential opportunity to include a designation/NOR for the water reservoir (existing, and future expansion) as part of the FT application.</p>
R2			Assessments	<p>Water and wastewater modelling under action (results due in February 2026).</p> <p>Site visit for Stormwater purposes in January 2026, with actions with the developer to provide design details for comment.</p> <p>Water allocation consent application lodged by applicant with WRC.</p> <p>Draft terms sheet delivered to developer in December 2025. Feedback on terms sheet expected in February 2026.</p>
Greenhill Industrial			Consultation	<p>No change from previous report. Consultation with applicant to inform their Referral application is expected within early November.</p> <p>Due to location and intent for servicing, Greenhill will look to HCC for services across R2 fast track area which will create complexities for servicing arrangements and assessments between the two applicants.</p>

Servicing Strategies / Fast Track Continued

Programme/Project	Oct/ Nov RAG	Dec/ Jan RAG	Phase	Overall Commentary
Te Kowhai East (TKE)			Assessments	<p>Early assessments confirm the existing Waikato network cannot service the TKE proposal. Three-waters workshops were completed in December, and the developer is seeking connection to Hamilton City Council networks. An agreed work programme is now in place to progress servicing solution investigations, development of commercial terms, and proposed consent conditions.</p> <p>A water allocation consent application has been lodged with Waikato Regional Council and is intended to transfer to HCC/IAWAI. Draft consent conditions were received in January 2026 and are under review. The conditions adopted for this consent are intended to form 'boiler plate' for other fast-track development water abstraction consents.</p> <p>Stormwater challenges may affect land use yields and implicate downstream effects that require mitigation.</p>
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HT1 / Orchard Grove			Consultation	<p>No change from previous report. Minister/EPA decision required to approve Referral before a FT application is started. Servicing approach not yet confirmed, proposing either connection to HCC networks or a private WWTP onsite.</p>
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SL1 Rogerson			Cost recovery agreement	<p>No change from previous report. A referral application has been approved by the Minister. The applicant can now prepare the substantive application. Potential groundwater source as interim potable water, and onsite wastewater treatment proposed. Cost recovery agreement pending.</p>
SL1 Houchens			Consultation	<p>A referral application is being prepared. Pre-referral consultation in next period.</p> <p>Potential opportunity to include a designation/NOR for the water reservoir (existing, and future expansion) as part of the FT application.</p>
R2			Assessments	<p>Water and wastewater modelling under action (results due in February 2026).</p> <p>Site visit for Stormwater purposes in January 2026, with actions with the developer to provide design details for comment.</p> <p>Water allocation consent application lodged by applicant with WRC.</p> <p>Draft terms sheet delivered to developer in December 2025. Feedback on terms sheet expected in February 2026.</p>
Greenhill Industrial			Consultation	<p>No change from previous report. Consultation with applicant to inform their Referral application is expected within early November.</p> <p>Due to location and intent for servicing, Greenhill will look to HCC for services across R2 fast track area which will create complexities for servicing arrangements and assessments between the two applicants.</p>

Wastewater Consenting

Overall – Amber ▲

- The changing legislative landscape (Fast Track; Water Services Act; RMA reforms, repeal and replacement) continues to create uncertainty on the most appropriate approval pathways and programme to adopt for consent processes and programme to adopt for wastewater consenting. A no/low regrets approach to technical investigations and assessments is being adopted while we seek legal and strategic advice on the available and recommended pathways.
- An overall programme approach is still to be developed and a programme manager is being identified. Co-ordinated and 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 12 months, integrated public health risk assessments and river hydraulic modelling; coordinated legal and strategic planning advice; coordinated communications and engagement messaging and strategies; development of consistent strategic narratives to sit across all projects; framing up a consistent template for consenting conditions.

Programme/Project	Oct/ Nov RAG	Dec/ Jan RAG	Phase	Overall Commentary
Rahui Pookeka WWTP			Engagement	No update from previous report. Current resource consents expire on 31/03/2029, however upgrades are required now (see Wastewater Major Projects below), 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. 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 discharges. Options have been prepared, discussed, and are being further considered by our partners later in November.
Ngaaruawahia WWTP			Engagement	
Pukete WWTP			Planning	Critical baseline monitoring work continues, and new scoping of investigations initiated to qualify baseline results. Proposed procurement approach for lead consultant for the remainder of the project has been developed and scoping of the remaining work to be completed is underway. Project is amber as the lead consultant is still being appointed. Governance and project delivery structures are being refreshed to align with the approach taken for the Southern WWTP.
Southern WWTP			Planning	<p>The background review report has been delivered in draft format, with the findings to be presented in early November. Further work on the land use assumptions and project objectives is required prior to the report being finalised. Beca progressing land-use assumptions; confirmation expected in early February for final consideration and confirmation.</p> <p>Legal advice sought to inform key project decisions (e.g. treatment standards, consenting pathway) in light of recent and proposed legislative changes.</p> <p>Work on the Discharge and Best Practicable Option phase of the project continues. The preferred discharge method recommendation will be taken to the Technical Advisory Group and then to the PGG in February/March 2026. The preferred discharge is expected to involve re-entry of treated wastewater (“new water”) into the Waikato River. Discharge location investigations have commenced with site visits to potential discharge locations occurring in January 2026.</p> <p>Community interest in the project remains high with correspondence from residents, elected members and local interest groups continuing. LGOIMAs and responses are available on the project webpage. Project E-newsletters continue to be distributed. The most recent being in December 2025.</p> <p>Community tours to Raglan WWTP organised for 7th March 2026. To date, low level of response to expressions of interest. Invitations extended to Elected Members (Hamilton, Waikato, Waipā) and to Kaitiaki Roopu members who have not yet visited. Targeted stakeholder engagement continues with WRAL, WRA, Fish and Game, DOC, NZTA.</p> <p>A briefing on the project is programmed for March 2026, ahead of key recommendations coming to the Board for decision in April 2026.</p>

Other Wastewater Programme

Overall – Green ●

Programme progressing well.

- RFI responses have been evaluated, and tags are being worked through.
- 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	Oct/ Nov RAG	Dec/ Jan RAG	Phase	Overall Commentary
Raahui Pookeka WWTP			Design	Overall project status is Amber due to delays in procuring the Design and Build Contract. However, the tender is well underway for the design and construction of the Raahui Pookeka and Ngaaruawaahia projects. Contract Award is scheduled for February 2026. This is later than originally planned, however overall delivery programme needs to be updated to reflect timing in proposed Water Services Strategy. These projects are multiyear and is reflected in the current and future years budget.
Ngaaruawaahia WWTP			Design	See above
Southern WWTP	n/a	n/a	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 Ngaaruawaahia procurement process.

Pukete Wastewater Treatment Plant Programme

Overall – Amber ▲

- H&S: New Inlet Works Facility (Pukete 3c): Weekly Construction Monitoring and H&S inspections occurring now construction has commenced onsite. No injuries in this reporting period.
- Programme governance refresh in place. All projects are now being managed as a single programme. Programme Governance Group established, including independent member Garry MacDonald.
- Successful plant visit and deep dive held with Board 23 October 2025 – key topics included emphasis on commercial opportunities for savings and revenue, future-proofing, urgency for secondary treatment upgrade, preliminary procurement strategy, and risk-based time and cost reporting.
- Master planning investigations and consent urgency are likely to lead to changes in sequencing from Metro DBC expectations (e.g. bioreactor retrofits interim close out), prioritising treatment gains with corresponding “smoothing” of forecast expenditure.
- The programme presents challenges to keep the budget and timeline as per the baseline - investment case and procurement strategy in preparation Investment case and procurement strategy under way for Board approval in early 2026.
- Live plant interface plan is being prepared to manage risks of implementing upgrades in parallel with operations, renewals, consenting, master-planning, and ongoing inlet construction.
- Key risk for upgrade relates to being able to achieve anticipated higher discharge consent standards on the date when current consent lapses – time, scope. A progressive improvement consent framework is essential.

Programme/Project	Oct/ Nov RAG	Dec/ Jan RAG	Phase	Overall Commentary
Master Plan			Planning	Green status because coordinated decision-making with wider upgrade and consent workstreams is in place. Master plan scope and programme OK. Initial investigations underway in combination with the upgrade workstream. Time (previously Amber) is now Green to reflect the shift from Initiation to planning and investigations (Stantec) commencing.
Bioreactor Retrofits (Pukete 3b)			Close out	Green as the change request to close the project was approved. This was in response to likely reprioritisation of treatment processes (membrane treatment) and fundamental scope reduction (stopping before construction). The outcome of the bioreactor retrofit will be achieved with the Secondary Treatment Upgrade below.
New Inlet Works Facility (Pukete C3)			Construction	Amber status until the forecast budget shortfall is addressed. Additional funding for Odour Control Unit requested as part of Water Services Delivery Plan. A meeting was held with the Pukete Programme Manager to progress key dependencies for this project (process water upgrade, PST design connection). Investigation and design (Beca) was arranged in coordination with renewals for the raw river water pipeline and wider WWTP Upgrade.
Pukete WWTP Upgrade (Prev. Pukete 4)			Initiation	Amber status to reflect start delay, scope uncertainty, urgency and risk from overlapping interdependent workstreams. Change request under way to manage budgets across Pukete 3c (Inlet works) and Pukete 4, and smooth annual forecast in later years. The Initiation phase is under way with Governance established and a Programme Plan in place for approval. IAWAI governance is in place, and external advisors are being arranged. HCC TAG framework is being finalised. Programme manager in place. Project managers, contracts admin and cost management support to be confirmed. Investment case and procurement strategy in preparation for March 2025. Estimated costs, timing and budget will be reviewed in the Investment case following the master plan/initial investigations findings.



Pukete Wastewater Treatment Plant Programme Continued

Programme/Project	Oct/ Nov RAG	Dec/ Jan RAG	Phase	Overall Commentary
Pukete Admin, Control and Administration Buildings			Initiation	Amber status overall for uncertain buildings scope/location, with completion unlikely by 2027 (but not yet critical). An interim consultant project manager is in place. Procurement planning for long-term project manager and expert advisor/ reviewer is 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 under way. Buildings procurement options evaluation under way. Potential implications for land, road and reserve statutory processes and engagement overlap with consents workstream. External engagement will be led/managed by the consents workstream.
Initial Works (UV, PST, Waters)			Initiation	Amber status to reflect scope uncertainty and urgency for information for the current Pukete 3 construction. Design coordination under way with Inlet Works (Beca).
Secondary Treatment Upgrade			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			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			Initiation	Green status to reflect that liquids workstream decisions will precede storm flow so not critical. Amber scope to reflect that early implementation of MBR will affect maximum flow rates and require early attenuation.
Stormwater Upgrade			Initiation	Green status to reflect interdependency coordination with consenting workstream. Ecological assessment of existing tributary being arranged through consenting. Plant stormwater management investigation as part of master planning.
New Outfall to the River			Initiation	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 is likely to be required and assumed plant discharge/connection location needs to be assumed in interim.

Bulk Wastewater Programme

Overall – Amber ▲

- Implications of recent or proposed planning legislation changes are being considered.
- Technical assessments and stakeholder engagement for the Upper Eastern storage project continues. The lead strategic planning consultants involved in the Fairfield and Upper Eastern storage projects have been engaged to complete a strategic assessment on the timing, potential efficiencies, risks and opportunities associated with the future storage facilities. This work will inform decisions on how to approach the remainder of the programme.
- EI-MS Fairfield: Project progressing as per plan, although is facing some extra activities to get the groundwater dewatering consent application prepared and submitted. Expecting to lodge Fairfield Notice of Requirement for designation and regional council consent application by mid 2026.
- EI-US Hamilton East: A site for this facility has not been confirmed presenting significant uncertainty for the project. The team continue to work through these matters.
- Strategic planning investigations have been initiated to take a more strategic view of the other bulk storage facilities (Bremworth, Hillcrest) planned for the city.
- The project to implement the Upper Western Network Storage, pre-treatment and controlled discharge has also been initiated.

Programme/Project	Oct/ Nov RAG	Dec/ Jan RAG	Phase	Overall Commentary
EI-MS Fairfield	Green	Yellow	Planning	Technical assessments, community and neighbourhood engagement as part of the Fairfield storage facility continues. Lodgement of NoR is delayed due to additional Reserve Act complexity and additional legal and planning requirements. Scope increased to include regional consent applications. The notice of requirement and resource consent applications for this storage are being developed to lodge before June 2026.
EI-US Hamilton East	Red	Red	Planning	There is uncertainty in the site selection, and the project team are reviewing the options left in the feasibility study. The team will re-consult on the best options for storage with the planning team, in parallel a restart of the conversations with MoE is being planned.
Storage 4 – EI-MS Fairfield	Green	Green	Initiation	The project management plan and procurement strategy for the design and construction phases of the project has been initiated.
Upper Western Network: New Storage, Pre-treatment and controlled discharge (Lorne/Normandy)	Yellow	Yellow	Initiation	Project manager appointed and project initiated. PMP under development, governance arrangements being established and initial engagement underway.

Water Supply Programme

Overall – Green ●

- The Hillcrest Zone project is progressing as per plan.
- The Maatangi reservoir project is facing delays securing land from NZTA.

Programme/Project	Oct/ Nov RAG	Dec/ Jan RAG	Phase	Overall Commentary
Hillcrest Zone			Planning	<p>Hillcrest reservoir project is progressing well. This project is critical to supporting developments at the University of Waikato including the proposed Medical School. Bowling Club Building demolition is complete.</p> <p>Lessons learned from recent reservoir projects will inform the planning and design of this project.</p> <p>The strategic planning lead for the Ruakiwi Reservoir project has been appointed as Technical Planning Lead.</p> <p>The implications of the recent and proposed planning legislation changes is being considered for the project.</p> <p>Site selection is underway, with two short-listed sites under final evaluation. The preferred site is expected to be identified in March. Geotechnical investigations and community consultation will follow site confirmation, with engagement already occurring for demolition. Project manager is working to separate the reservoir and bulk main elements of the project so that each can be progressed in parallel.</p>
Maatangi Reservoir			Planning	<p>Acquisition of the site is being led by WDC property team. If the current NZTA site is unavailable, an alternative site will be secured.</p>

HIF (IAF) Water Supply

Overall – Green ●

- Programme progressing well with no foreseen barriers to delivery
- H&S: Safety in Design will be required for all projects involving an element of design. No physical works or related procurement at present.
- Key Wins: Reservoir: Public Consultation for Notice of Requirement and Reserves Act closed 22 October 2025. Hearing scheduled for February 2026.
- Key Concerns: Reservoir: Appeals on Notice of Requirement after hearing.

Programme/Project	Oct/ Nov RAG	Dec/ Jan RAG	Phase	Overall Commentary
Central City Reservoir Stage1 and Booster Pump Station			Design	Overall project status is 'Green' with design tasks progressing well. All consent applications and Notice of Requirements (NoR) have been lodged. NoR for designation change remains as the project's highest risk; however, the risk score has been reduced with the news that no submitters have expert witnesses or are willing to be heard. The hearing has been reduced to 1-day as a result. The hearing is scheduled for February 2026. Detailed Design stage underway and on track.
Build Water Reticulation			Design	Preliminary design has been completed and submitted for client review, with feedback to be incorporated into the final design. Detailed design is progressing, including additional site investigations and refinement of key design elements. Work continues on the pipeline bridge design with KiwiRail, pending further inputs from internal teams. Consenting activities are underway, and the Preliminary Planning Assessment has been completed.

Universal Water Metering

Overall – Amber ▲

- Participants in the pilot have been confirmed.
- The procurement processes for the pilot programme are near complete. Although there have continued to be delays through the procurement process, steps have been taken to mitigate the Extension of time for procurement (Request for Proposals or RFP) and delays to receipt of responses, 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, is now being iterated. Next steps to refine costs and address risk, post RFP and pilots.
- Forms are being developed for the GIS layer for Hamilton City Council. These will be used to complete As Builts during the rollout.

Programme/Project	Oct/ Nov RAG	Dec/ Jan RAG	Phase	Overall Commentary
Investment Case			Completed	First stage Investment Case complete. Next steps: Work has commenced on the Second stage Investment Case and will continue post RFP and contract award.
Procurement			Planning	<p>The procurement is a multi-stage process as follows:</p> <ul style="list-style-type: none"> • Stage 1 – RFI – complete (June 2025) • Stage 2 – RFP for pilots, with option to proceed to full implementation without returning to market (GETS) <ul style="list-style-type: none"> ○ Phase 2a (small pilot) – 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 (full pressure zone pilot) – up to 3,000 endpoints • Stage 3 – Full implementation (pending). 78,340 endpoints <p><u>Stage 2:</u></p> <ul style="list-style-type: none"> • RFP has closed, and evaluation of all responses has now concluded. The Technical Evaluation Team (TET) has presented recommendations to the IAWAI Chair and Chief Executive, seeking endorsement to proceed. • Next steps – letters to be distributed to all respondents, informing of outcome of the evaluation process. Contract negotiations for shortlisted and preferred suppliers occurred in February 20206.



Universal Water Metering Continued

Programme/Project	Oct/ Nov RAG	Dec/ Jan RAG	Phase	Overall Commentary
Pilot			Planning	<p>Comms & Engagement have continued excellent work in publicising the pilot and the opt-on process in Hamilton East (Hillcrest Pressure Zone).</p> <ul style="list-style-type: none"> • 174 (87%) of the required 200 households have opted on • A further 26 (13%) from Kainga Ora will be confirmed to the balance <p>Next steps:</p> <ul style="list-style-type: none"> • A newsletter has been sent out to all volunteers, to provide an overview of what to expect during the pilot and when installation of water meters is anticipated to occur. Exact timing cannot be confirmed until contract negotiations have concluded. • 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.
GIS Layer			Initiation	<p>Water meter GIS layer for HCC has been published, for use by the programme.</p> <p>Next steps:</p> <ul style="list-style-type: none"> • A process is being developed to update the data model which is feeding into this layer from systems of record (e.g. assets from IPS) in an automated way vs. manually running scripts to concatenate data and then publish. This will also speed up performance of the user interface. • Development of forms to go over the GIS layer is well underway. <ul style="list-style-type: none"> ○ These forms will be used to complete Pre-work inspections and post work As-Built during the installation process (i.e. to gather metadata and photos for the recording of assets and billing information electronically), rather than gather this information on paper. Gathering electronically will bring significant benefits in data quality and completeness of information. ○ Pre-work forms in test. As Built forms in development
Field Studies			Planning	<p>Master data has been consolidated from multiple sources and extracted from the GIS layer:</p> <ul style="list-style-type: none"> • 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.) <p>This master data has been analysed, to identify areas of uncertainty/inconsistency and thus the scope of the field survey.</p> <p>Next steps:</p> <ul style="list-style-type: none"> • Desktop survey and data updates (underway) • Scope up time and resource required for the field surveys and secure resource to complete this work, pre the full implementation of water meters.



Board meeting 27 02 2026

Public session

11 Infrastructure Acceleration Fund (IAF) Transferred projects

Prepared and recommended by Jonathon Brooke and Andrew Parsons

Approved by IAWAI Chief Strategy and Planning – Andrew Parsons

Consulted with Waikato District Council

Recommendation

That the Board:

1. Notes that the Infrastructure Acceleration Fund (IAF) Transferred projects (IAF Reservoir and Pumpstation and, IAF Bulk Water Mains) are both progressing from detailed design into construction procurement this year in accordance with the obligations under the IAF.

Key points

2. In November 2022 Hamilton City Council (HCC) won a non-repayable grant of \$150.6 million from the Infrastructure Acceleration Fund (IAF) to help unlock around 4000 new homes in central Hamilton.
3. The majority of the grant relates to water and wastewater infrastructure which IAWAI will be required to deliver from 1 July 2026 in accordance with the agreed timeframes with government.
4. There is a suite of non-financial obligations that relate to housing outcomes and timing of housing yield. All of the housing outcomes, and associated development agreements relating to housing outcomes, will remain with Hamilton City Council. An ongoing high level of integration between IAWAI and Hamilton City Council will continue to be required.
5. While the intent of the IAF is to deliver housing, the recent shift in government agency responsibility from Ministry of Housing and Urban Development to National Infrastructure Funding and Financing Company (NIFFCo) has resulted in a shift in reporting focus away from housing outcomes to infrastructure delivery.
6. The two largest value projects under IAF Agreement are IAF Reservoir and Pumpstation and, IAF Bulk Water Mains, both projects that were transferred to IAWAI on 1 July 2025.
7. NIFFCo have informed IAWAI staff that the January report to Cabinet assigned a 'green' RAG status for the IAF projects in Hamilton.

Background

8. In November 2022 HCC won a non-repayable grant of \$150.6 million from the IAF to help unlock around 4000 new homes in central Hamilton. The IAF is managed by NIFFCo on behalf of the government and contracts Council to deliver specific projects within agreed timeframes.

9. The bid was a competitive process working within government timeframes. A business case was not part of the bid's decision-making process.
10. The original IAF \$150.6m non-repayable grant covers several projects comprising:
 - \$1.9m for a transport corridor study – agreed completion 30 June 2027 but aiming to finish 18 December 2026.
 - \$1.8m for a central city stormwater ICMP – forecast completion February 2027.
 - \$2.3m for a central city wastewater masterplan – forecast completion 30 June 2026.
 - \$36.2m for a new pedestrian bridge over the Waikato River in the Hamilton CBD. In 2025 Council renegotiated with government to replace the project with a new Bulk Water Mains project – which has progressed since the replacement to design phase with tenders for construction planned late 2026.
 - \$86m for a new reservoir designation, design and construction adjacent the existing Ruakiwi Reservoir – in consenting phase and design phase with tenders for construction planned the end of Q1 2026.
 - \$22.4m allocated for reactive upsizing projects – with the fund needing to be managed between potential Development Agreements and proactive works that remove network capacity constraints. Noting that approximately \$12m of these projects will be contracted for construction by 30 June 2026.
11. With the 2025 variation to include the IAF Bulk Water Mains, Council also introduced a contingency budget for the entire IAF programme, including the Bulk Water Mains. An allowance of \$17,408,412 (additional to the IAF grant and including inflation) was budgeted by Hamilton City Council following the replacement of the pedestrian bridge with the Bulk Water Main project. The programme level contingency was required due to the introduction of the Bulk Water Main project, including other resulting programme budget and risk changes:
 - a. At the time of the change, the Bulk Water Main project had not been scoped
 - b. The entire IAF programme (including the reservoir) cost estimates shifted from P95 estimates to P50 estimates, allowing Council to realise ~\$54m in budget savings in the 2024 LTP
 - c. Council (soon to be IAWAI) is responsible for all costs incurred beyond the \$150.6m grant
12. IAWAI staff have included the contingency figure in the draft Water Services Strategy for year 2031/32.
13. On 26 June 2025, HCC Council resolved to transfer two of the largest projects to IAWAI.
14. From 1 July 2026 all projects, except the transport corridor study, will become the delivery responsibility of IAWAI. Hamilton City will remain responsible for housing outcomes in the IAF contract.
15. The IAF Reservoir and Pumpstation project will provide drinking and firefighting water, to meet the needs of the central city population to at least 2041. The reservoir will provide around 25 megalitres of water storage and is expected to be located near the existing reservoir on Ruakiwi Road.

16. The IAF Bulk Water Reticulation project will facilitate the delivery of water from the booster pump station located on Clarence Street, into the central city. As part of this initiative, a demand management zone will also be established to serve the new reservoir.

The details

IAF Reservoir, and Pumpstation

17. On 13 May 2025, HCC Infrastructure and Transport Committee approved the macroscope for the IAF Reservoir and Pumpstation. The macroscope confirmed the site for all infrastructure, size of the reservoir, valve chamber and booster pump station and ancillary infrastructure required to connect the reservoir and booster pump station.
18. Detailed Design is currently under internal review for the IAF Reservoir and Pumpstation. Peer reviews are being carried out on key disciplines.
19. A reserve reclassification process is underway to adjust part of Lake Domain Reserve from Recreation Reserve. The deliberations report is due to be presented to HCC Community Committee on 21 April 2026. The IAWAI Transfer Agreement also includes the site.
20. The Reservoir portion of the project is current advanced through a Notice of Requirement Process with the Hearing scheduled for 23 and 24 February 2026. A decision is expected by the end of March. The resource consent for the Pumpstation was obtained late 2025.
21. Construction procurement will begin the end of Q1 2026 with contract awarded after approval from IAWAI board is scheduled for Q3 2026. Successful contractor will begin 1 September 2026.
22. A second 25 megalitre reservoir will be likely be needed in the future (around 2040 subject to future water demand management decisions) to continue to supply the growing CBD with potable water. The IAF project team will undertake the planning work for both reservoirs but only construct one reservoir under the IAF Agreement. The construction of the second reservoir is not included in the IAF grant.

IAF Bulk Water Mains

23. The IAF Bulk Water Main Project was a formal variation to the IAF Agreement, signed off via a Delivery Plan on the 28 February 2025. The project has proceeded through modelling, route selection and is now into Detailed Design. The current layout of the water main is included in Appendix 1 – IAF Bulk Water Main layout.
24. Detailed Design is scheduled to finish mid 2026 for IAF Bulk Water Mains and then will proceed into construction procurement. Contract approval from IAWAI board will be sort Q4 2026. Construction is scheduled to begin early 2027.

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

25. The IAF Programme has a monthly hui with mana whenua working group comprising of Waikato Tainui, Te Haa O te Whenua o Kirikiriroa, Ngaati Wairere and Ngaa Uri O Maahanga. This working group has led to evidence being provided in the Notice of Requirement process in support of the IAF Reservoir project.

26. At the 9 November 2023 HCC Infrastructure and Transport Committee, the report included that 1% of the construction budget for the Reservoir project is ring fenced to contribute towards delivering the intent of He Pou Manawa Koorero (Pillar of History).

Financial Implications

27. Project finances are outlined in table 1 below for the transferred projects outlining spend to date as of 31st January 2026.

Project	Budget	Spend to Date - 31 st January 2026	Reimbursed to date at agreed milestones
IAF Reservoir and Pumpstation	\$86,093,521	\$11,225,831	\$4,311,279
IAF Bulk Water Mains	\$36,171,591	\$1,957,318	\$200,000
Total	\$122,265,112	\$13,183,149	\$4,511,279

Table 1 – Project Finances

28. An additional \$6,910,000 will be claimed on 31 March 2026 for the IAF Reservoir and Pumpstation project and reimbursed by NIFFCo.
29. The next claim for the IAF Bulk Water Mains is due 30 August 2026 for the sum of \$2,140,674.

Consultation

Customers

30. Community engagement was undertaken during 2025 with two 'have your say' opportunities and accompany open days at the lake, one invited resident workshop at the lake and a formal consultation at the end of 2025 for the reserve reclassification and Notice of Requirement processes.



legend:

- Proposed Reservoirs
- Designation A67 Water Reservoir (Ruakwai Road)
- Valve Chamber (proposed)
- Existing Legal Boundaries
- New Designation area (proposed final)
- Stormwater and clean water scour pipe (proposed - public)

Description of Macroscopic

The proposal is for completion of the Stage 1 Central City Reservoir to be located at 18 Ruakwai Road, south of the existing Ruakwai Road Reservoir. A pump station will also be required located at 139 Clarence Street, with infrastructure connecting the two sites to operate efficiently. The works are consistent with the scope included within the Infrastructure Acceleration Fund bid submission and agreed upon with Kainga Ora.

The proposal provides for construction of:

- a) **Reservoir:** 2x22 megallitre water reservoir to be located at 18 Ruakwai Road, south of the existing Ruakwai Road Reservoir.
- b) **Valve chamber:** 430m² valve chamber located at the site, between the IAF reservoir and future reservoir, to support the operation of the reservoirs.
- c) **Auxiliary pipelines:** includes clean water scour discharge pipeline to Lake Rotoma and connections to public three water systems from the site.
- d) **Booster pump station:** A booster pump station to be located at 139 Clarence Street on land already purchased by Council for the project.

Notice of Requirement is programmed to be lodged mid 2025 to secure a designation on the site. Procurement for physical works is programmed to commence in mid to late 2025 via early contractor involvement. Construction starting mid 2026. Completion of works is expected January 2029 aligning with the Kainga Ora agreement.

Opportunities/Threats:

Opportunities:

- Cultural Connections:** Tangata Whenua are involved in project planning and opportunities for cultural symbolism to be incorporated within the works.
- Pedestrian Linkage:** Pedestrian linkages from Ruakwai Road to the lake can be readily accommodated within the project to provide improved access from this site to the lake.
- Future Proofing:** Designing both reservoirs provides the forward thinking to allow the second reservoir a simpler progression from concept to construction.

Threats:

Programme: Under the Infrastructure Acceleration Fund agreement Council must complete the construction of this reservoir by January 2029 or there is a risk to the funding. In order to achieve this programme a minimal amount of delays are able to be absorbed by the programme.

All dimensions to be verified on site before making any shop drawings or commencing any work

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 		Holmes NZ LP 1409 Craig Street Hamilton 3204 New Zealand holmesnz.com T: +64 7 856 1800	CENTRAL CITY RESERVOIR HAMILTON	Sheet Title designaation key plan	Drawn: JMR Scale: 1:1000 [A1] Filename: 148023.33 P-Designation plan.dwg Job No: Sheet No: Rev:
A 15/04/2025 CL For information	Rev Date Appd Reason				148023.33 P30-03 A

2.0

Concept Design

AERIAL VIEW, SOUTH WEST



2.0

Concept Design

AERIAL VIEW NORTH



2.0

Concept Design

STAGING



STAGE ONE



FINAL

2.0

Concept Design

SOUTH WEST ELEVATION - STAGE ONE



Board meeting 27 02 2026

Public session

12 IAWAI Health and Safety Framework

Prepared and recommended by Michelle DeBeer

Approved by IAWAI Chief Executive, Peter Winder

Recommendation

That the Board:

1. Approves the IAWAI Health and Safety Framework (**Attachment 1**), noting that detailed procedures, standards and system documentation will continue to be developed and aligned with the Framework.

Key points

2. IAWAI is required, as a PCBU under the Health and Safety at Work Act 2015, to establish and maintain a fit-for-purpose health, safety and wellbeing management system.
3. The draft Framework (Attachment 1) sets out IAWAI's governance approach, leadership expectations, statutory accountabilities, and the structure through which health and safety responsibilities will be delivered.
4. The framework provides a structure for governing and managing health, safety and wellbeing during establishment and into steady-state operations. This includes:
 - a. defining the Board's officer due diligence responsibilities and oversight expectations.
 - b. clarifying organisational accountabilities including the Chief Executive, Senior Leadership Team, IAWAI H&S team, shared services, workers, and other PCBUs.
 - c. establishing a risk-based, continuous improvement model (Plan-Do-Check-Act) across five pillars: Leadership & Planning, Risk Management, Assurance, Engagement & Competency, and Wellbeing.
 - d. setting out how IAWAI will operate within shared service arrangements while retaining full PCBU accountability.
5. The Framework aligns with ISO 45001 principles, the adopted Hamilton City Council Safety Management System (Ora), and IAWAI's transition to operational service delivery on 1 July 2026.
6. The Framework is scheduled for review at least every two years or following significant change.



Health, Safety & Wellbeing Framework

1. Purpose

The purpose of this framework is to describe how IAWAI's Health, Safety and Wellbeing governance arrangements and management systems are structured to support the prevention of harm to workers, contractors, visitors, and members of the community.

This framework sets out IAWAI's approach to Health, Safety and Wellbeing governance, including leadership expectations, accountabilities, and system oversight to ensure legal compliance and continuous improvement.

2. Scope

The framework applies to all activities undertaken by or on behalf of the Organisation and covers:

- Workers (employees and contractors)
- Officers and Directors
- Volunteers, secondees, and temporary workers
- Visitors and members of the public affected by our work.

This Framework is strategic and high-level in nature and is supported by detailed policies, standards, procedures, and operational controls.

3. Health and Safety Commitment

The IAWAI Board is committed to providing strategic leadership and oversight of an organisational environment that is free from harm where people can return home safely every day.

IAWAI is committed to establishing and fostering a team culture where everyone takes responsibility for their own and other people's health, safety and wellbeing.

The Board will operate collaboratively to support innovation and continuous improvement, positioning IAWAI as a leader in health, safety and wellbeing practice within New Zealand's local government and water services sectors.

4. People, Performance and Process

IAWAI's approach to health, safety and wellbeing is underpinned by a balanced focus on people, performance, and process, recognising that strong outcomes are achieved when these elements operate together.

People	Performance	Process
Leaders promote an environment that is open and curious and conducive to good health and safety performance.	We understand the critical risks associated with our activities and provide the support and resources to manage things safely.	We recognise the complexity and variability of work and understand no system is perfect.

People	Performance	Process
Our people are committed to health, safety and wellbeing and are proactively supported by leaders at all levels.	Our incidents are reported, recorded and investigated accurately to ensure all causal factors are identified, corrective actions put in place, and learnings are shared.	Our processes support safe work practices, proactively identify and manage exposure to risks, and ensure that our organisational activities comply with all statutory and legislative requirements.
People including contractors and visitors believe harm is avoidable and that we all support a safe, healthy and supportive work environment.	Health, safety and wellbeing performance is measured and reported on regularly to the Board.	Plant, tools, and equipment reflect safety in design, safe operation, management and maintenance to support a safe and healthy work environment
Our people are supported to return to work following injury and illness.	Leadership supports the organisation to move beyond minimum regulatory compliance towards recognised good practice.	We provide our team with the necessary training to enable them to work effectively
We value the input and involvement of all our people and partners in making health and safety work part of normal practice.	Our safety management systems are regularly reviewed and continuously improved.	We learn from normal work as well as incidents and use that insight to strengthen our systems and reduce future risk.

5. Organisational background and structure

IAWAI was established in July 2025 in response to central government legislative reforms relating to the governance and delivery of water infrastructure and services. IAWAI is a council-controlled organisation (CCO) responsible for the ownership, management, and delivery of drinking water, wastewater, and stormwater services across the Waikato and Hamilton districts.

The organisation consolidates water service delivery functions previously undertaken by Waikato District Council and Hamilton City Council into a single, integrated entity. This model is intended to strengthen governance, improve consistency, and enhance the long-term management of water services while maintaining accountability to its shareholder councils and the communities it serves.

IAWAI operates as a separate legal entity and is a Person Conducting a Business or Undertaking (PCBU) under the Health and Safety at Work Act 2015. As the primary duty holder, IAWAI is accountable for ensuring, so far as is reasonably practicable, the health and safety of its workers, contractors, and other persons who may be affected by its operations.

Service delivery is scheduled to commence on 1 July 2026. A structured transition programme has been established to support the transfer of water-related assets, employees, and operational responsibilities from the shareholder councils to IAWAI. This programme is designed to ensure continuity of services, manage risk, and support a safe and orderly transition to the new operating model.

In relation to health, safety and wellbeing, IAWAI is responsible for the ownership, development, implementation, and ongoing management of its health and safety framework, systems, and processes. While shared service support will be provided by Hamilton City

Council under agreed arrangements, IAWAI retains full accountability for health and safety governance, risk management, and compliance outcomes arising from its operations.

6. Health, Safety & Wellbeing Accountability & Shared Services

6.1. Board (Officers)

The Board provides leadership and governance oversight and fulfils **Officer** due diligence duties by:

- Exercising Officer due diligence under the Health and Safety at Work Act 2015 through governance oversight, including setting expectations and seeking assurance that effective health and safety systems are in place.
- Setting health and safety expectations and risk appetite
- Ensuring appropriate resources and capability are available
- Receiving and reviewing health and safety performance and assurance reports
- Reviewing serious incidents, notifiable events, and emerging risks
- Seeking assurance that health and safety systems are effective
- Seeking assurance that worker engagement and participation mechanisms are effective

6.2. Chief Executive (Officer)

The Chief Executive is accountable for:

- Discharging **Officer** responsibilities under the Health and Safety at Work Act 2015 by leading and ensuring the effective implementation of systems and controls to meet IAWAI's legislative health and safety obligations as a PCBU.
- Ensuring this framework and associated systems are implemented, embedded, and operationally executed across the organisation.
- Integrating health and safety considerations into organisational strategy, planning, and operational decision-making.
- Ensuring leaders are competent and resourced to manage health and safety risks.
- Providing accurate and timely reporting to the Board.

6.3. Senior Leadership Team

Senior leaders are responsible for:

- Owning and managing critical health and safety risks within their portfolios
- Ensuring contractor and supply chain health and safety risks are effectively managed within their areas
- Embedding health and safety into planning and decision-making
- Monitoring performance and implementing improvements

6.4. Health & Safety Teams

(As defined in the People, Safety & Wellbeing Shared Service Schedule)

6.4.1. IAWAI H&S Team

- Management of all health, safety, and wellbeing activities within IAWAI.

- Development, implementation, and oversight of health and safety policies, procedures, and operational controls.
- Monitoring compliance with statutory obligations and organisational H&S requirements.
- Providing expert advice and guidance to the ELT, managers, and operational teams on health and safety risks, controls, and improvements.
- Supporting leadership and workers to embed H&S practices into everyday operations and decision-making.
- Coordinating risk assessments, incident investigations, and corrective actions, ensuring learnings are shared across the organisation.
- Facilitating worker engagement, participation, and training programs to build capability and safety culture.
- Collaborating with shared services (HCC) and other PCBUs where appropriate, while maintaining IAWAI's ultimate accountability.

6.4.2. HCC H&S Team

- Provide the 'centre of excellence' for the Health and Safety Management System including 'Ora'.
- Providing technical advice and guidance on H&S systems, standards, and regulatory requirements as required.
- Supporting reporting, assurance, and compliance activities to ensure consistent delivery across IAWAI and shared service operations.
- Delivery of wellbeing initiatives, providing programs, resources, and support to promote physical, mental, and emotional health for all employees as agreed.

6.5. Other PCBU's

Where IAWAI engages other Persons Conducting a Business or Undertaking (PCBUs), including principal contractors and service providers such as Watercare Services, each PCBU retains its own duties and obligations under the Health and Safety at Work Act 2015.

Other PCBUs are responsible for:

- Discharging their duties as a PCBU under the Health and Safety at Work Act 2015, including ensuring, so far as is reasonably practicable, the health and safety of their workers and others affected by their activities.
- Identifying and managing risks arising from their work, including implementing and maintaining effective controls within their scope of responsibility.
- Consulting, cooperating, and coordinating with IAWAI and other PCBUs to manage shared and overlapping risks.
- Ensuring workers are competent, trained, supervised, and fit for work, and that safe systems of work are established and followed.
- Providing and maintaining safe plant, equipment, tools, and substances used in service delivery.
- Reporting incidents, near misses, and notifiable events, participating in investigations and assurance activities, and implementing corrective actions within their control.
- Engaging workers in health and safety matters and complying with IAWAI health and safety requirements, site rules, and interface arrangements as specified in contracts and agreed protocols.

These responsibilities do not transfer or reduce IAWAI's duties as a PCBU. Each PCBU remains accountable for health and safety outcomes arising from its own activities, while working collaboratively to manage shared risks.

6.6. Workers and Others

Workers and other persons are expected to:

- Take reasonable care of their own health and safety
- Support the implementation of IAWAI's health and safety management system
- Follow health and safety instructions and controls
- Participate in consultation and improvement activities (including training)

7. Shared Service Arrangements

The use of shared services does not transfer or reduce IAWAI's duties as a PCBU under the Health and Safety at Work Act 2015. Accountability for health and safety outcomes remains with IAWAI.

7.1. IAWAI responsibilities

- Development, oversight and delivery of all H&S aspects of this function and ensuring appropriate resource within IAWAI
- Ownership and management of service delivery and compliance with H&S requirements under existing contracts for the Waikato District.
- Will work in partnership with Hamilton City Council and Waikato District Council on matters of co-dependency or shared responsibilities.
- IAWAI will support staff engagement with shared service initiatives relating to wellbeing initiatives as appropriate and agreed between the parties.

7.2. Hamilton City Council (HCC) responsibilities

(As defined in the People, Safety & Wellbeing Shared Service Schedule)

- Provide support for IAWAI by providing access to their Health and Safety System ORA and associated monitoring and reporting activities as agreed between the two parties.
- Provide access to resources and information required to support the effective implementation, monitoring, and reporting of health and safety activities.
- Provide support for wellbeing initiatives, providing programmes, resources, and support to promote physical, mental, and emotional health for all employees as agreed.

8. Health and Safety Framework

IAWAI's health and safety management system is based on a risk-based, systems approach aligned to ISO 45001: Occupational Health and Safety Management Systems and the Health and Safety at Work Act 2015.

The approach is designed to ensure health and safety is:

- Led by leadership
- Owned and influenced by workers
- Focused on managing critical risks

- Embedded into how work is planned, delivered, and reviewed
- Continually improved

9. The Health and Safety Model

IAWAI applies the Plan-Do-Check-Act (PDCA) continuous improvement model to manage health and safety across all activities and workplaces.

The model comprises **five interconnected pillars**:

1. Planning and Leadership
2. Risk Management
3. Assurance
4. Participation, Engagement & Competency
5. Wellbeing

These pillars are interconnected and collectively influence the effectiveness of IAWAI's wider health and safety management system (**see Appendix A - Health & Safety Framework: Visual Overview**).

The activities under each pillar are defined within Hamilton City Council's ISO 45001-certified Safety Management Framework. IAWAI has adopted this framework as the baseline for its health and safety management system to support alignment, consistency, and effective integration with shared systems and services.

Procedures, processes, standards, and tools established under each pillar will be applied by IAWAI where they are relevant, practicable, and proportionate to IAWAI's operational activities and risk profile. Where operational requirements, legislative obligations, or identified risks necessitate a different approach, IAWAI may develop and implement its own procedures or adapt existing ones.

All IAWAI-specific procedures will be documented, approved, and subject to governance, monitoring, and review to ensure they remain fit for purpose, aligned with this Framework, and support continuous improvement. In all cases, IAWAI retains full ownership and accountability for health and safety governance, assurance, and performance outcomes as the primary duty holder.

10. Framework Review

This Framework will be reviewed:

- At least every two years
- Following significant organisational or legislative change, or changes in operational arrangements such as the transfer of services to Watercare Services in July 2028
- After serious incidents or material assurance findings
- Ensure that any IAWAI-specific procedures or adaptations to shared processes are reviewed, approved, and incorporated into the Framework as appropriate.

Reviews will be initiated by the ELT and approved by the Board.

11. Approval

Approved by the Board:

Date:

DRAFT

Appendix A – Health & Safety Framework Diagram



IAWAI Health and Safety Framework, Version 1.0 – Approved (DATE February 2026)

Appendix B – Change History

Issue	Date	Description of change	Approved By

DRAFT

Board meeting 27 02 2026

Public agenda

13 Recent Government Submissions for Awareness

Prepared and recommended by: Natasha Yarrall, Director of Chief Executive Office and Governance

Approved by Peter Winder, Chief Executive Officer

Recommendations

That the Board:

1. Notes the recent submissions from Hamilton City Council to government on *Supporting Growth Through a Development Levies System (Attachment 1)* and *Infrastructure Funding and Financing Amendment Bill (Attachment 2)*.
2. Notes that given limited resources, IAWAI's involvement in drafting these submissions is primarily through waters staff within council, until these staff transfer to IAWAI.

Hamilton City Council Submission

Supporting Growth Through a Development Levies System – Consultation Document (26 November 2025)

Exposure Draft of the Local Government (Infrastructure Funding)
Amendment Bill

Te Tūāpapa Kura Kāinga Ministry of Housing and Urban
Development and the Department of Internal Affairs

18 February 2026



Hamilton
City Council
Te kaunihera o Kirikiriroa

Strategic Context for this Submission

Council has endorsed [The Mayor's Plan 2025 - 2028](#) to inform the projects and services it will deliver to ensure Hamilton has what it needs now and for the future – efficiently, responsibly, and sustainably. The seven guiding themes of The Mayor's Plan are:

- **Sensible, cost-effective infrastructure**
- **Grow with balance**
- **A central city to be proud of**
- **City places and services that work for people**
- **Open for business**
- **A transparent and efficient organisation**
- **Financial responsibility**

Council Approval and Reference

This submission was approved by Hamilton City Council at its meeting held on 12 February 2026.

Submission # 828

Key Messages / Recommendations

1. **Supports legislative intent:** Council supports the policy intent of the Bill and the transition to a development levies system, noting its alignment with Council's strategic direction, the need for more flexible mechanisms to fund growth, and better ensure that growth pays for growth.
2. **Supports levy areas, s211H, 211J:** Council supports a single citywide levy area for the contiguous Hamilton urban area, with high-cost overlays used by exception, where justified. It acknowledges the impact on developers and development incentives because, in its current DC Policy, greenfield areas are significantly higher than the infill area.
3. **Conditionally supports Bespoke levy assessments, s211ZZ–211ZZE:** Council supports the provision for bespoke levy assessments, subject to several recommendations. Of particular interest to Council is the need to extend these provisions to enable recovery of levies from cross-boundary developments, for example, through Fast Track, to avoid a material funding shortfall that would otherwise fall on the city's general ratepayers.
4. **Conditionally supports: First-mover developments, s211T:** Council supports the intent of this provision but seeks changes to the legislation to only be available to developers for infrastructure projects of a scale to deliver capacity for a significant number of future beneficiaries rather than typical projects or infrastructure provided as part of a development's consent conditions to avoid under-recovery of growth costs and inefficiency.
5. **Supports monetary contributions 211E(b):** Council strongly supports this provision as it enables recovery of growth-related infrastructure costs for community projects, including joint ventures on non-Council land such as The Peak indoor recreation facility at Rototuna High School, which are currently unrecoverable and therefore borne by ratepayers.
6. **Opposes: non-standard design, 211ZB:** Council opposes the proposed non-standard design provision because it requires mandatory individual site adjustments inconsistent with a regime underpinned by broad averaging. These provisions are likely to have the effect of stranding capacity and shifting growth costs to ratepayers.
7. **Supports: reassessment of unpaid levies, s211ZZG; 211ZZH:** Council supports the reassessment of unpaid levies after three years, as it improves alignment between levy charges and actual infrastructure costs and prevents the current ability to lock in lower levy rates over long-running consents.
8. **Opposes: development types, s211ZZO:** Council does not support the proposed list of development categories in regulations because it will undermine the intent of a standardised approach and will increase assessment complexity, disputes, and administrative workload for councils.
9. **Conditionally supports: standardisation, s211ZZO(b):** Council supports the intention of the standardisation of certain levy policy metrics and calculations. The selection of these is important, and Council recommends amendments to ensure the regulations are fit-for-purpose, administratively efficient and scalable.
10. **Supports: transitional provisions, schedule 1AA:** Council supports the proposed transitional arrangements from development contributions to development levies, including the three-year phased implementation period, which aligns with the long-term plan cycle.

- 11. Supports: administrative charge s211ZZI; 211ZZO(d):** Council supports introducing a regulated administrative charge and requests charging a flat fee with the ability to scale for more complex assessments, and seeks clarification on the timing of the charge.
- 12. Opposes: Crown exemption s211ZZN; 211B:** The Council opposes the Crown exemption from development levies and supports the position of Taituarā that Crown developments should contribute on the same basis as all other development.
- 13. Position reserved: Regulator:** No regulator has yet been identified, and Council has therefore not taken a specific position. However, Hamilton City Council supports the introduction of a regulator in principle, with IAWAI recommending that any regulatory framework work closely with the Commerce Commission, particularly in relation to water services.
- 14. Endorses: the DCWG submission:** The Council submission supports the positions advanced by the Development Contributions Working Group (DCWG), in particular in relation to technical matters, except where Council has stated an alternative position. The DCWG is the local government sector working group for development contributions and growth funding and includes Council representation, including the Chair.
- 15. Supports: the Waikato Mayoral Forum Letter** (29 January 2026 - copy attached), which provides a useful regional context that aligns with many of the principles highlighted in this submission, including the need for sustainable funding and financing, coordinated system reform, effective local–central partnerships, and recognition of Treaty settlement responsibilities such as Te Ture Whaimana.

Note: Hamilton City Council’s feedback on the specific questions outlined in the Department of Internal Affairs’ official ‘Submission Form’ is attached to this submission.

1. Legislative Intent

Position:

Council supports the policy intent of the Bill and the transition to a development levies system, noting its alignment with Council’s strategic direction, the need for more flexible mechanisms to fund growth, and to better ensure that growth pays for growth.

2. Levy Areas and High-Cost Overlays, s211H, 211J

Position:

Council supports a single citywide levy area for the contiguous Hamilton urban area, with high-cost overlays used by exception where the statutory test for a high-cost area is satisfied. This approach best supports flexibility, certainty, and delivery of growth infrastructure in an increasingly uncertain development environment.

Submission points:

- **Context/comment:**

Planning reform, fast-track approval pathways, and expanded development capacity mean there is material uncertainty around the location and timing of development in Hamilton. This limits

Council's ability to precisely sequence infrastructure investment and reliably attribute costs to specific locations.

Development levies provide the flexibility needed to respond to development where and when it occurs, while ensuring growth pays for growth without over-reliance on rates. For Hamilton, this flexibility is most effectively achieved through a single citywide levy area, even though it results in the same levy applying to both infill and greenfield development.

Council acknowledges that lower-cost infill development will contribute toward higher-cost greenfield infrastructure, which may affect development feasibility in existing suburbs and intensification outcomes. However, development levies represent a relatively small component of total development costs, which mitigates this impact. Council therefore considers this a pragmatic and acceptable trade-off to secure the broader benefits of a simpler, more flexible funding regime that supports growth under uncertain conditions.

IAWAI, the Hamilton and Waikato District waters CCO, needs the framework to be able to operate across the boundaries of its shareholding councils to align its networks and how it services growth.

- **Recommendation / Solution:**

- Single levy area as default:** A single levy area is appropriate for Hamilton's compact urban form and avoids replicating the complexity and rigidity of multi-catchment development contributions.
- High-cost overlays by exception:** High-cost overlays should apply only where there is a demonstrable and substantial per-unit cost difference arising from inherent servicing constraints, not merely where large infrastructure investment is planned.
- Flexibility over precision:** Broad averaging is essential to manage uncertainty in where growth will occur and to enable infrastructure to be resequenced without financial or policy constraints.
- Managing feasibility impacts:** While averaging impacts differ across locations, the system should avoid encouraging widespread use of overlays to resolve local feasibility issues, as this would undermine the core intent of development levies.
- Need for clearer guidance:** Additional clarity is needed on how councils should balance flexibility, intensification objectives, equity, and efficiency when setting levy areas and considering high-cost overlays, particularly in relation to LGA s101(3).

3. Bespoke Levy Assessments And Fast Track Developments, s211ZZ–211ZZE

Position:

Council supports the bespoke levy assessment provisions, subject to amendments to address cross-boundary infrastructure impacts and jurisdictional limitations.

Submission points:

- **Issue:** Development located outside a territorial authority boundary can generate significant demand on neighbouring council infrastructure. The Bill does not clearly enable levy recovery across boundaries through bespoke assessments, creating a risk that councils are unable to secure fair contributions for growth-related infrastructure. This issue is exacerbated where

boundary changes are slow and development proceeds before formal boundary adjustments occur.

IAWAI

- **Example:** Fast-track developments proposed just outside Hamilton’s boundary are likely to rely entirely on Hamilton City Council infrastructure but are excluded from bespoke levy assessments. While recovery mechanisms may exist for excludable services such as water and wastewater, there is no equivalent ability to recover costs for transport, parks, or community infrastructure. The gross under-recovery from potential Hamilton-boundary Fast Track developments in the R2, Ruakura East, and SL1 development areas is estimated at over \$500M if unmitigated.
- **Recommendation / Solution:**
 - a. Enable cross-boundary levy arrangements, including extending levy areas into neighbouring districts or waters CCO catchments where development relies on another council’s infrastructure.
 - b. Establish a clear mechanism for the collection and transfer of levy revenue between territorial authorities.
 - c. Prevent double charging by ensuring levies are collected only once for the same infrastructure demand.

4. First Mover Development, s211T

Position:

Council supports the first-mover development provisions under s211T, subject to the following recommendations and clarifications.

Context:

A ‘first-mover’ developer builds infrastructure that creates capacity for others (‘beneficiaries’). These future beneficiaries pay the standard levy as they develop. If Council opts for first-mover transfers, part of that levy is passed back to the first mover when they develop.

Submission points:

1. Transfer of levy revenue for unfunded projects

- **Issue:** Infrastructure related to the first mover provisions isn’t Council capex, so it’s not eligible for levy funding. Any levy transfer effectively redirects levy revenue intended for Council-funded projects, to a private developer. That means levies are removed from the levy system (which ratepayers end up funding), subsidising unfunded developer works.
- **Recommendation / Solution:** Clarify that first mover payments qualify as capital expenditure under section 211E(b).

2. Include a requirement for scale

- **Issue:** If many small-scale agreements are eligible to enter first-mover agreements, the process will be resource-intensive and prone to disputes over reimbursement amounts, timing, and beneficiaries, and risk such agreements being used primarily to generate revenue streams for developers.
- **Example:** a developer is already required, as a condition of consent, to build works such as a two-lane road or a water main built to standard RITZ dimensions. Although these assets may provide capacity beyond the immediate development's needs, they are simply the minimum feasible construction standard (e.g., you cannot build "half a road"). These situations should not qualify as first mover infrastructure.
- **Recommendation / Solution:** Make it explicit in the legislation that first mover agreements must relate to infrastructure of a scale that delivers capacity for a significant number of future beneficiaries, rather than common developer provided infrastructure, such as to meet a developer's own consent obligations.

3. Specify calculation method for levy to be transferred

- **Issue:** The Bill states in 211T(2)(c) that "*the amount of revenue obtained from those levies that is to be transferred from the territorial authority to the first-mover developer*", but it does not stipulate how that amount is to be calculated. This lack of clarity will inevitably create uncertainty and increase the risk of disputes regarding the correct methodology for calculating the transferred levy.
- **Example:** A developer delivers a 'collector road' wider than the local road it is obligated to deliver as a condition of consent. Only the upside component of the project should be used in the transferred levy calculation, being the total cost of the road less the standalone cost of the local road.
- **Recommendation / Solution:** That the legislation (or regulations) set out a calculation method, and that only the capex providing genuine additional capacity is used to divide by the identified future beneficiaries.

4. Lack of guidance on benefit areas

- **Issue:** Section 211T(2)(b) lacks guidance on defining a "specified benefit area." Benefit areas are difficult to define, and without clear guidance, disputes with developers are likely.
- **Recommendation / Solution:** Include clear criteria and methodology for defining a "specified benefit area" under Section 211T(2)(b).

5. Cost recovery

- **Issue:** First mover developer agreements will be costly and time-consuming to execute, and for the sole benefit of developers. As such, developers should pay the costs of those agreements.
- **Recommendation / Solution:** Add provision for TAs to recover actual and reasonable costs when considering first mover developments. Similar to 211ZZD.

5. Monetary Contributions, s211E(b)

Position

Council supports the proposed legislation to allow councils to collect levies for projects where council pays a monetary contribution towards a capital project rather than building the asset.

Context:

The provision enables councils to collect levies for contributions towards joint ventures that might occur on land not owned by Council, for example, The Peak facility at Rototuna High School where Council made a \$10M funding contribution but was unable to collect it from growth beneficiaries. S211E will also recognise contributions towards growth infrastructure to third parties, such as NZTA or in private developer agreements.

6. Non-Standard Design Reductions, s211ZB

Position:

Council does not support levy reductions based on non-standard designs for the reasons set out below.

Context:

The Bill calculates development levies using large, averaged catchment areas that reflect the overall infrastructure capacity required across those areas. At the same time, it requires councils to apply site-specific reductions where a development uses a non-standard design that reduces demand, creating a system where broad averaging is combined with mandatory individual-site adjustments.

Submission points:

1. Conflicts with growth pays for growth intent

- **Issue:** The Bill shifts development levies toward averaged, citywide cost recovery. Mandatory per-site deductions for “non-standard designs” reintroduce micro-level adjustments that undermine this intent. Councils must design to peak standards (e.g., 1:100-year storm, fire flows, road cross-sections). Most on-site features do not change those network builds. Proportional levy deductions strand capacity and shift costs to ratepayers/other developers. Providing deductions regardless results in aggregate under-recovery and shifts the unfunded balance onto ratepayers.
- **Example:** Council must build a two-lane collector road to service a growth area. A developer builds a low-intensity warehouse and seeks a non-standard design reduction on the basis of fewer workers. However, council cannot build a “1.5-lane” road or down-spec the network to reflect that site’s lower use, either individually or cumulatively across several similar warehouses. The levy reduction, therefore, does not correspond to any real saving in council CapEx, leading to under-recovery of growth costs.
- **Recommendation / Solution: (1)** Remove non-standard demand reductions. **Or (2)** If retained, make them discretionary (“may”) and only available where a developer can demonstrate measurable network-scale capital expenditure savings, not reductions in on-site consumption.

2. Future change in use of the development and stranded capacity

- **Issue:** Non-standard design reductions do not adequately account for change of building use, leading to under-recovery of growth costs inconsistent with the intent of the Bill. The developer pays a lower levy activity against a demand profile that only exists for the early period of service consumption, then operates at a higher demand activity on the site for most of its life. Alternatively, low demand featured may be replaced over time for alternatives that do not deliver the same demand reductions. The outcome could be that councils have no mechanism to require the additional levy associated with what is ultimately a high-demand activity.
- **Example (1):** A developer may assert that a warehouse will operate with low intensity to secure a lower levy, but once completed, the building may be fitted out with high-intensity operations without the need for new consents, preventing the ability to reassess based on the higher demand. Councils, therefore, cannot collect for the long run demand profile underpinning the development.
- **Example (2):** A developer obtains resource consent for student accommodation, which, under regulations, attracts a lower development levy than visitor accommodation. Levies are paid accordingly, and Code Compliance is issued. The activity on site is changed to visitor accommodation, but this change does not trigger a requirement for a new resource consent.
- **Recommendation / Solution:** Remove non-standard demand reductions.

3. Ambiguity of qualifying criteria

- **Issue:** “Non-standard design” is undefined. It is unclear which consented features may be claimed as qualifying, driving objections, appeals, and administrative burden.
- **Example (1):** A developer builds the same industrial warehouse described in the example above, and claims that only two employees will work there at any given time due to automation of functions. Councils could not verify this because the building is yet to be completed. Does that justify a non-standard reduction based on automation? This is before the change of use concern in the example is considered.
- **Recommendation/solution: 1** Remove non-standard demand reductions, Or (2) If retained, regulations and guidance prescribe clear thresholds and evidentiary requirements, mandate independent engineering certification, and enable councils to fully recover the costs of assessing and monitoring non-standard design claims

7. Reassessment Of Unpaid Development Levies, s211ZZG; 211ZZH

Position:

Council supports the reassessment provisions for unpaid development levies under sections 211ZZG and 211ZZH, and notes the following:

Submission point:

- **Comment:** The provisions enable TAs to reassess unpaid development levies three years after the initial assessment. This better aligns levy charges with the actual infrastructure costs at the time

development proceeds and improves on current legislation, which allows developers to lock in lower rates for consents that may extend over several years.

8. Development Types, s211ZZO

Position:

Council does not support prescribing detailed development types in regulations, as is likely to undermine the intent of a simplified levy system and materially increase complexity, disputes, and administrative costs.

Submission points:

- **Issue:** The proposed development type list is overly granular and inconsistent with an area-wide averaging approach. More categories create classification disputes, enable gaming, and reintroduce the complexity that the levy regime is intended to remove. A bedroom-based approach is sufficient for residential development, while broad non-residential categories remain appropriate, for example, commercial, retail, and industrial.
- The absence of a defined “bedroom” creates ambiguity and enforcement risk, and inconsistent stormwater treatment between residential and non-residential development is unjustified, as stormwater demand is driven by site runoff and should be assessed on a site-area basis.
- **Example:** A development is levied as student accommodation but later operates as visitor accommodation without triggering a new consent, leaving Council unable to recover the higher levy associated with the increased demand.
- **Recommendation / Solution:** Regulations should adopt fewer, broader development categories with clear definitions by:
 - a. limiting residential categories to bedroom-based charging (with a retirement category), limiting non-residential categories to commercial, retail, and industrial.
 - b. applying a consistent site-area-based stormwater methodology across all development types.

9. Standardised Units Of Demand, s211ZZO

Position:

Council conditionally supports establishing standard units of demand for key development types to promote greater consistency in how development levies are applied across councils. However, the current drafting is problematic, and we recommend the amendments as below.

Context:

The Levy framework introduces a nationally consistent approach for recovering growth-related infrastructure costs, intended to simplify administration, reduce disputes, and ensure growth pays its fair share through a predictable and transparent system. For the regime to function as intended, demand settings must be clear, practical, and aligned with the way development occurs under modern

planning rules. If the framework becomes too granular, ambiguous, or difficult to enforce, councils risk reinstating the very complexity, inequity, and gaming behaviour the reforms seek to remove.

Submission points:

1. Inconsistent with the regime's broader intent

- **Issue:** The levy system is designed around broad levy areas, averaging of costs, flexibility, and reduced complexity. Overly detailed unit of demand classifications undermine this intent and recreate the micro assessment issues experienced under the current DC regime. Excessive granularity creates gaming, developer challenges, uncertainty, increased costs and administrative burden.
- **Example:** Whether a development is most appropriately defined as entertainment, recreation, community, or education is unclear in many cases, and where they can, developers may try to present their development as the category with the cheapest levy – which occurs now under DCs with many fewer categories – five in the case of Hamilton.
- **Recommendation / Solution:** The system should adopt a simplified structure of four to five broad development categories, such as Residential (with size or GFA modifiers), Commercial, Industrial, Retail, and potentially a special category for, for example, retirement homes or wet industries. Council officers with their expertise should be afforded the freedom to make a determination of development types to a limited extent, such as four to five categories.
- IAWAI recommends that for standardisation in relation to waters infrastructure, government officials should work in partnership with the Commerce Commission, as it will regulate water suppliers against these standards.

2. Bedroom based assessments

- **Context:** Council supports the use of proportional charges determined the size of a dwelling. We are open to either a bedroom approach or a gross floor area calculation. A three-bedroom townhouse will typically house more people, generate more water and wastewater use, and place greater demand on parks and community facilities than a one-bedroom unit, so charging based on bedrooms reflects real world impact than using floor area alone. Equally, Gross Floor Area (GFA) has benefits as it can reduce subjectivity and provide a reliable indicator of some types of infrastructure demand; however, rural and urban build differences should be acknowledged. We note the following comments and recommendations:
- **Issue:** No bedroom definition is included in the draft legislation. Councils regularly experience disagreements regarding what constitutes a “bedroom”, with developers arguing over whether rooms such as media rooms or studies should be treated as bedrooms. The labelling of consent plans may not reflect intended use where large sums of money are at stake. This results in inconsistent assessments and unnecessary administrative burden.
- **Recommendation / Solution:** Include a robust definition of a bedroom that avoids ambiguity and can be applied consistently across the country. Include examples that identify when a room constitutes a bedroom. Equally, if GFA is the chosen methodology, provide a robust definition and examples within the regulations.

3. Future change in use of development

- **Issue:** Demand system does not adequately account for change of building use, leading to under-recovery of growth costs inconsistent with the intent of the Bill. The outcome could be that councils have no mechanism to require the additional levy associated with the higher demand activity. The developer pays a lower levy activity against a demand profile that only exists for the early period of service consumption, then operates at a higher demand activity on the site for most of its life.
- **Example 1:** A developer may assert that a warehouse will operate with low intensity to secure a lower levy, but once completed, the building may be fitted out with high intensity operations without the need for new consents, preventing the ability to reassess based on the higher demand. Councils, therefore, cannot collect for the long run demand profile underpinning of the development.
- **Example 2:** A developer obtains resource consent for student accommodation, which, under regulations, attracts a lower development levy than visitor accommodation. Levies are paid accordingly, and Code Compliance is issued. The activity on site is changed to visitor accommodation, but this change does not trigger a requirement for a new resource consent.
- **Recommendation / Solution:** Fewer broader demand categories be used to enable 'overs and unders' to average, such that recovery of the true costs of growth over time is more likely.

4. Consistency with new planning framework

- **Issue:** Classifications may conflict with the new planning system, creating inconsistencies and additional complexity for developers.
- **Recommendation / Solution:** Units of demand classifications be aligned with the activity and zoning groupings used in the reformed planning system rather than bespoke levy specific categories (to the extent possible, noting that the planning regime is itself under development).

5. Issue: Units of demand verification and enforcement complexity will increase disputes

- **Example:** Councils expect significant growth in disputes over building classification, room use, design innovations, and long-term maintenance of onsite devices. These challenges consume substantial administrative effort and create inequities between developers.
- **Recommendation / Solution:** Units of demand calibration should be set in regulations rather than primary legislation to allow periodic refinement based on new evidence, evolving development patterns, case law, and changes in density and household behaviour.

10. Transition To Development Levies, Schedule 1AA

Position:

Council supports the proposed transitional arrangements from development contributions to development levies, including the three-year phased implementation period, which aligns with the long-term plan cycle.

Context:

Council has successfully implemented phased charges in previous development contributions policy reviews, and this approach was generally well received by developers because it allowed time to prepare and adjust consenting activity.

Submission Points:**1. Burdens ratepayer**

- **Issue:** Phasing reduces council revenue during the transition period compared to an immediate shift, with the shortfall effectively shifting costs onto ratepayers or future developers.
- **Recommendation / Solution:** Support the proposed three-year phasing. Notwithstanding the issue above, phasing provides developers with greater certainty around future costs and allows them to plan and budget their projects with more confidence.

2. Administrative complexity and implementation burden

- **Issue:** Managing three sets of charges across three years does introduce some complexity and costs for Councils, including annual updates to software and calculation tools, and communications.
- **Recommendation / Solution:** Support the proposed three-year phasing, ensuring clear communication to support transparency and reduce confusion for applicants. Councils will need to allow for additional funding in the first three years to account for additional administration costs as a result of phasing.

11. Administrative Charge, s211ZZI; 211ZZO(d)

Position:

Council supports introducing a regulated administrative charge for assessing development levies and offers the following recommendations and clarifications.

Submission points:**1. Calculation method**

- **Comment:** A flat fee promotes simplicity but does not take into consideration the complexity or time taken for complex assessments. A scaled charge increases fairness but adds administrative complexity to determine a charge for each assessment.
- **Example:** The time it takes to complete an assessment varies widely. Most residential consents under 10 dwellings and simple non-residential work, such as small extensions or activity change fitouts, are processed within an hour. More complex assessments, including multi-use resource consents or large building consents, may require 5-10 hours or more, especially when designs are unique or plans are revised.
- **Recommendation / Solution:** Adopt a fixed base administration charge using a reasonable estimate of staff time for a standard assessment (we suggest one hour), but include the option

to scale charges for more complex or high-value projects. The methodology for scaling charges should be set out in the regulations

2. Timing

- **Comment:** Clarification is required within the legislation on the point at which the administrative charge is payable, e.g. at consent lodgement, when the requirement of a development levy has been sent, or alongside the development levy payment. Consistency across councils will improve customer experience.
- **Recommendation / Solution:** We recommend charging an administrative charge at the granting of consent when the assessment has been completed. Councils can then include the charge details when issuing the notice of requirement to pay the levy.

12. Remove Crown Exemption, s211ZZN; 211B

Position

Council opposes the Crown exemption from development levies and agrees with Taituarā that Crown developments should contribute on the same basis as any other development. Crown projects generate significant demand on local infrastructure, and exempting them would undermine the principle that growth should pay for growth.

Context

The Crown is one of the largest developers in New Zealand; the exemption creates a significant revenue gap. While Crown Law asserts the constitutional principle that the Crown is not subject to tax, this ignores that the levy is a contribution towards development costs rather than a tax.

Submission point

- **Issue:** The crown exemption for development levies effectively passes the costs of growth infrastructure onto ratepayers. Crown development creates demand, and councils provide infrastructure to cater for that demand. By exempting the crown, ratepayers subsidise the cost of development.
- **Recommendation / Solution:** Council recommends removing the broad Crown exemption so that Crown developments contribute fairly to the infrastructure they require. Crown entities should be subject to development levies in the same way as any other developer, ensuring that infrastructure costs are recovered transparently and equitably, and avoiding unnecessary burden on ratepayers.

13. Supports The DCWG Submission

The Council submission supports the positions advanced by the DCWG, except where Council has stated an alternative position. The DCWG is the local government sector working group for development contributions and growth funding and includes Council representation, including the Chair.

14. Supports The Mayoral Forum Letter

The Waikato Mayoral Forum is made up of the 11 Mayors across the region, as well as the Chair of Waikato Regional Council, and is chaired by Mayor Macindoe. The Mayoral Forum has considered the proposal in the context of the wider suite of reforms the government has introduced. On behalf of the Forum, Mayor Macindoe has written to the Minister for Local Government and Minister Responsible for RMA Reform, setting out the region's high-level position on the reforms.

The letter from the Waikato Mayoral Forum (29 January 2026 – copy attached) provides a useful regional context that aligns with many of the principles highlighted in this submission, including the need for sustainable funding and financing, coordinated system reform, effective local–central partnerships, and recognition of Treaty settlement responsibilities such as Te Ture Whaimana.

Further Information And Opportunity To Discuss Our Submission

1. Should the Ministry of Housing and Urban Development and the Department of Internal Affairs require clarification of this submission from Hamilton City Council, or additional information, please contact **Greg Carstens**, Director Commercial & Analytics, email Greg.Carstens@hcc.govt.nz in the first instance.
2. Hamilton City Council representatives would welcome the opportunity to discuss the content of this submission in more detail with the Department of Internal Affairs.

Yours faithfully



Lance Vervoort
CHIEF EXECUTIVE

FURTHER INFORMATION

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Submission Form: Supporting Growth Through a Development Levies System

Te Tūāpapa Kura Kāinga Ministry of Housing and Urban Development and the Department of Internal Affairs would like your feedback on the proposals in the consultation document *Going for Housing Growth: Supporting Growth Through a Development Levies System*. You may comment on as many of the proposals as you want and are welcome to include any other relevant information, comments, evidence and examples.

Please provide your feedback by **5pm Friday 20 February 2026**.

To make a submission please fill out your response to any of the questions below and email the completed form to: development.levies@dia.govt.nz. Alternatively, you can send feedback without using the form to the same email address.

Please include your name, or the name of your organisation, and contact details in your submission. If you have any questions about the submissions process then please email the address above.

Use of information

Your submission will help the Government to develop the new system for funding development infrastructure and may inform other policy development where relevant. We may contact submitters directly if we require clarification of any matters in submissions or would like to discuss your feedback with you further.

There will be no hearings in relation to this consultation on the exposure draft Bill, hearings will be part of the Select Committee process in 2026.

Release of information

We may publish a summary of the feedback we receive on the consultation document. This could include a summary of submitters' views and may include the names of individuals or organisations that have made submissions. The Privacy Act 2020 establishes certain principles with respect to the collection, use and disclosure of information about individuals by various agencies, Te Tūāpapa Kura Kāinga and the Department of Internal Affairs. Any personal information you supply to us in the course of making a submission will only be used for the purpose of assisting in the development of policy advice in relation to the issues canvassed in this consultation document.

Please clearly state in the online submission form and any email or covering letter if you do not wish for your name, or any other personal information, included in the summary of submissions.

Submissions may be requested under the Official Information Act 1982. Please set out clearly in the submissions template or in your covering letter or email if you have any objection to the release of the information contained in your submission and in particular, which parts you consider should be withheld, together with the reasons for withholding the information. We will take such objections into account and will consult with submitters when responding to requests under the Official Information Act.

Submitter information

Any information you provide will be stored securely.

Your name, email address, phone number and organisation

Name:

Hamilton City Council

Email address:

growthfunding@hcc.govt.nz / greg.carstens@hcc.govt.nz

Phone number:

Organisation:

Hamilton City Council

Are you submitting on behalf of an organisation, as a worker, employer, or in another capacity? Please specify:

Government organisation

Please check if your submission contains confidential information

- I would like my submission (or identifiable parts of my submission) to be kept confidential and **have stated** my reasons and grounds under section 9 of the *Official Information Act* that I believe apply, for consideration.

Consultation questions

The headings for each question section below correlate with the headings in the consultation document. Please read the relevant section of the consultation document before answering each question.

2 Context

Question 1

1.1 Do you have any feedback on why development levies are needed?

Council supports the need for development levies in order to respond to changes in the resource management system. A more flexible mechanism will help councils to address the needs of growth while managing the impact on ratepayers.

1.2 Do you have any feedback on the overall approach for development levies?

Overall council supports the intent and much of the approach for development levies. Council has recommended changes to the legislation to ensure that administrative efficiency and the intent of the new legislation is achieved in practice.

4. Legislation

4.5 How levies are determined

Question 2

2.1 What do you think of the requirement to link future projects used in a levy calculation to growth expected in the short to medium term? How might this impact council's ability to set high-cost overlays?

No, HCC recommends recovery periods consistent with the period across which benefits are realised.

4.7 Development agreements

Question 3

3.1 Are there other ways that development agreements could be strengthened?

4.8 Bespoke levy assessments

Question 4

4.1 Are there other situations where bespoke levy assessments should be triggered?

Council supports the provision for bespoke levy assessments, subject to several recommendations. Of particular interest to Hamilton City Council is the need to extend these provisions to enable recovery of levies from cross-boundary developments.

Hamilton has a number of Fast-track developments occurring contiguous with the city that will utilise Hamilton's infrastructure networks, but over which Hamilton has no jurisdiction to impose levies. This creates a material funding shortfall that would otherwise fall on the city's general ratepayers.

Refer to HCC submission document for detail

First mover developments

Question 5

5.1 Can you provide case studies or examples that are representative of first mover developments?

Rotokauri - Large developer has 300 lot subdivision within greenfield growth cell. \$100M stormwater swale required to service the catchment prior to development proceeding. Swale services land beyond the developer's land holdings. Developer agrees to fund and deliver the swale in advance of Council's planned delivery.

Ruakura - New unplanned growth cell coming online (assume it is in HCC jurisdiction). No infrastructure planned by Council. Large developer plans 1200 HUEs. Requires water reservoir designed to service the entire catchment, not just the developer's land holdings. Developer agrees to fund and deliver the reservoir.

5.2 Are there other ways of ensuring fairness to first mover developments?

To ensure fairness to other developers and ratepayers, first mover payments need to qualify as monetary contributions to capital expenditure (S 211E(b)) otherwise any levy transfer effectively redirects levy revenue from Council funded projects to a private developer. That means levy revenue is removed from the system to subsidise unfunded developer works with the ratepayer picking up the shortfall.

Refer to HCC submission document for detail

4.9 Use of development levy revenue

Question 6

6.1 What process could we put in place to provide clarity about the differences between the anticipated and actual use of levy funds?

[

4.10 Regulation-making powers

Question 7

7.1 Do you agree with the proposed topics for which regulation-making powers would be established?

Hamilton City Council supports consistency across councils, and standardising levy setting and practices to improve transparency. We recommend having regulations on:

- * Defining and allocating units of demand
- * Allocating project costs between growth and non-growth purposes
- * Methods for allocating assessed levy income
- * Setting administration charges
- * Public information disclosure requirements
- * Treatment of intangible assets
- * Record-keeping obligations

Refer to HCC submission document for detail

7.2 Are there any unexpected or unintended impacts you think could result from standardising these parts of the development contributions system?

Refer to HCC submission.

7.3 What other aspects of the current development contributions system could benefit from regulations or standardisation?

N/A

4.11 Transition to development levies

Question 8

8.1 What time period would be suitable for moving to development levies?

HCC supports the proposed transitional arrangements from development contributions to development levies, including the three-year phased implementation period which aligns with the long-term plan cycle.

8.2 How can the phase-in to development levies be used to manage the impact on developers?

Phasing provides developers with greater certainty around future costs and allows them to plan and budget their projects with more confidence.

8.3 How do you think the phase-in proposals above would affect councils' ability to fund the infrastructure necessary to provide for growth?

This is a trade-off. On one hand phasing reduces revenue for councils during the transition period, which shifts that financial burden to ratepayers and could delay infrastructure delivery depending on funding levels and debt headroom. On the other hand, phasing supports developer certainty, it compromises councils' ability to recover costs in a timely manner. On balance HCC supports the three-year phasing.

It is also worth noting that the levies look likely to reduce charges for greenfield area. This could result in developers reloading existing consents to benefit from lower charges.

5. Regulations

5.1 Growth costs to be recovered by development levies

Question 9

9.1 What would be the impact of standardising how the maximum cost attributable to renewal should be determined?

This requires further analysis

9.2 What should be considered in assigning benefit to existing communities versus development?

5.2 Setting units of demand for charging development levies

Service level equivalent for one unit of demand

Question 10

10.1 To what extent would greater national consistency in interpreting units of demand improve clarity, fairness, and comparability of development levies across councils?

Hamilton City Council supports the intent to prescribe standard units of demand for development levies but has serious concerns about the workability of the proposed standardisation.

Standardisation can improve consistency and make it easier for councils to defend levy calculations, but achieving a one-size-fits-all approach will be challenging.

10.2 How much flexibility should regulations allow in reflecting local conditions such as density, geography, or service delivery models?

N/A

10.3 Are there risks in fully standardising both measurements and values for units of demand across all councils?

Yes - refer to HCC submission for more detail

If the framework becomes too granular, ambiguous, or difficult to enforce, councils risk reinstating the very complexity, inequity, and gaming behaviour the reforms seek to remove. The system should adopt a simplified structure of four to five broad development categories, such as Residential (with size or GFA modifiers), Commercial, Industrial, Retail, and potential a special category for, for example, retirement homes or wet industries.

Development types

Question 11

11.1 Does this list [Table 4] capture the main types of residential development that councils typically assess for development contributions?

Refer to HCC submission for more detail

Council supports establishing standard units of demand for key development types to promote greater consistency in how development levies are applied across councils. However, the proposed list of development categories is overly granular. This undermines the intent of a standardised approach and will increase assessment complexity, disputes, and administrative workload for councils.

Introducing numerous narrowly defined development types is inconsistent with the simplified, area-wide averaging approach used elsewhere in the legislation.

When assessing demand profiles, the peak use must be considered as infrastructure is sized according to peak demand, not average demand over a year.

11.2 Are any of the listed development types too broad or too narrow to be useful in practice?

The development types are too narrow. We recommend using broader development types and getting an independent analysis of demand profiles to support groupings and determining conversion factors.

Refer to HCC submission for more detail

11.3 Are there any residential development types missing from the list? Please specify and describe their characteristics.

As outlined in 11.1, 11.2 and our submission, the scope is already too large. We recommend fewer categories.

Question 12

12.1 Does this list [Table 5] capture the main types of non-residential development that councils typically assess for development contributions?

As per the response to question 11 and our submission, there are too many development types and this will lead to complexity and disputes as well as increased administrative burden for councils. Developments might be for different activities, but many of these activities have similar demand profiles that should be combined in an averaging model like levies.

12.2 Are any of the listed development types too broad or too narrow to be useful in practice?

The more development types there are, the more complex application of the policy becomes. We therefore reiterate our recommendation to reduce the number of development types.

12.3 Are there any non-residential development types missing from the list? Please specify and describe their characteristics.

Refer to HCC submission for more detail

Setting units of demand based on development type

Question 13

13.1 What are your views on using the number of bedrooms or gross floor area as indicators of expected occupancy?

Council supports the use of a proportionate charge based on the size of a dwelling. We currently use a bedroom-based approach but also support the use of GFA as an alternative.

If the number of bedrooms is determined to be the way forward, the legislation needs to provide a clear definition on what constitutes a bedroom. HCC has found this to be highly contentious with plans adjusted to avoid additional charges.

Refer to HCC submission for more detail

13.2 Are there other indicators that better reflect likely service demand for certain types of development?

We support the use of GFA or a bedroom-based approach as the most effective was to determine demand.

13.3 Are there other examples of development types that may warrant differentiated treatment?

It is important to consider the peak use or needs of developments rather than reducing demand where there is not full-time use of a property. For example, student accommodation may be occupied for 9 months of the year, however, the pipes need to be sized for peak use (i.e. when the students are there).

Refer to HCC submission for more detail

5.3 Public information disclosure requirements

Question 14

14.1 What further information would you like to see in a disclosure scheme?

HCC agrees with the proposed information disclosure statements.

5.4 Other matters

Setting an administration charge

Question 15

15.1 What approach do you think is most appropriate for setting the administration fee:

- a fixed amount (per application or reassessment for example)
- a formula-based calculation (based on staff hourly rate or percentage of levy charge for example)
- a sliding scale?

Refer to HCC submission for more detail

Hamilton City Council recommends a mixed approach that has a standard fixed fee for developments taking less than 1 hour to assess, with a scalable additional fee for more time-consuming assessments. This balances fairness, transparency, and administrative practicality while avoiding unnecessary complexity associated with formula based or sliding scale approaches.

15.2 Are there any risks or unintended consequences of introducing an administration charge that we should consider?

Introducing an administration charge may create perceptions of added cost or complexity, but such concerns are typical for time-based fees. HCC does not consider these issues significant.

Specifying intangible assets that can be levied for

Question 16

16.1 For councils: what types of intangible assets do you currently include when calculating development contributions?

16.2 Which intangible assets do you think should be included in the levy calculation?

Refer to HCC submission for more detail. The HCC strongly supports the ability to include intangible assets in levy. The potentially a wide scope for intangible assets and the legislation will need to find a balance between legitimate cost recovery and leaving the door open for overuse. Council would recommend the inclusion of the following:

1. Software costs associated with the levy calculation tool(s)
2. Cost allocations for levy development
3. Growth and levy modelling investment
4. Consents (IAWAI)
5. Masterplanning (IAWAI)
6. Environmental enhancement such as riparian planting (IAWAI)

16.3 Are there any intangible assets you believe should not be included in the levy calculation?

Staff salaries and other admin costs not outlined above. These will be partially covered by the proposed administration charges.

5.5 Further consultation on levy regulations

Question 17

17.1 Are there specific aspects of the levy regulations that you would like the opportunity to provide input on?

Calculation methodology

Question 18

18.1 Are there any other matters you would like to raise about the proposals in the consultation document?

Please refer to the HCC submission for more detail on other matters.

IAWAI requests that the proposed regulator for the development levies needs to work in close collaboration with waters economic regulator, the Commerce Commission. Making sure there is alignment in their processes and expectations

1



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29 January 2026

Hon Simon Watts, Minister of Local Government,
Hon Chris Bishop, Minister Responsible for RMA Reform,
Parliament Buildings
Wellington 6160

Tēnā kōrua Minister Watts and Minister Bishop,

Local Government Reform – Waikato Mayoral Forum

Thank you for the opportunity to engage constructively with the Government’s local government reform programme. The Waikato Mayoral Forum sees this reform as a once-in-a-generation opportunity to address long-standing systemic issues, strengthen local democracy, and ensure local government can continue to deliver for its communities into the future.

The Forum would like to highlight the following matters in relation to our region.

The Waikato region is central to New Zealand’s economic performance and long-term resilience.

Projected rapid population growth across Hamilton, Waikato and Waipa, peri-urban settlements, rural towns and villages, and coastal communities will require coordinated and well-funded long-term planning. The region’s location as a critical national transport, freight, and logistics corridor supports a diverse economy spanning agriculture, advanced manufacturing, technology, renewable energy, aquaculture, tourism, healthcare, and forestry. Waikato also manages significant natural resources, including river catchments, geothermal assets, 10,000 km² of coastal marine area, 1,200 km of coastline, and \$1.1B in flood protection infrastructure. Our strengths are further supported by a growing Māori economic base and the longstanding cultural and regional leadership of the Kīngitanga.

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2



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A focus on partnerships, relationships and collaboration support the current complexity of the region's governance.

The region's governance environment comprises 12 local authorities, over 40 iwi including six large iwi groups, and more than 200 hapū. Waikato has demonstrated an enduring desire and ability to work collaboratively with central government, including through the Future Proof partnership. We are demonstrating leadership through the formation of two water service entities in response to Local Waters Done Well legislation. Existing regional governance structures such as the Waikato Mayoral Forum, the CE Forum and the Iwi Governance Forum, illustrate proven leadership and implementation capability.

The Forum urges you to consider the following critical points as you progress with this programme of reform.

Waikato is ready to partner on nationally aligned, enduring reform.

The government's reform agenda requires a whole-of-government approach with clear alignment across legislative changes, clarity of functions at all levels, and localised decision-making preserved where it best serves communities. Long-term planning for growth, infrastructure, and climate adaptation must be supported.

The Waikato CE Forum has already initiated work on the unique value proposition of local government, its' form and function, and how this can best support communities within an aligned national system.

Effective reform requires genuine partnership.

Recent reform processes have at times, minimised local government's role. A bipartisan national vision, shared governance responsibilities, and recognition of the value of local government assets are essential. The Waikato seeks a reset based on trust, shared outcomes, and an equitable partnership.

Effective reform requires a whole of system approach

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3



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Reform will only succeed if it is considered as a whole system and not as individual parts. The reform programme will have a significant impact on local government and communities, however it is not clear that a whole of systems approach is being adopted. We urge the government to reconsider the timing, varied decision-making models and funding and financing impacts associated with each element of the reform programme so local government can implement reforms effectively. We also urge the government to consider the overall financial impact on communities as the reform programme includes additional responsibilities for local government, and any move away from LGFA funding is likely to increase the financial burden on communities.

Transition costs will be significant.

To ensure successful implementation, central government will need to provide additional funding, enable new financing tools, and allow councils to pause major statutory processes such as long-term plans, audits, and representation reviews, to be able to meet the costs of reform. DIA (Ministry of Cities, Environment, Regions and Transport – MCERT) will also need to be adequately resourced to work closely with the regions on this reform.

Transitioning to a new system for local government and resource management will be complex and resource intensive. Transitional support will be required to assist the sector to deliver transformation at scale. Any changes to form and functions should be aligned and well sequenced, with implementation timing coordinated so benefits can be realised. Transition timeframes should also take account of significant events such as local and national elections and be clearly communicated so communities and ratepayers understand when changes will occur. Ideally the timeframe would ensure that the reorganisation is concluded within the next triennium, to avoid the risk of re-litigation and re-education of new elected members.

Longstanding issues on funding of local government must be addressed.

The purpose of local councils is to do the things that their communities want them to do and are prepared to pay for. Councils should be accountable to those affected by their decisions and from whom they can require funds. Where legislation (including statutory

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4



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national direction) creates functions of national benefit, those mandates should be recognised and funded by central government.

Unfunded mandates, the absence of GST on rates being returned to councils, the lack of Development Contributions/Levies and rates paid by central government on Crown property, needs addressing so there is equitable Crown contribution to local government activity from which it directly benefits.

Reform should also enable a wider set of financial levers and tools, in addition to rates, to improve transparency, efficiency and affordability while maintaining strong local accountability. Without new tools and equitable Crown support, councils will face unsustainable pressures, especially for infrastructure essential to supporting regional and national growth.

Iwi partnership is fundamental to current and future governance, and decision-making must occur at scales that strengthen democratic practice.

Te Tiriti obligations must be embedded consistently across the reform programme. Te Tiriti settlements have marked a new era in relationships between the Crown, Mana Whenua and iwi. These relationships, supporting statutory obligations, and Te Ture Whaimana o Te Awa o Waikato are integral to local government in the Waikato and must be given effect to in the new system.

Nationally supported tools for participatory and deliberative democracy will help ensure communities remain engaged and represented and allow room for a community voice in decision-making. This is an opportunity to improve community engagement, enable a strong local voice, and lift efficiency and transparency across the system.

Protecting and restoring the natural environment is a long-term investment.

Resource management must reflect rural and urban interests, catchment-scale needs, and Treaty settlement arrangements. Durable, evidence-based, and integrated decision-making frameworks are required.

Protecting and restoring the natural environment is not a cost; it is an investment in New Zealand's long-term economic resilience and prosperity, human health, and international

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5



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standing. Ensuring local government is equipped to safeguard these assets is essential for maintaining prosperity and cultural identity that are inseparable from the natural world. Resource management decisions involve competing demands and must enable local solutions within a nationally consistent framework. Consideration of appropriate catchment management needs to be made, as the legislation is progressed.

Investment in national standards and systems would reduce fragmentation and inefficiency.

Central government can materially improve system performance through national technical standards, methodologies, and consistent systems—particularly in consenting.

Under-investment in standards has also increased litigation risk for local decision makers. National standardisation does not automatically mean operational delivery must shift to a national agency; rather it can enable more efficient and consistent local delivery.

To enable more efficient delivery, and therefore better value for ratepayers, standardised tools across the local government sector are essential. Nationally consistent system-design tools – such as shared templates, digital platforms, and standardised operational models would ensure all councils are working from the same foundations, reduce variability, and streamline the transition process.

Shared national systems such as common asset-management platforms, consistent financial and rating system templates, and unified customer-service or digital engagement tools would substantially reduce duplication and improve accuracy and productivity. Sector-wide standardisation is a practical and high-impact way to lift efficiency, lower system costs, and support councils to deliver core services more effectively

Crown and iwi representation on the Combined Territory Boards is essential.

The Forum supports Crown representation on the Combined Territories Board through Commissioners with expertise in both local and central government. To uphold a genuine partnership, Commissioners should hold voting rights consistent with other members. Iwi representation on the Board and involvement of the Regional Council Chair will also be essential.

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6

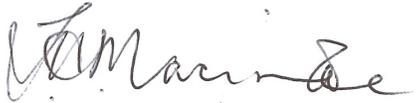


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The Waikato region is committed to working constructively with central government to achieve a resilient, connected Waikato that underpins national prosperity. The Forum is keen to get started.

Nāku iti noa, nā

On behalf of the Waikato Mayoral Forum / Waikato Region



Hon Tim Macindoe
Mayor of Hamilton
Chair Waikato Mayoral Forum

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Hamilton City Council Submission

Infrastructure Funding and Financing Amendment Bill

Parliament's Finance and Expenditure Select
Committee

16 February 2026

Strategic Context for this Submission

Council has endorsed [The Mayor's Plan 2025 - 2028](#) to inform the projects and services it will deliver to ensure Hamilton has what it needs now and for the future – efficiently, responsibly, and sustainably. The seven guiding themes of The Mayor's Plan are:

- **Sensible, cost-effective infrastructure**
- **Grow with balance**
- **A central city to be proud of**
- **City places and services that work for people**
- **Open for business**
- **A transparent and efficient organisation**
- **Financial responsibility**

Council Approval and Reference

This submission was approved by Hamilton City Council at its meeting held on 12 February 2026.

Submission # 829

Key Messages

1. Summary of Changes and Why Hamilton City Council Supports Them

2. Hamilton City Council strongly supports the proposed legislative improvements aimed at enabling efficient, responsible, and sustainable infrastructure delivery.

3. What the changes are:

- **Streamlined levy process:** Cuts unnecessary steps so levies can be approved faster and with fewer barriers. It simplifies proposal requirements, reduces ministerial considerations, and removes affordability checks where landowners agree.
- **Broader scope:** It widens the IFF tool to fund transport, water, and community infrastructure beyond council-owned assets, and introduces levy deferrals.
- **Enables water entities:** Enables water entities to use IFF, and integrates levies more cleanly into existing rating and water billing systems to streamline administration.
- **Improves certainty:** Limits councils' ability to withhold endorsements and strengthens recovery mechanisms.
- **Technical refinements:** Clarifies treatment of protected Maori land and aligns levies with rates for recovery.

4. Why Hamilton City Council supports them:

- Reduces complexity and delays, enabling faster infrastructure delivery.
- Provides flexibility for diverse projects, including housing and transport.
- Maintains protections for levy payers while improving certainty for developers.
- Supports growth by removing funding barriers and aligning with urban development goals.

Further Information and Hearings

5. Should Parliament's Finance and Expenditure Select Committee require clarification of the submission from Hamilton City Council, or additional information, please contact **Blair Bowcott** (General Manager Strategy, Growth and Planning), phone **07 838 6742** or **021 775 640**, or email Blair.Bowcott@hcc.govt.nz in the first instance.
6. Hamilton City Council representatives **do wish to speak** at Parliament's Finance and Expenditure Select Committee hearings in support of this submission.

Yours faithfully



Lance Vervoort
CHIEF EXECUTIVE

FURTHER INFORMATION

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14 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)
Negotiation of Transfer Agreements	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) (f)(i) Section 7 (2) (i)
Capital Programme Update	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)
Transferred Projects Portfolio Update	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) (i) Section 7 (2) (j)
Digital Water Service Operations Partnership Programme Implementation	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	Section 7 (2) (h) Section 7 (2) (i) Section 7 (2) (j)

	gain or improper advantage.	
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