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 afforded to 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 comunities and civic infrastructure.

Life runs on water.

Our job is to keep that water flowing.

IAWAI – Flowing Waters.

KO WAI A IAWAI

Who is 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.

HE AHA TE RAUTAKI RAATONGA WAI?

What is a Water Services Strategy?

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.

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Section 1

HE KUPU ARATAKI
Introduction

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.

HE KUPU NAA TE HEAMANA ME TE TUMU WHAKARAE O IAWAI

Messages from the IAWAI Board[1] Chairperson and our Chief Executive

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.

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.

WAAHANGA 2
Section 2

TE MANA WHAKAHAERE ME TE POU TARAAWAHO
Our governance and regulatory framework

Our Shareholders' Statement of Expectations

Ko te tauakii kawatau a ngaa kaiwhaipaanga

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 kaiwhaipaanga

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.

While Te Ture Whaimana takes precedence, IAWAI acknowledges its obligations in respect of Te Mana o te Wai, the national freshwater management framework that prioritises the health and wellbeing of water bodies, including rivers, lakes, and aquifers.

IAWAI also recognises its obligations in respect of Te Mana o te Moana as they relate to the health and wellbeing of the marine environment.

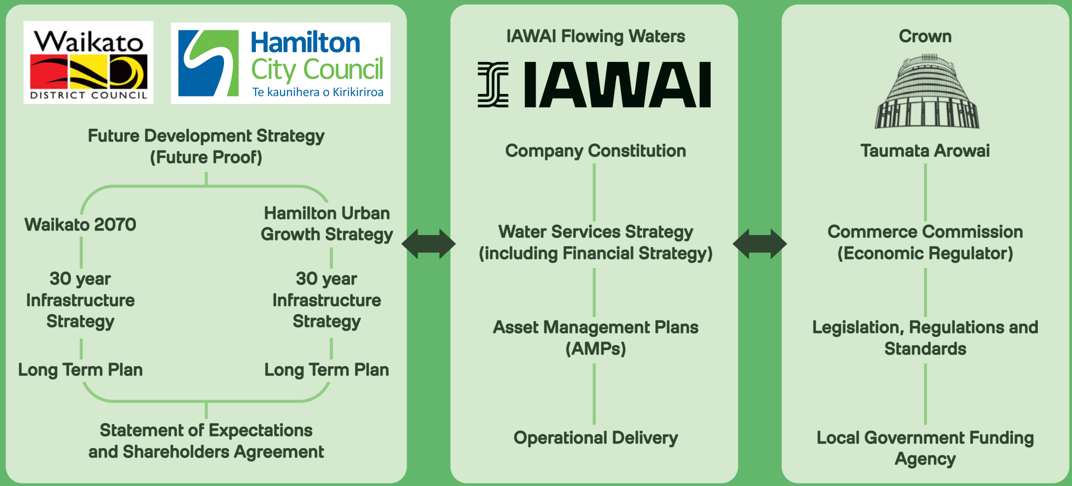


Figure 1: Our relationship with our shareholders and the Crown

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.

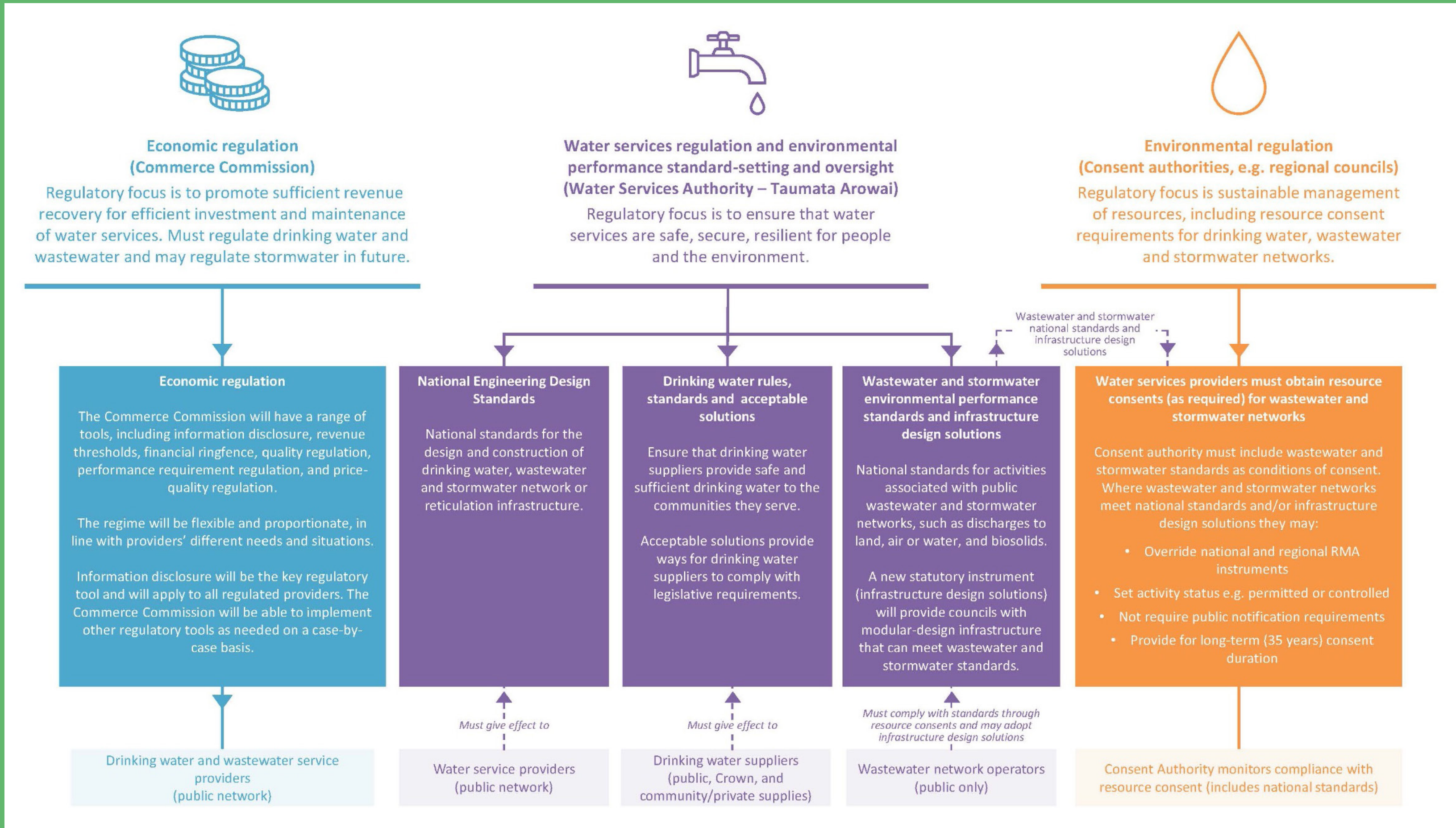


Figure 2: The regulatory framework

WAAHANGA 3
Section 3

HE MEA KAPO TE ROHE TUKU
Snapshot of our service area

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 Ramsar[2] 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.

WHAKAAHUA O TE RATONGA

Service snapshot

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.

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

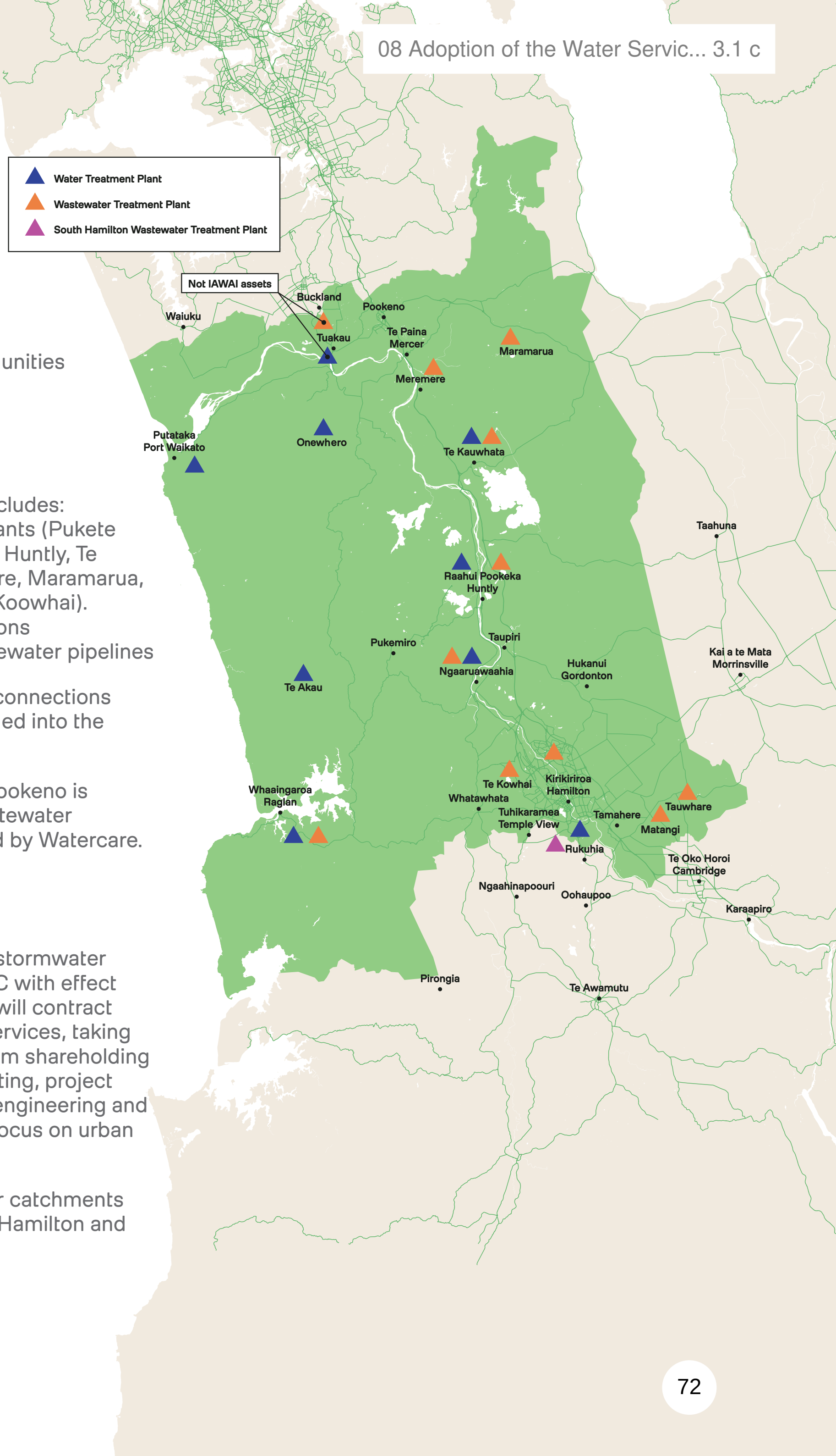
Wastewater from over 64,000 connections is treated before being discharged into the Waikato River.

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).



WAAHANGA 4
Section 4

OO MAATOU WHAINGA, NGAA WERO HEI WHAKAMANIA KO HE URUPARE KI NGAA WERO
Our purpose, challenges and how we will respond

Our purpose

Oo maatou whainga

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

The challenges we must address

Ngaa 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. Service demand is projected to grow at a faster rate than overall population growth, particularly in planned growth areas within and around urban centres that are already connected to water and wastewater networks.

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)compared with the councils Long Term Plan and WSDP forecasts 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 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 implementing a Water Supply Growth Charge and a Wastewater Growth Charge on new water and wastewater connections consented on or after 1 July 2026 for new residential developments. 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, 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 Pukete 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.

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 are[3] 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. This policy will 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.

3 In the respective Long Term Plans

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 growth charge for new residential developments), and are proposing to use long-term debt responsibly.

For Hamilton households the average increase in water charges has dropped from $265 to $174 per year compared to the WSDP. For Waikato District customers, 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 (*average water use is 210m3 per annum).

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. These charges would apply to new residential 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 $39.5m 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,
- Additional dwellings of 70m2 or less for which no resource or building consent is required (i.e. a secondary minor dwelling such as a granny flat) is treated as ½ a HUE (i.e. half charges will apply)
- Multi-unit developments will be charged on the basis that each additional residential unit is equivalent to one HUE.
- Where redevelopment occurs, the growth charges apply only to the net increase in demand.

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 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 Water Supply and Wastewater Growth Charge for non-residential development will be considered during the development of the 2027-2037 Water Services Strategy, through engagement with relevant parties.

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, water and wastewater related fees based on hourly rates or for specific connection or consent related activities have been standardised, so Hamilton and Waikato customers are charged the same fees for the same activity or service. In some instances, this has resulted in an increase of slightly more than the rate of inflation for some charges for some customers. 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.

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

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.

WAAHANGA 5
Section 5

KO NGAA MEA KA TUKUNA E MATOU
What we will deliver

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 po pulation 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:
  - o Raglan
  - o Tamahere / Matangi
  - o Eureka
  - o Tuakau

- Significant upgrades planned for:
  - o Huntly
  - o Pookeno
  - o Tuakau
  - o Te Kauwhata
  - o Ngaaruawaahia
  - o Raglan
  - o 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 on the next page.

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	141	998	300	1,641	707	2,595	840	2,102	17
CE15132 - Water ntwrk upgrdes to allow new develop	G	2,857	393	1,314	3,598	2,058	-	-	-	-	-
CE15133 - Water Network Improvements	L	9,918	15,016	11,290	756	1,004	321	328	334	601	613
CE15141 - Wtr Dmnd Mngt - Hillcrest Reservoir Zone	G	2,259	2,175	17,536	39,815	2,927	-	-	-	-	-
CE19047 - Water Demnd Mgmt - Maeroa Reservoir Zone	G	-	-	-	-	-	-	-	-	2,667	11
CE19049 - Wtr Demand Mgmt-Fairfield ReservoirZn	G	1,539	-	-	-	-	-	-	-	-	-
CE21033 - Ruakiwi Pumpstation Upgrade	G	29,008	19,871	17,334	2,461	-	-	-	-	-	-
CE24030 - IAF Water Supply	L	693	-	-	-	-	16,836	-	-	-	-
CE10124 - Watermain Valves & Hydrants Renewals	R	785	2,613	1,506	1,579	1,297	1,157	1,147	964	1,079	1,148
CE10138 - Treatment Plant & Reservoir Renewals	R	2,244	7,376	5,023	4,520	4,160	4,276	8,804	4,432	4,703	6,872
CE10123 - Watermain Renewals	R	4,877	8,392	10,026	10,130	8,782	9,032	9,188	19,645	19,512	23,447
CE19045 - Ruakura Reservoir & Assoc Bulk Mains	G	-	-	-	3,598	10,308	45,151	46,098	-	-	-
CE15139 - Water Trtmt PlntCompliance-MinorUpgds	L	2,218	5,580	2,397	2,552	2,013	669	683	697	711	726
CE19048 - City wide waters programme	G	-	217	223	2,285	-	-	-	-	-	-
CE19073 - Te Rapa Upgrade & New Watermains	G	261	-	-	-	-	-	-	-	-	2,040
CE15126 - Rototuna Upgrade or New Watermains	G	-	-	-	-	897	2,200	699	-	-	-
CE21036 - RotokauriUpgrade&New Watermains Stg2	G	-	-	-	-	387	4,175	2,910	1,971	58	-
CE19046 - Peacocke Watermains Stage 2	G	77	-	-	223	788	1,438	1,493	433	25	-
CE15144 - Upgrade Water Treatment Plant	G	2,093	4,350	13,389	15,995	584	1,254	2,561	26,148	40,005	-
CE15146 - Water Customer Connections	G	56	57	59	60	61	63	64	65	-	-
CE21035 - Strategic Water Demand Management	G	19,305	35,428	36,365	20,687	8,463	-	-	-	-	-
CE15127 - Water Pipe Upgrades	G	579	834	2,231	877	2,338	917	2,439	956	2,540	994
CE15159 - Water Master Plan	G	265	272	279	286	292	299	305	311	318	324
CE26041 - Te Kauwhata Water Improvements	L	4,132	258	-	-	-	-	3,659	4,856	-	-
CE26011 - District Wide Water Infrastructure	G	743	1,087	1,701	1,857	1,110	1,135	1,159	996	1,651	1,684
CE26044 - Water Renewals Waikato District	R	5,845	7,025	12,953	4,753	3,927	4,013	4,829	4,557	8,204	7,591
CE26031 - Eureka Water Improvements	L	-	2,175	3,347	-	-	-	-	-	-	-
CE26032 - Gordonton Water Improvements	L	-	-	-	-	-	-	-	1,370	3,429	-
CE26015 - Pokeno Water Infrastructure	G	530	870	2,231	1,257	3,039	1,194	-	-	5,080	4,404
CE26012 - Huntly Water Infrastructure	G	-	-	2,231	2,056	-	-	-	-	-	-
CE26033 - Huntly Water Improvements	L	4,774	4,948	-	-	-	-	-	-	16,510	-
CE26034 - Matangi Water Improvements	L	2,595	5,002	6,136	914	-	-	-	-	-	-
CE26038 - Raglan Water Improvements	L	1,061	3,806	6,025	-	-	-	-	-	-	-
CE26036 - Ngaruawahia Water Improvements	L	-	-	-	571	1,169	-	-	-	635	1,295
CE26013 - Ngaruawahia Water Infrastructure	G	1,061	2,175	5,858	11,425	35,063	23,890	-	3,922	25,400	4,081
CE26014 - Ohinewai Water Infrastructure	G	-	-	-	-	-	-	366	1,245	-	-
CE26037 - Pokeno Water Improvements	L	-	-	-	-	468	-	-	-	-	-
CE26016 - Raglan Water Infrastructure	G	1,803	3,806	1,674	-	-	-	2,439	2,490	-	1,295
CE26040 - Tauwhare Pa Water Improvements	L	318	-	-	-	-	-	-	-	-	-
CE26018 - Te Kauwhata Water Infrastructure	G	174	178	13,946	19,993	-	-	-	623	22,225	-
CE26019 - Te Kowhai Water Infrastructure	G	318	7,612	8,759	-	-	-	-	-	-	-
CE26042 - Tuakau Water Improvements	L	1,538	-	-	-	701	717	-	-	-	-
CE26020 - Tuakau Water Infrastructure	G	4,243	10,331	-	-	-	-	-	-	-	-
CE26030 - District Wide Water Improvements	L	53	109	-	-	-	-	-	-	-	-
CE15158 - Water Model	R	324	436	337	801	209	213	855	222	205	234
Total Water Supply		**109,808**	**152,533**	**185,167**	**153,348**	**93,687**	**119,657**	**92,620**	**77,079**	**157,661**	**56,778**

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 on the next page.

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	6,102	5,021	1,984	2,032	2,078	2,153	4,829	6,136	2,787	2,843
CE15107 - Rotokauri WW Infrastructure	G	390	5,751	107	837	2,993	5,154	1,181	33	-	-
CE15132 - Water ntwrk upgrdes to allow new develop	G	-	-	-	1,526	614	877	-	-	-	-
CE19043 - Incr capacity WW West Network	G	8,593	2,180	4,435	31,543	40,316	23,135	267	-	10,873	17,209
CE19044 - Increase capacity WW East Network	G	1,751	3,806	17,304	47,714	28,777	14,991	10,957	13,189	9,917	157
CE23004 - IAF Wastewater	G	6,356	1,964	3,691	3,673	3,662	-	-	-	-	-
CE15135 - Peacocke Water Distribution Mains Stg1	G	-	-	-	-	-	-	-	4,171	-	-
CE15104 - Wastewater Pipe Upgrades	G	963	1,939	995	2,285	1,043	2,389	1,088	2,490	1,132	2,591
	L	1,470	-	-	-	-	-	-	-	-	-
CE10101 - Wastewater Asset Renewals	R	10,840	15,465	19,460	25,559	25,874	26,489	28,982	39,457	42,043	47,529
CE10100 - Wastewater PS Asset Renewals	R	1,794	2,359	2,729	2,602	3,368	3,065	3,133	3,292	1,830	1,166
CE10115 - WW Treatment Plant Asset Renewals	R	10,856	10,700	9,959	12,745	7,790	7,831	8,902	8,163	7,877	1,968
CE15120 - Wastewater Treatment Plant Compliance	L	993	4,244	3,071	4,626	4,310	4,885	4,916	3,443	3,514	3,584
CE21073 - Subregional WW Treatment Plant	G	3,214	-	9,461	30,763	52,851	45,987	17,512	-	-	22,443
CE19072 - Te Rapa Wastewater Infrastructure	G	-	-	-	-	-	-	-	-	-	2,720
CE15117 - Upgrade WW Treatment Plant	G	25,332	30,282	50,507	69,597	70,355	76,468	67,582	82,835	207	-
CE19040 - Peacocke WW Infrastructure Stg2	G	1,491	1,860	44	127	950	1,780	2,725	9,578	3,410	278
CE15105 - Rototuna WW Infrastructure	G	-	-	-	-	890	263	356	1,977	-	-
CE15109 - Peacocke WW Infrastructure Stage 1	G	582	-	-	1,602	195	802	39	-	-	-
CE15121 - WW Customer Connections to Network	G	122	125	129	132	135	138	141	144	-	-
CE15160 - Wastewater Model	R	316	328	1,525	781	219	224	409	329	1,736	885
CE15161 - Wastewater Master Plan	G	424	434	446	456	467	477	487	497	507	517
CE15104 - Wastewater pipe upgrades	G	-	-	-	-	-	-	-	4,762	9,524	14,286
CE19042 - Peacocke Wastewater South Network	G	-	-	-	-	-	-	-	-	-	-
CE21073 - Subregional wastewater treatment plant	G	-	-	-	-	-	-	-	-	-	-
CE26021 - District Wide Wastewater Improvements	L	3,193	2,023	1,741	2,068	1,531	1,565	1,598	1,631	1,664	1,697
CE26043 - Wastewater Renewals Waikato District	R	7,528	11,175	7,118	6,055	6,194	6,534	7,049	6,475	6,439	6,581
CE26002 - Horotiu Wastewater Infrastructure	G	-	-	-	-	-	-	-	-	-	-
CE26022 - Horotiu Wastewater Improvements	L	-	-	-	685	-	-	-	-	-	-
CE26023 - Huntly Wastewater Improvements	L	19,095	20,357	8,613	1,371	-	-	-	-	-	-
CE26027 - Rangiriri Wastewater Improvements	L	159	-	-	-	-	-	-	-	-	-
CE26025 - Ngaruawahia Wastewater Improvements	L	21,926	21,205	1,116	-	-	-	-	-	-	-
CE26004 - Ngaruawahia Wastewater Infrastructure	G	-	2,175	-	308	2,126	-	-	-	-	-
CE26001 - Central Districts Wastewater Infrastructure	G	-	544	2,789	11,425	17,531	17,917	4,878	-	-	-
CE26005 - Pokeno Wastewater Infrastructure	G	1,061	4,567	-	-	-	-	-	-		-
CE26026 - Raglan Wastewater Improvements	L	4,073	9,199	1,674	-	-	-	-	-	1,798	-
CE26006 - Raglan Wastewater Infrastructure	G	-	3,262	6,350	-	-	-	-	-	-	-
CE26007 - Taupiri Wastewater Infrastructure	G	-	-	-	-	-	-	-	-	381	12,954
CE26028 - Te Kauwhata Wastewater Improvements	L	-	857	669	-	-	-	-	-	-	-
CE26008 - Te Kauwhata Wastewater Infrastructure	G	9,548	13,919	22,314	2,285	-	-	-	-	-	10,363
CE26009 - Te Kowhai Wastewater Infrastructure	G	318	4,329	5,244	4,323	-	-	-	-	-	-
CE26029 - Te Kowhai Wastewater Improvements	L	-	-	-	-	-	-	-	-	6,223	6,348
CE26010 - Tuakau Wastewater Infrastructure	G	1,180	2,175	1,674	-	-	-	-	-	-	-
Total Wastewater		**149,671**	**182,245**	**185,150**	**267,123**	**274,269**	**243,123**	**167,029**	**188,603**	**111,861**	**156,120**

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.

WAAHANGA 6
Section 6

NGAA TAKE TAHUA
Financial matters

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 ≥ 8% (Local Government Funding Agency [LGFA] covenant) and maintaining significant debt headroom across the period.

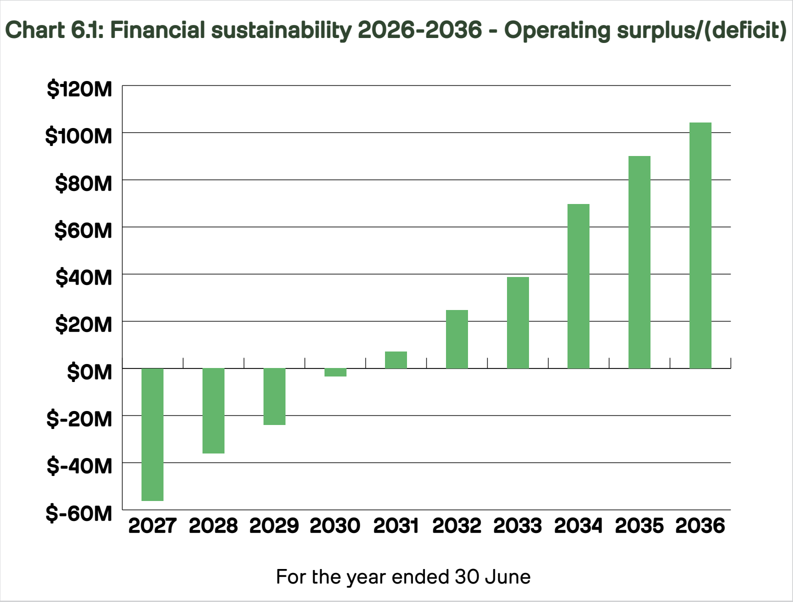
Compared with water services staying in the councils, our strategic financial approach lowers the near-term price path while still addressing the infrastructure deficit. The median residential increase in 2026/27 is $174 (approx. +18.5% for HCC and +6% for WDC due to different starting points), which is materially below the price path indicated in the WSDP[4].

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(WS)A 2025) we must move away from capital value-based charges to fixed and/or volumetric charges. In additional 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 reconsenting 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 costs 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.

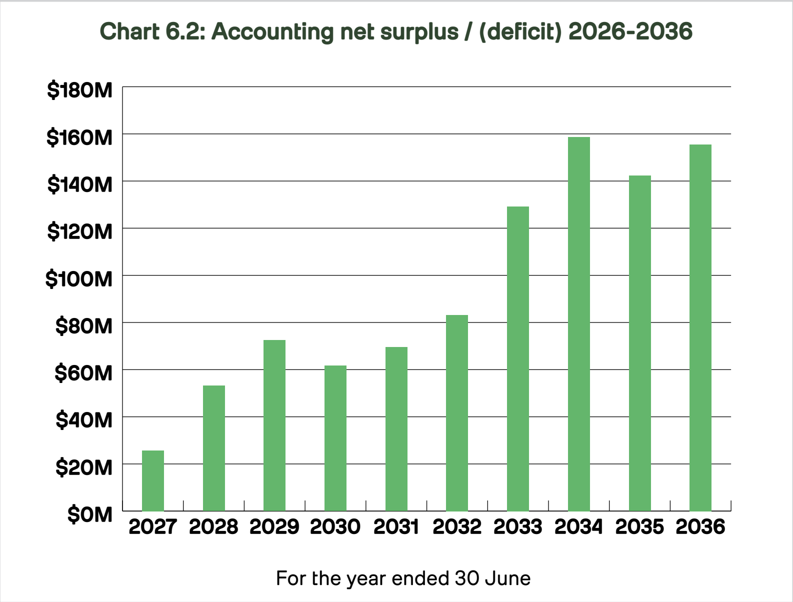
Financial sustainability – our definition and targets
Financial sustainability means water and wastewater operations generate sufficient revenue (excluding capital revenue) to cover operating costs (including depreciation and interest) at prudent service levels, while preserving access to financing for renewals and growth (chart 6.1). In line with the DIA's assessment within the WSDP we are currently projecting to be financially sustainable by June 2031. Over time we must maintain operating surpluses sufficient to both cover operating costs and repay debt.

4 Water Services Policy Water Services Delivery Plans - dia.govt.nz

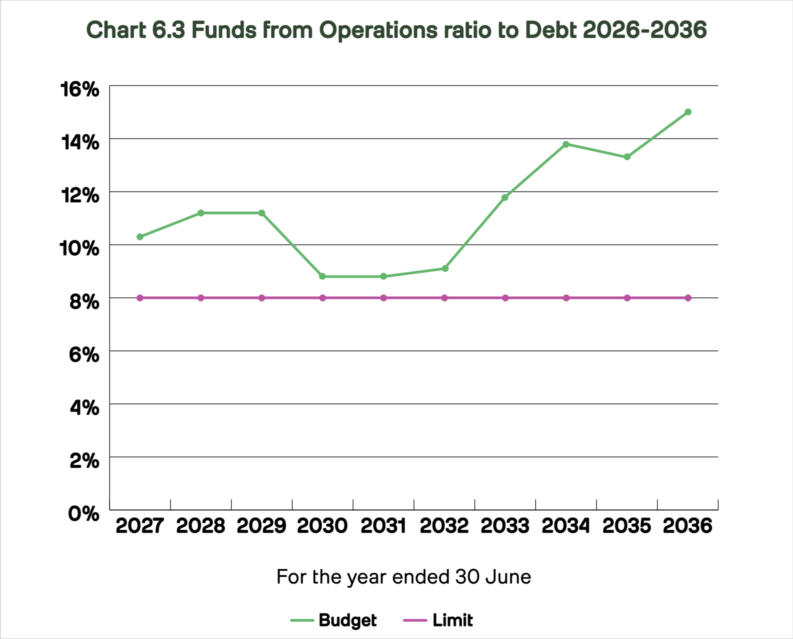


Operating position: Move to positive operating surplus from 2030/31 onward.

Operating surplus/(deficit): Total revenue (excluding capital revenue) less operating costs (including depreciation and interest).



Accounting surplus / (deficit): Total revenue less total expenses.



Debt quality: Maintain FFO/Net Debt ≥ 8%

Headroom: Maintain material debt headroom each year to manage shocks.

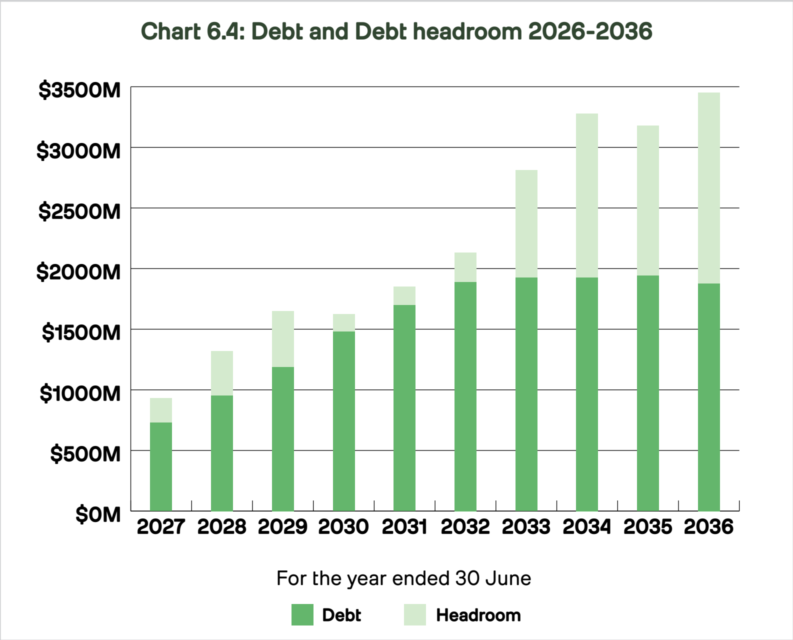
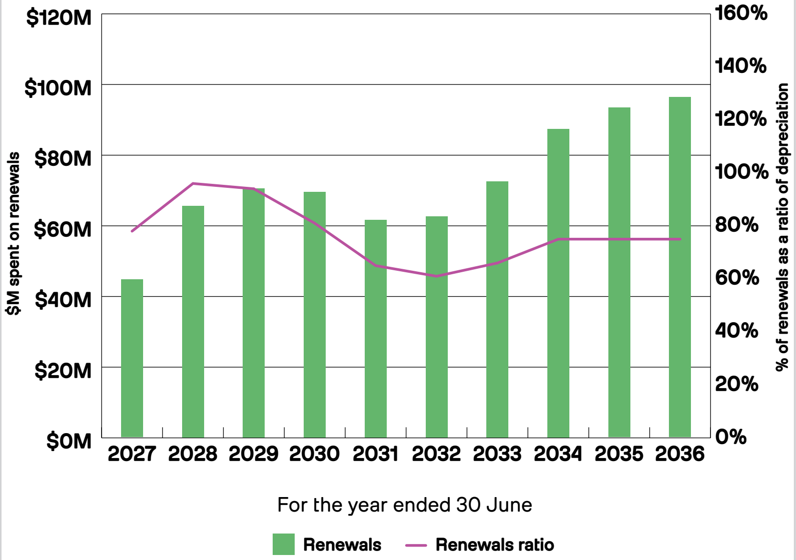


Chart 6.5: Renewals investment to depreciation ratio 2026-2036



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

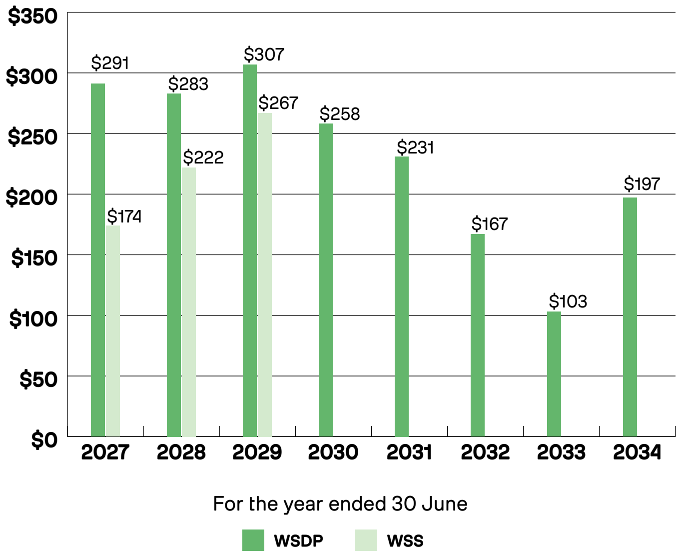


Chart 6.7: Price pathway (annual changes) median residential household 2026-2036 – Waikato District Council

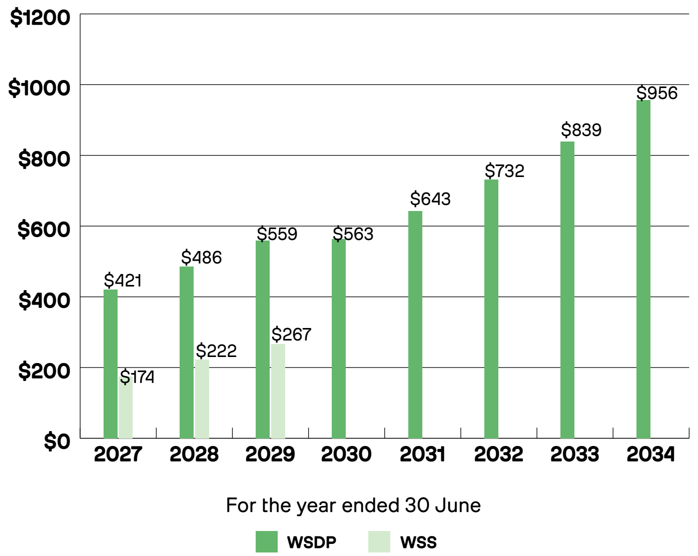
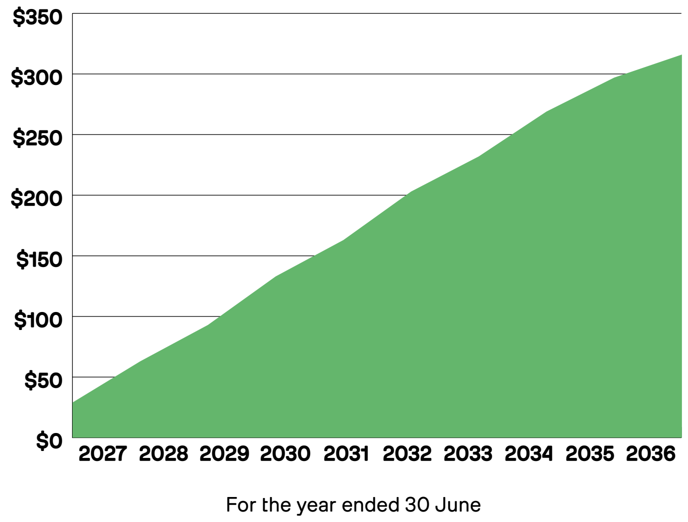


Chart 6.8: Accounting net surplus / (deficit) 2026-2036



Everyday operating cash surplus / (deficit): Operating cash surplus exclude capital revenue, depreciation and financing costs (recognising growth related debt is the primary driver of financing costs).

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 $346M 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 for new residential developments 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 only hold cash investment and no other type of 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

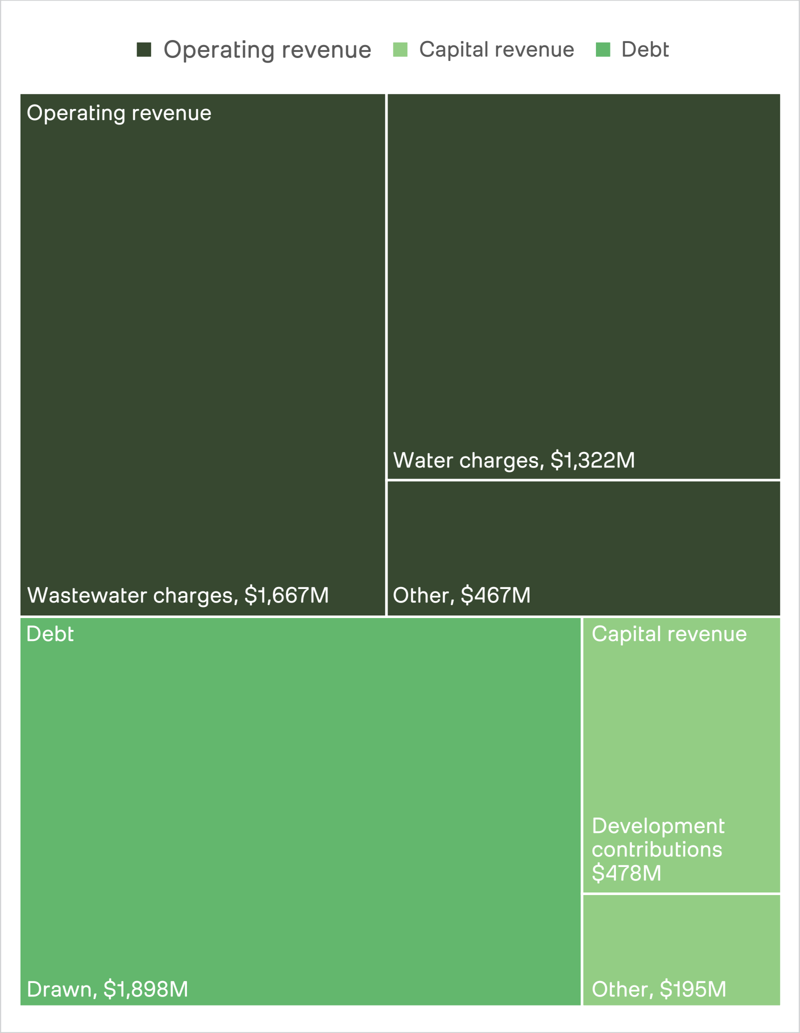
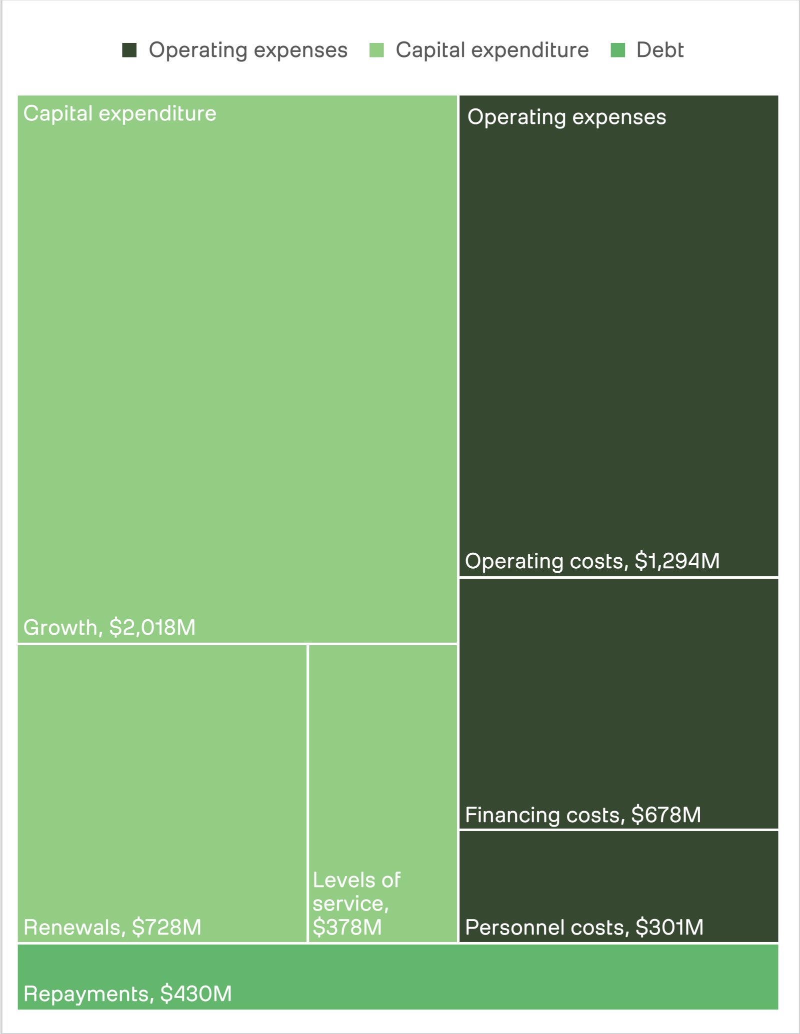


Chart 6.10: Funding applied for the ten years 2026-2036



Prospective financial statements

ALL

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	62,675	76,266	92,143	108,230	125,512	144,840	159,424	174,973	182,879	195,476
Wastewater charges	81,342	97,366	115,392	136,791	158,420	183,934	200,712	220,864	233,064	238,661
Other operating revenue	28,504	30,962	31,388	35,334	38,474	42,112	46,052	50,760	56,072	62,295
Growth charge	-	1,516	2,369	3,237	4,123	5,016	5,937	6,723	7,593	8,471
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	6,091	6,231	6,394	6,435	6,728	7,264	7,187
Other capital revenue	44,893	38,439	38,840	3,865	3,858	201	31,897	32,567	-	-
Total revenue	254,261	295,369	337,721	348,532	388,775	434,340	502,480	542,462	531,867	556,210
Personnel costs	28,256	27,985	28,654	29,178	29,774	30,426	31,024	31,625	31,754	32,263
Operating expenses	114,144	111,871	115,784	116,506	128,181	135,050	140,339	143,266	141,947	146,493
Finance costs	25,757	35,421	45,331	56,565	67,403	83,712	91,913	91,643	90,920	89,446
Depreciation and amortisation	60,441	66,979	75,495	84,692	93,947	101,993	110,041	117,204	125,019	132,530
Total expenses	228,598	242,256	265,263	286,942	319,304	351,181	373,318	383,737	389,639	400,732
Net surplus / (deficit)	**25,664**	**53,112**	**72,457**	**61,591**	**69,470**	**83,158**	**129,162**	**158,725**	**142,227**	**155,479**
Revaluation of infrastructure assets	97,791	111,717	123,094	138,958	155,437	167,780	180,335	197,735	212,345	219,800
Total comprehensive revenue and expenses	**123,455**	**164,830**	**195,552**	**200,548**	**224,907**	**250,938**	**309,497**	**356,460**	**354,572**	**375,279**

Prospective free funds from operations - All

For the year ended 30 June ($,000)	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Operating revenue	217,414	244,550	280,131	287,456	330,386	376,102	444,022	485,886	479,608	504,903
Less Expenses (minus depreciation)	(168,157)	(175,277)	(189,769)	(202,249)	(225,357)	(249,189)	(263,277)	(266,533)	(264,620)	(268,202)
Add back 75% of DC	23,394	33,766	38,732	41,240	39,118	38,883	39,017	37,386	33,746	33,090
Free Funds from operations	**72,651**	**103,039**	**129,094**	**126,446**	**144,147**	**165,796**	**219,762**	**256,738**	**248,734**	**269,791**

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	(8,805)	2,683,990	2,848,820	3,044,372	3,244,920	3,469,827	3,720,765	4,030,262	4,386,722	4,741,295
Issue of Share Capital	2,569,341									
Net surplus / (deficit)	25,664	53,112	72,457	61,591	69,470	83,158	129,162	158,725	142,227	155,479
Revaluation gains	97,791	111,717	123,094	138,958	155,437	167,780	180,335	197,735	212,345	219,800
Equity balance at 30 June	**2,683,990**	**2,848,820**	**3,044,372**	**3,244,920**	**3,469,827**	**3,720,765**	**4,030,262**	**4,386,722**	**4,741,295**	**5,116,573**

ALL

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	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Other current assets	24,874	27,112	29,343	30,849	32,865	35,103	37,277	39,793	40,763	41,313
Infrastructure assets	3,396,372	3,781,686	4,205,550	4,686,377	5,122,054	5,557,014	5,893,393	6,246,335	6,610,447	6,917,802
Other non-current assets	5,995	9,427	14,296	23,177	30,674	38,545	43,751	49,049	53,408	57,374
Total assets	3,447,240	3,838,225	4,269,189	4,760,403	5,205,592	5,650,662	5,994,422	6,355,176	6,724,618	7,036,489
Borrowings – current	125,794	125,794	125,794	3,940	7,181	18,766	15,663	3,301	4,971	0
Other current liabilities	34,881	35,798	36,732	37,629	38,524	39,410	40,308	41,187	42,032	42,489
Borrowings – non-current	602,433	827,672	1,062,150	1,473,774	1,689,920	1,871,580	1,908,048	1,923,826	1,936,180	1,877,286
Other non-current liabilities	141	141	141	141	141	141	141	141	141	141
Total liabilities	763,249	989,405	1,224,817	1,515,483	1,735,765	1,929,897	1,964,159	1,968,454	1,983,323	1,919,916
Net assets	**2,683,990**	**2,848,820**	**3,044,372**	**3,244,920**	**3,469,827**	**3,720,765**	**4,030,262**	**4,386,722**	**4,741,295**	**5,116,573**
Revaluation reserves	97,791	209,508	332,602	471,560	626,997	794,776	975,111	1,172,847	1,385,192	1,604,992
Retained Earnings	16,859	69,971	142,429	204,019	273,489	356,648	485,810	644,535	786,762	942,241
Shareholder Capital	2,569,341	2,569,341	2,569,341	2,569,341	2,569,341	2,569,341	2,569,341	2,569,341	2,569,341	
Total Equity	**2,683,990**	**2,848,820**	**3,044,372**	**3,244,920**	**3,469,827**	**3,720,765**	**4,030,262**	**4,386,722**	**4,741,295**	**5,116,573**

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	142,939	171,788	205,671	243,385	282,226	326,876	358,310	393,662	415,321	433,942
Other operating revenue	28,348	30,462	30,762	34,553	37,431	40,851	44,547	49,107	54,252	60,354
Interest received	60	151	268	429	695	920	1,156	1,313	1,471	1,602
Growth charge	0	1,516	2,369	3,237	4,123	5,016	5,937	6,723	7,593	8,471
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	31,897	32,567	-	-
Payments to employees	(27,854)	(27,902)	(28,576)	(29,125)	(29,711)	(30,356)	(30,960)	(31,562)	(31,743)	(32,213)
Payment to suppliers	(114,144)	(111,037)	(114,928)	(115,662)	(127,349)	(134,234)	(139,505)	(142,450)	(141,113)	(146,101)
Interest paid	(24,339)	(33,946)	(43,793)	(54,964)	(65,750)	(82,005)	(90,205)	(90,767)	(90,920)	(89,446)
Net cashflows from operating activities	81,096	114,494	142,255	140,703	157,681	179,112	233,199	268,440	259,857	280,729
Cashflows from investment activities										
Acquisition of other financial assets	(3,028)	(3,478)	(4,878)	(8,401)	(7,459)	(7,871)	(5,206)	(5,297)	(4,359)	(3,967)
Capital expenditure	(259,480)	(334,778)	(370,318)	(420,471)	(367,956)	(362,780)	(259,650)	(265,682)	(269,522)	(212,898)
Net cashflows from investment activities	(262,507)	(338,257)	(375,196)	(428,872)	(375,415)	(370,651)	(264,856)	(270,979)	(273,881)	(216,864)
Cashflows from financing activities										
Increase/(decrease) in borrowings	201,412	223,763	232,941	288,168	217,734	191,538	31,657	2,540	14,024	(63,865)
Net cashflows from financing activities	201,412	223,763	232,941	288,168	217,734	191,538	31,657	2,540	14,024	(63,865)
Net increase/decrease) in cash and cash equivalents	20,000	-	-	-	-	-	-	-	-	-
Cash and cash equivalents at beginning of year	-	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Cash and cash equivalents at end of year	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000

WATER

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	62,675	76,266	92,143	108,230	125,512	144,840	159,424	174,973	182,879	195,476
Other operating revenue	1,063	1,102	170	261	379	461	583	712	859	1,034
Growth charge	0	606	947	1,295	1,649	2,006	2,375	2,689	3,037	3,389
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	36,350	35,019	60	61	63	64	65	-	-
Total revenue	121,249	134,860	148,524	132,014	149,292	169,368	184,344	199,553	205,646	217,718
Personnel costs	4,188	4,269	4,346	4,425	4,537	4,670	4,787	4,902	4,782	4,859
Operating expenses	54,113	50,000	50,961	52,785	55,321	56,566	57,351	56,770	55,515	56,883
Finance costs	8,632	12,175	16,585	21,355	24,377	28,802	31,168	30,636	31,158	30,810
Depreciation and amortisation	23,677	26,759	31,339	36,553	40,838	43,660	46,540	49,159	51,958	55,960
Total expenses	90,610	93,204	103,231	115,118	125,073	133,698	139,845	141,467	143,413	148,512
Net surplus / (deficit)	**30,638**	**41,657**	**45,292**	**16,896**	**24,219**	**35,670**	**44,498**	**58,087**	**62,233**	**69,205**
Revaluation of infrastructure assets	42,654	49,508	57,872	65,635	71,401	78,642	84,994	91,313	101,240	107,169
Total comprehensive revenue and expenses	**73,292**	**91,165**	**103,164**	**82,531**	**95,620**	**114,312**	**129,492**	**149,399**	**163,473**	**176,374**

Prospective statement of changes in equity - water

For the year ended 30 June ($,000)	2027	2028	2029	2030	2031	2032	2033	3034	2035	2036
Equity balance at 1 July	(4,403)	1,152,681	1,243,846	1,347,011	1,429,541	1,525,161	1,639,473	1,768,965	1,918,364	2,081,837
Issue of Share Capital	1,083,792									
Net surplus / (deficit)	30,638	41,657	45,292	16,896	24,219	35,670	44,498	58,087	62,233	69,205
Revaluation gains	42,654	49,508	57,872	65,635	71,401	78,642	84,994	91,313	101,240	107,169
Equity balance at 30 June	**1,152,681**	**1,243,846**	**1,347,011**	**1,429,541**	**1,525,161**	**1,639,473**	**1,768,965**	**1,918,364**	**2,081,837**	**2,258,211**

WATER

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	7,400	7,400	7,400	7,400	7,400	7,400	7,400	7,400	7,400	7,400
Other current assets	12,552	13,664	14,790	15,799	16,841	17,975	19,078	20,350	20,851	21,148
Infrastructure assets	1,390,662	1,567,978	1,781,765	1,966,332	2,092,769	2,249,652	2,382,984	2,504,578	2,714,068	2,824,576
Other non-current assets	1,538	3,262	5,466	8,312	9,562	11,853	13,924	15,405	17,318	18,259
Total assets	1,412,152	1,592,304	1,809,421	1,997,844	2,126,572	2,286,879	2,423,385	2,547,733	2,759,637	2,871,383
Borrowings - current	44,213	44,213	44,213	1,248	1,631	3,001	2,634	1,555	2,504	-
Other current liabilities	12,297	12,756	13,223	13,671	14,119	14,562	15,011	15,450	15,873	15,898
Borrowings – non current	202,904	291,433	404,918	553,326	585,604	629,788	636,719	612,308	659,368	597,219
Other non-current liabilities	56	56	56	56	56	56	56	56	56	56
Total liabilities	259,471	348,458	462,410	568,302	601,411	647,406	654,420	629,369	677,801	613,173
Net assets	**1,152,681**	**1,243,846**	**1,347,011**	**1,429,541**	**1,525,161**	**1,639,473**	**1,768,965**	**1,918,364**	**2,081,837**	**2,258,211**
Revaluation reserves	42,654	92,162	150,034	215,669	287,070	365,712	450,706	542,018	643,258	750,427
Retained Earnings	26,236	67,893	113,185	130,081	154,300	189,969	234,467	292,554	354,787	423,992
Shareholder Capital	1,083,792	1,083,792	1,083,792	1,083,792	1,083,792	1,083,792	1,083,792	1,083,792	1,083,792	
Total Equity	**1,152,681**	**1,243,846**	**1,347,011**	**1,429,541**	**1,525,161**	**1,639,473**	**1,768,965**	**1,918,364**	**2,081,837**	**2,258,211**

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	61,956	75,344	91,211	107,412	124,659	143,891	158,511	173,885	182,568	195,378
Other operating revenue	998	881	(106)	(79)	(44)	4	53	124	222	344
Interest received	18	46	98	164	249	287	356	418	462	520
Growth charges	-	606	947	1,295	1,649	2,006	2,375	2,689	3,037	3,389
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	36,350	35,019	60	61	63	64	65	-	-
Payments to employees	(3,987)	(4,227)	(4,307)	(4,398)	(4,506)	(4,635)	(4,755)	(4,871)	(4,777)	(4,834)
Payment to suppliers	(54,113)	(49,599)	(50,548)	(52,379)	(54,920)	(56,173)	(56,950)	(56,377)	(55,113)	(56,913)
Interest paid	(8,486)	(12,023)	(16,427)	(21,190)	(24,206)	(28,627)	(30,992)	(30,546)	(31,158)	(30,810)
Net cashflows from operating activities	51,911	65,880	74,044	50,916	62,447	76,571	88,302	104,141	111,565	122,372
Cashflows from investment activities										
Acquisition of other financial assets	(951)	(1,724)	(2,204)	(2,847)	(1,250)	(2,291)	(2,071)	(1,482)	(1,913)	(941)
Capital expenditure	(109,808)	(152,533)	(185,167)	(153,348)	(93,687)	(119,657)	(92,620)	(77,079)	(157,661)	(56,778)
Net cashflows from investment activities	(110,759)	(154,257)	(187,371)	(156,195)	(94,937)	(121,948)	(94,691)	(78,561)	(159,574)	(57,719)
Cashflows from financing activities										
Increase/(decrease) in borrowings	66,248	88,377	113,327	105,279	32,491	45,377	6,389	(25,581)	48,009	(64,653)
Net cashflows from financing activities	66,248	88,377	113,327	105,279	32,491	45,377	6,389	(25,581)	48,009	(64,653)
Net increase/(decrease) in cash and cash equivalents	7,400	(0)	(0)	(0)	0	(0)	(0)	(0)	0	(0)
Cash and cash equivalents at beginning of year	0	7,400	7,400	7,400	7,400	7,400	7,400	7,400	7,400	7,400
Cash and cash equivalents at end of year	7,400	7,400	7,400	7,400	7,400	7,400	7,400	7,400	7,400	7,400

WASTEWATER

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	82,252	97,366	115,392	136,791	158,420	183,934	200,712	220,864	233,064	238,661
Other operating revenue	17,503	20,587	21,490	24,929	27,667	30,865	34,599	38,864	43,791	49,607
Growth charge	0	910	1,421	1,942	2,474	3,009	3,562	4,034	4,556	5,083
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	2,090	3,820	3,805	3,797	138	31,833	32,502	0	0
Total revenue	123,984	151,235	179,470	206,375	229,055	254,186	307,267	331,726	314,798	326,838
Operating expenses	7,953	8,159	8,368	8,519	8,706	8,922	9,111	9,300	9,255	9,404
Finance costs	67,116	68,155	71,036	69,811	78,963	84,532	89,244	92,735	92,726	95,956
Depreciation and amortisation	17,125	23,245	28,745	35,211	43,026	54,910	60,746	61,007	59,762	58,636
Total expenses	36,764	40,220	44,155	48,139	53,109	58,333	63,501	68,045	73,061	76,569
Net surplus / (deficit)	**128,959**	**139,779**	**152,305**	**161,680**	**183,804**	**206,697**	**222,603**	**231,088**	**234,804**	**240,565**
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	**50,162**	**71,453**	**92,387**	**118,017**	**126,721**	**136,627**	**180,005**	**203,584**	**191,100**	**198,905**

Prospective statement of changes in equity - wastewater

For the year ended 30 June ($,000)	2027	2028	2029	2030	2031	2032	2033	3034	2035	2036
Equity balance at 1 July	(4,403)	1,531,247	1,602,700	1,695,087	1,813,105	1,939,826	2,076,453	2,256,458	2,460,042	2,651,142
Issue of Share Capital	1,485,487									
Net surplus / (deficit)	(4,975)	11,456	27,165	44,695	45,252	47,489	84,664	100,638	79,994	86,273
Revaluation gains	55,137	59,998	65,222	73,323	81,469	89,138	95,341	102,946	111,105	112,631
Equity balance at 30 June	**1,531,247**	**1,602,700**	**1,695,087**	**1,813,105**	**1,939,826**	**2,076,453**	**2,256,458**	**2,460,042**	**2,651,142**	**2,850,046**

WASTEWATER

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	12,600	12,600	12,600	12,600	12,600	12,600	12,600	12,600	12,600	12,600
Other current assets	12,321	13,448	14,553	15,050	16,024	17,128	18,200	19,442	19,912	20,164
Infrastructure assets	2,005,648	2,211,433	2,421,511	2,717,771	3,024,445	3,302,523	3,505,570	3,733,441	3,888,063	4,084,910
Other non-current assets	4,457	6,166	8,830	14,864	21,112	26,692	29,828	33,643	36,090	39,115
Total assets	2,035,026	2,243,647	2,457,494	2,760,286	3,074,181	3,358,943	3,566,197	3,799,127	3,956,665	4,156,790
Borrowings - current	81,581	81,581	81,581	2,691	5,549	15,765	13,029	1,746	2,467	-
Other current liabilities	22,583	23,042	23,509	23,957	24,405	24,848	25,297	25,736	26,159	26,591
Borrowings – non current	399,529	536,239	657,232	920,447	1,104,315	1,241,792	1,271,329	1,311,517	1,276,812	1,280,067
Other non-current liabilities	85	85	85	85	85	85	85	85	85	85
Total liabilities	503,779	640,947	762,407	947,181	1,134,355	1,282,490	1,309,739	1,339,085	1,305,523	1,306,743
Net assets	**1,531,247**	**1,602,700**	**1,695,087**	**1,813,105**	**1,939,826**	**2,076,453**	**2,256,458**	**2,460,042**	**2,651,142**	**2,850,046**
Revaluation reserves	55,137	115,135	180,357	253,680	335,149	424,287	519,628	622,574	733,680	846,311
Retained Earnings	(9,377)	2,078	29,244	73,938	119,190	166,679	251,343	351,981	431,975	518,248
Shareholder Capital	1,485,487	1,485,487	1,485,487	1,485,487	1,485,487	1,485,487	1,485,487	1,485,487	1,485,487	
Total Equity	**1,531,247**	**1,602,700**	**1,695,087**	**1,813,105**	**1,939,826**	**2,076,453**	**2,256,458**	**2,460,042**	**2,651,142**	**2,850,046**

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	81,892	96,444	114,460	135,973	157,567	182,985	199,799	219,777	232,753	238,564
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	43	105	171	265	446	633	801	895	1,009	1,083
Growth charge	-	910	1,421	1,942	2,474	3,009	3,562	4,034	4,556	5,083
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	2,090	3,820	3,805	3,797	138	31,833	32,502	-	-
Payments to employees	(7,753)	(8,118)	(8,329)	(8,493)	(8,674)	(8,887)	(9,079)	(9,269)	(9,249)	(9,379)
Payment to suppliers	(67,116)	(67,722)	(70,593)	(69,373)	(78,532)	(84,109)	(88,812)	(92,312)	(92,294)	(95,534)
Interest paid	(15,853)	(21,922)	(27,366)	(33,774)	(41,544)	(53,378)	(59,214)	(60,221)	(59,762)	(58,636)
Net cashflows from operating activities	29,184	48,613	68,211	89,787	95,235	102,542	144,897	164,298	148,292	158,357
Cashflows from investment activities										
Acquisition of other financial assets	(2,077)	(1,754)	(2,675)	(5,554)	(6,209)	(5,580)	(3,136)	(3,815)	(2,446)	(3,026)
Capital expenditure	(149,671)	(182,245)	(185,150)	(267,123)	(274,269)	(243,123)	(167,029)	(188,603)	(111,861)	(156,120)
Net cashflows from investment activities	(151,748)	(184,000)	(187,825)	(272,677)	(280,478)	(248,703)	(170,165)	(192,418)	(114,308)	(159,146)
Cashflows from financing activities										
Increase/(decrease) in borrowings	135,164	135,386	119,614	182,890	185,244	146,161	25,268	28,120	(33,985)	788
Net cashflows from financing activities	135,164	135,386	119,614	182,890	185,244	146,161	25,268	28,120	(33,985)	788
Net increase/(decrease) in cash and cash equivalents	12,600	-	-	-	-	-	-	-	-	-
Cash and cash equivalents at beginning of year	-	12,600	12,600	12,600	12,600	12,600	12,600	12,600	12,600	12,600
Cash and cash equivalents at end of year	12,600	12,600	12,600	12,600	12,600	12,600	12,600	12,600	12,600	12,600

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 18 June 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%

Asset type	Year	%
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										
Local authority general rates, uniform annual general charge, rates penalties	-	-	-	-	-	-	-	-	-	-
Local authority targeted rates	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
Fees and charges										
- Water organisation charges	163,805	195,552	229,320	270,184	311,694	359,601	394,593	434,541	459,571	483,635
- other fees and charges	8,656	8,891	9,335	9,741	10,016	10,365	10,439	10,743	10,972	11,195
Transfer in from other water services	-	-	-	-	-	-	-	-	-	-
Interest and dividends from investments	60	151	268	429	695	920	1,156	1,313	1,471	1,602
Fines, infringement fees and other receipts	-	-	-	-	-	-	-	-	-	-
Total operating funds	172,521	204,594	238,923	280,354	322,405	370,886	406,188	446,596	472,015	496,432
Application of Operating Funding										
Payments to staff and suppliers	142,400	139,856	144,438	145,684	157,955	165,477	171,364	174,890	173,701	178,756
Finance costs	24,339	33,946	43,793	54,964	65,750	82,005	90,205	90,767	90,920	89,446
Other operating applications	-	-	-	-	-	-	-	-	-	-
Transfer out to other water services	-	-	-	-	-	-	-	-	-	-
Total application of operating funds	166,739	173,802	188,231	200,648	223,704	247,481	261,569	265,657	264,620	268,202
Surplus/(deficit) of operating funding	**5,782**	**30,792**	**50,692**	**79,706**	**98,701**	**123,405**	**144,619**	**180,939**	**207,395**	**228,230**
Sources of Capital Funding										
Subsidies and grants for capital	44,893	38,439	38,840	3,865	3,858	201	31,897	32,567	-	-
Development, infrastructure growth charges and financial contributions	31,192	46,538	54,011	58,223	56,281	56,859	57,960	56,570	52,588	52,591
Increase / (decrease) in debt	201,412	223,763	232,941	288,168	217,734	191,538	31,657	2,540	14,024	(63,865)
Repayment of loans from non-water services	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
Local authority lump sum contributions	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding	277,497	308,740	325,791	350,256	277,873	248,598	121,514	91,677	66,612	(11,274)
Application of Capital Funding										
Capital expenditure:										
- to meet additional demand	129,758	169,110	251,618	335,371	292,862	272,800	170,339	159,677	138,022	98,370
- to improve level of services	84,311	99,799	48,063	15,576	13,273	27,145	16,012	18,468	37,872	17,106
- to replace existing assets	45,410	65,870	70,637	69,524	61,821	62,835	73,298	87,537	93,628	97,422
Increase/(decrease) in working capital	20,771	1,276	1,287	1,090	1,158	1,352	1,277	1,636	126	92
Loans advanced to non-water services	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) of investments	3,028	3,478	4,878	8,401	7,459	7,871	5,206	5,297	4,359	3,967
Total application of capital funding	283,279	339,532	376,483	429,962	376,574	372,003	266,133	272,616	274,007	216,956
Surplus/(deficit) of capital funding	**(5,782)**	**(30,792)**	**(50,692)**	**(79,706)**	**(98,701)**	**(123,405)**	**(144,619)**	**(180,939)**	**(207,395)**	**(228,230)**
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										
Local authority general rates, uniform annual general charge, rates penalties	-	-	-	-	-	-	-	-	-	-
Local authority targeted rates	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
Fees and charges										
- Water organisation charges	63,720	77,928	93,163	109,622	127,291	147,020	162,026	177,956	186,313	199,378
- other fees and charges	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-
Transfer in from other water services	-	-	-	-	-	-	-	-	-	-
Interest and dividends from investments	18	46	98	164	249	287	356	418	462	520
Fines, infringement fees and other receipts	-	-	-	-	-	-	-	-	-	-
Total operating funds	63,738	77,974	93,261	109,786	127,540	147,307	162,382	178,374	186,775	199,898
Application of Operating Funding										
Payments to staff and suppliers	39,121	39,146	40,747	44,153	46,713	47,932	48,659	47,744	45,923	47,016
Finance costs	8,486	12,023	16,427	21,190	24,206	28,627	30,992	30,546	31,158	30,810
Internal charges and overheads applied	19,180	15,123	14,560	13,057	13,146	13,304	13,479	13,928	14,374	14,726
Other operating applications	-	-	-	-	-	-	-	-	-	-
Transfer out to other water services	-	-	-	-	-	-	-	-	-	-
Total application of operating funds	66,787	66,292	71,733	78,400	84,065	89,863	93,130	92,218	91,455	92,552
Surplus/(deficit) of operating funding	**(3,049)**	**11,682**	**21,528**	**31,386**	**43,476**	**57,445**	**69,252**	**86,156**	**95,321**	**107,345**
Sources of Capital Funding										
Subsidies and grants for capital	44,097	36,350	35,019	60	61	63	64	65	0	0
Development, infrastructure growth charges and financial 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	66,248	88,377	113,327	105,279	32,491	45,377	6,389	(25,581)	48,009	(64,653)
Repayment of loans from non-water services	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
Local authority lump sum contributions	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding	121,774	143,229	166,502	125,370	52,056	65,194	26,093	6,762	64,331	49,355
Application of Capital Funding										
Capital expenditure:										
- to meet additional demand	68,432	89,797	126,127	126,773	69,958	82,423	63,127	40,001	102,071	14,851
- to improve level of services	27,301	36,894	29,195	4,793	5,354	18,542	4,669	7,258	21,887	2,634
- to replace existing assets	14,075	25,842	29,845	21,782	18,375	18,692	24,824	29,821	33,703	39,293
Increase/(decrease) in working capital	7,965	653	659	561	594	691	654	833	78	272
Loans advanced to non-water services	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) of investments	951	1,724	2,204	2,847	1,250	2,291	2,071	1,482	1,913	941
Total application of capital funding	118,725	154,911	188,030	156,756	95,531	122,639	95,345	79,394	159,652	57,991
Surplus/(deficit) of capital funding	**3,049**	**(11,682)**	**(21,528)**	**(31,386)**	**(43,476)**	**(57,445)**	**(69,252)**	**(86,156)**	**(95,321)**	**(107,345)**
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										
Local authority general rates, uniform annual general charge, rates penalties	-	-	-	-	-	-	-	-	-	-
Local authority targeted rates	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
Fees and charges										
- Water organisation charges	99,712	118,757	138,133	163,397	188,114	217,174	238,072	262,867	280,401	292,269
- other fees and charges	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-
Transfer in from other water services	-	-	-	-	-	-	-	-	-	-
Interest and dividends from investments	43	105	171	265	446	633	801	895	1,009	1,083
Fines, infringement fees and other receipts	-	-	-	-	-	-	-	-	-	-
Total operating funds	99,755	118,862	138,303	163,662	188,560	217,808	238,873	263,762	281,411	293,351
Application of Operating Funding										
Payments to staff and suppliers	55,526	60,818	64,462	64,881	74,121	79,739	84,457	87,677	87,168	90,185
Finance costs	15,853	21,922	27,366	33,774	41,544	53,378	59,214	60,221	59,762	58,636
Internal charges and overheads applied	19,544	15,496	14,943	13,449	13,547	13,715	13,899	14,358	14,813	15,175
Other operating applications	-	-	-	-	-	-	-	-	-	-
Transfer out to other water services	-	-	-	-	-	-	-	-	-	-
Total application of operating funds	90,923	98,236	106,770	112,105	129,212	146,832	157,570	162,256	161,743	163,996
Surplus/(deficit) of operating funding	**8,832**	**20,626**	**31,533**	**51,557**	**59,348**	**70,975**	**81,304**	**101,506**	**119,667**	**129,356**
Sources of Capital Funding										
Subsidies and grants for capital	796	2,090	3,820	3,805	3,797	138	31,833	32,502	0	0
Development, infrastructure growth charges and financial 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	135,164	135,386	119,614	182,890	185,244	146,161	25,268	28,120	(33,985)	788
Repayment of loans from non-water services	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
Local authority lump sum contributions	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding	155,723	163,996	156,920	221,649	221,694	178,389	89,484	91,716	5,312	29,610
Application of Capital Funding										
Capital expenditure:										
- to meet additional demand	61,326	79,313	125,490	208,598	222,904	190,377	107,212	119,676	35,951	83,520
- to improve level of services	57,011	62,905	18,868	10,782	7,920	8,602	11,343	11,210	15,986	14,471
- to replace existing assets	31,335	40,028	40,792	47,742	43,446	44,143	48,475	57,717	59,925	58,129
Increase/decrease) in working capital	12,806	622	628	530	564	661	623	803	47	(180)
Loans advanced to non-water services	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) of investments	2,077	1,754	2,675	5,554	6,209	5,580	3,136	3,815	2,446	3,026
Total application of capital funding	164,554	184,622	188,453	273,206	281,042	249,364	170,788	193,222	114,355	158,966
Surplus/(deficit) of capital funding	**(8,832)**	**(20,626)**	**(31,533)**	**(51,557)**	**(59,348)**	**(70,975)**	**(81,304)**	**(101,506)**	**(119,667)**	**(129,356)**
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										
Local authority general rates, uniform annual general charge, rates penalties	-	-	-	-	-	-	-	-	-	-
Local authority targeted rates	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
Fees and charges	-	-	-	-	-	-	-	-	-	-
- Water organisation charges	373	382	392	402	412	421	431	440	450	460
- other fees and charges	8,656	8,891	9,335	9,741	10,016	10,365	10,439	10,743	10,972	11,195
Internal charges and overheads recovered	38,421	30,307	29,183	26,179	26,358	26,677	27,027	27,928	28,821	29,527
Transfer in from other water services	-	-	-	-	-	-	-	-	-	-
Interest and dividends from investments	-	-	-	-	-	-	-	-	-	-
Fines, infringement fees and other receipts	-	-	-	-	-	-	-	-	-	-
Total operating funds	47,450	39,580	38,910	36,323	36,785	37,463	37,897	39,111	40,243	41,181
Application of Operating Funding										
Payments to staff and suppliers	47,450	39,580	38,910	36,323	36,785	37,463	37,897	39,111	40,243	41,181
Finance costs	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	-	-	-	-	-	-	-	-	-	-
Other operating applications	-	-	-	-	-	-	-	-	-	-
Transfer out to other water services	-	-	-	-	-	-	-	-	-	-
Total application of operating funds	47,450	39,580	38,910	36,323	36,785	37,463	37,897	39,111	40,243	41,181
Surplus/(deficit) of operating funding	-	-	-	-	-	-	-	-	-	-
Sources of Capital Funding										
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
Development, infrastructure growth charges and financial contributions	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in debt	-	-	-	-	-	-	-	-	-	-
Repayment of loans from non-water services	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sales of assets	-	-	-	-	-	-	-	-	-	-
Local authority lump sum contributions	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
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 working capital	-	-	-	-	-	-	-	-	-	-
Loans advanced to non-water services	-	-	-	-	-	-	-	-	-	-
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	All rating units: • 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 used for residential purposes that do not meet the definition of the Commercial Hamilton Water Supply Category; and: • 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	All rating units that do not meet the definition of the Commercial or Multi-residential Hamilton Water Supply Categories.

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 art 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: • 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 used for residential purposes that do not meet the definition of the Commercial Hamilton Wastewater Supply Category; and: • 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 used for residential purposes that meet the definition of Schedule 1 Part 1 Clause 6 of the Local Government (Rating) Act 2002. This category excludes any residential use, including accommodation provided for staff, caretakers, or students.
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.

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

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 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 introducing a Water Supply Growth Charge and a Wastewater Growth Charge on new water and wastewater connections for new residential dwellings 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 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.

A Water Supply and Wastewater Growth Charge for new non-residential developments will be considered through the 2027-2037 Water Services Strategy.

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
- Additional dwellings of 70m2 or less for which no resource or building consent is required (i.e. a secondary minor dwelling such as a granny flat) is treated as ½ a HUE (i.e. half charges will apply)
- Multi-unit developments will be charged on the basis that each additional residential unit is equivalent to one HUE.
- Where redevelopment occurs, the growth charges apply only to the net increase in demand.
- Although papakaainga housing developments are subject to growth charges as set out in the Water Services Strategy, IAWAI will waive the requirement to pay growth charges where the development meets:
  - Legislation and national direction regarding the enablement of papakaainga housing; and,
  - The intent of the relevant shareholding Council's District Plan definitions.

  The decision to waive growth charges for papakaainga housing aligns with the Government's objectives to support Maaori housing outcomes and papakaainga development.

  The ongoing application and quantum of the annual waiver is subject to review under IAWAI's Waiver Policy.
- The water supply growth charge does not apply to properties on restricted water supply until full connection is achieved.

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 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.

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

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 IAWAIs 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.

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 for new residential developments 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 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 i.e. a secondary minor dwelling such as a granny flat, are treated as ½ a HUE. Consideration of the growth charge for new non-residential developments will be given through the 2027-2037 Water Services Strategy.

WAAHANGA 7
Section 7

TITIRO WHAKAMUA - 30 TAU
Looking ahead - A 30-Year view

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
- 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.

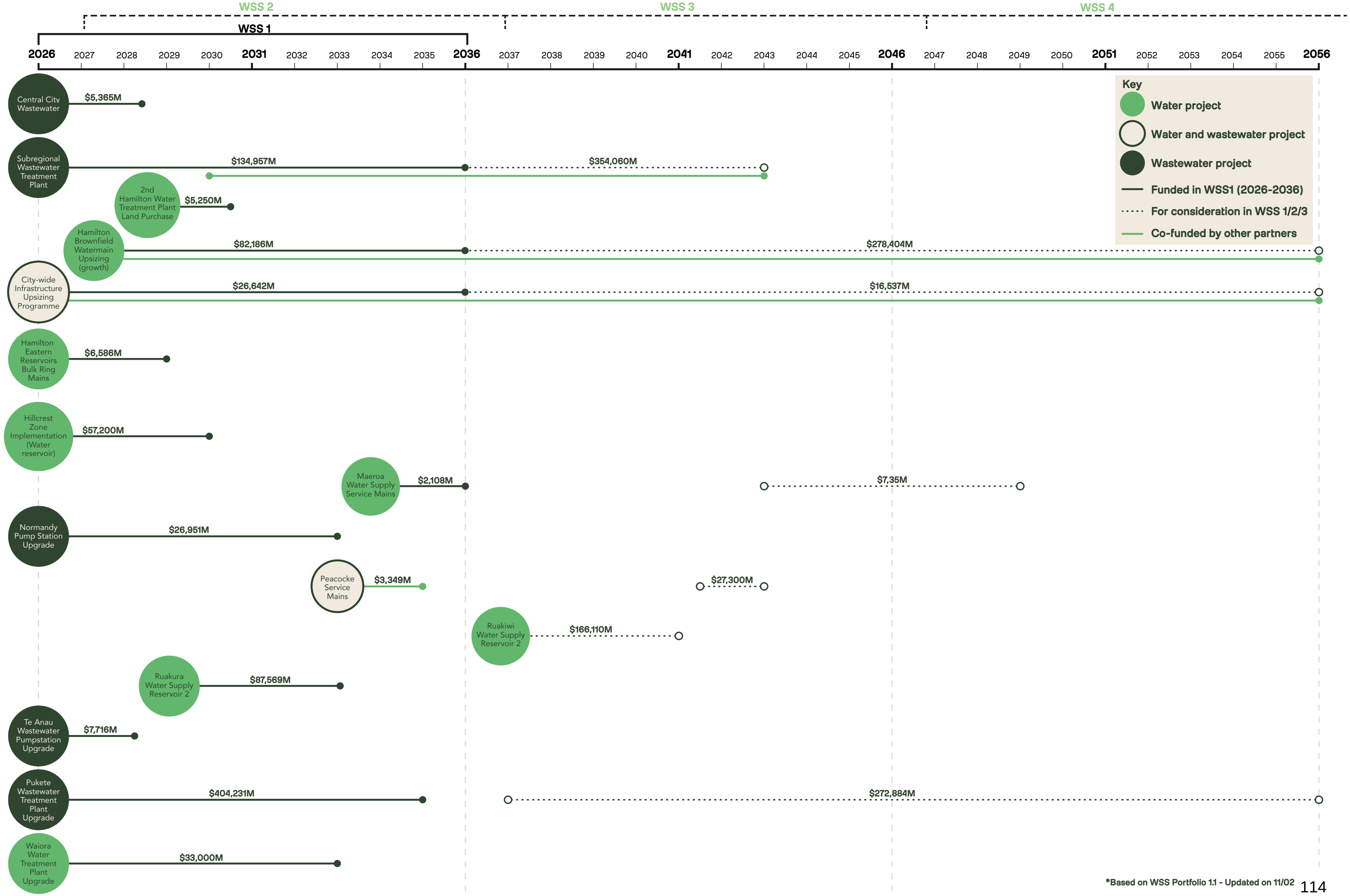
The capital works programme informing this WSS will be reviewed for the 2027–2037 strategy and will guide IAWAI's SAMP, AMP, and IDP.

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 on the next page.

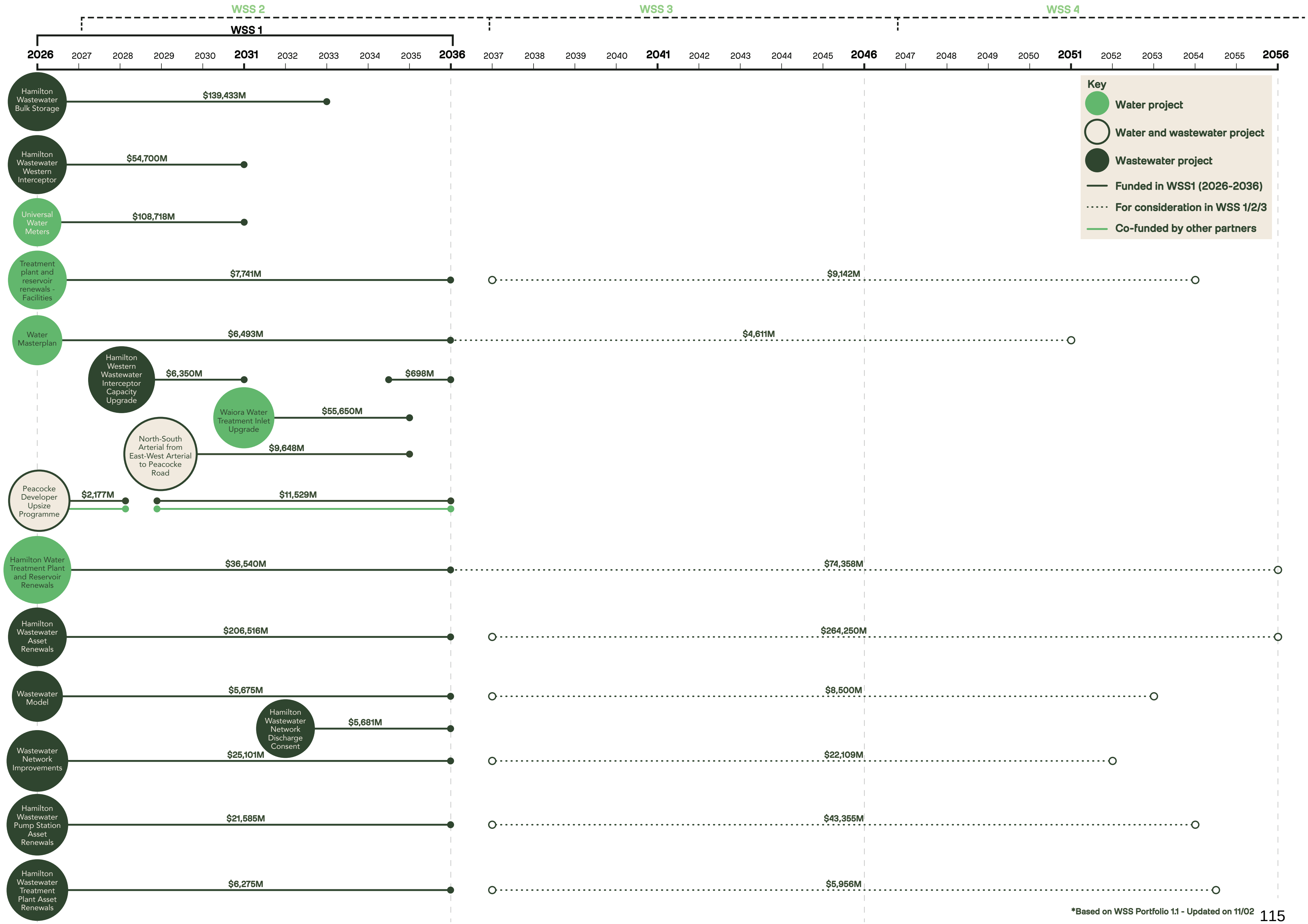
5 A Strategic Asset Management Plan defines the overall direction for asset management within the organisation. It explains how asset management aligns with strategic priorities, objectives, policies, and outcomes.
6 An Asset Management Plan provides detailed, operational guidance for managing assets 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.
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.

Looking ahead - The next 30 years

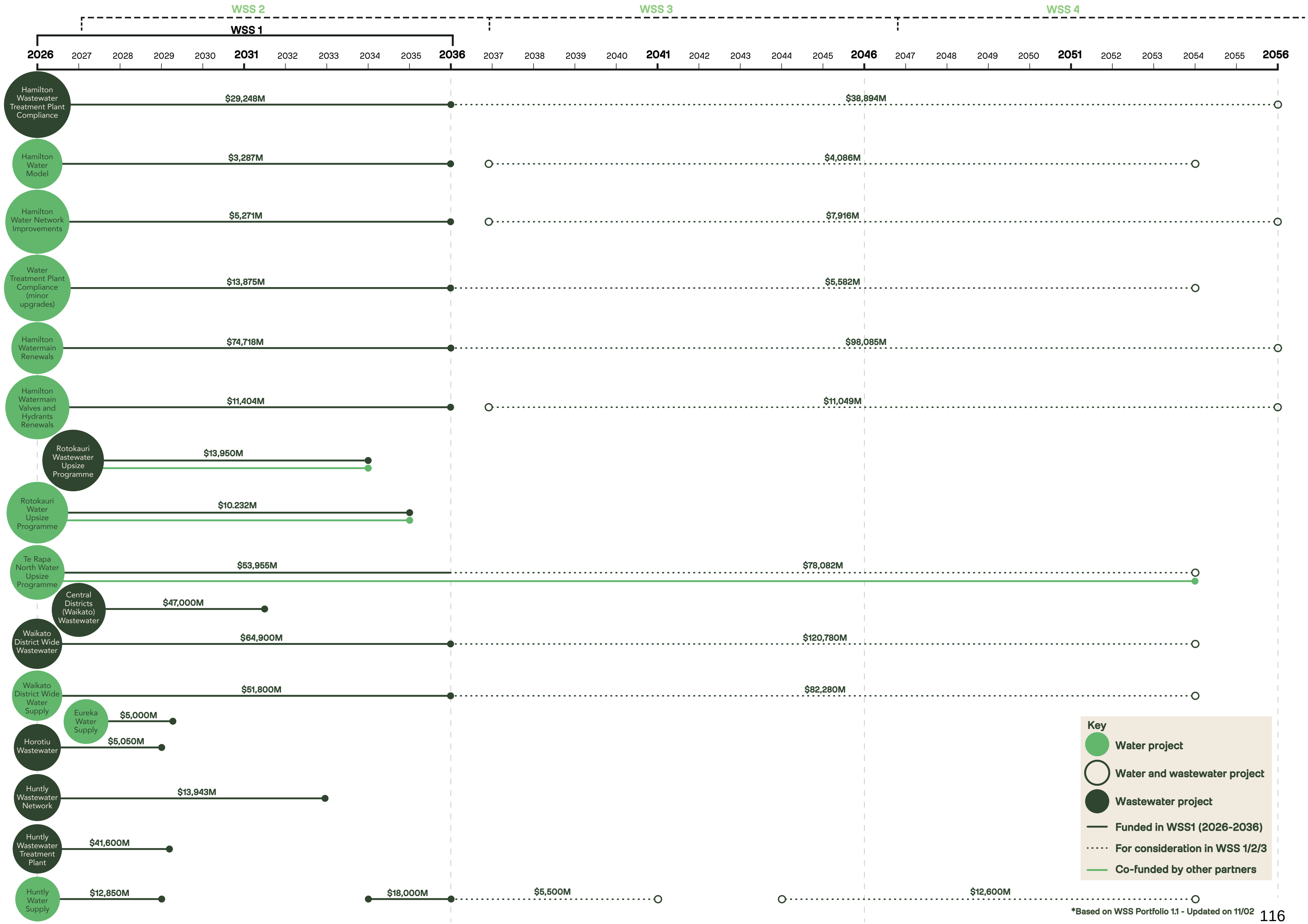
Significant capital expenditure* decisions required over subsequent WSS cycles (only projects over $5m shown and not inflation adjusted)



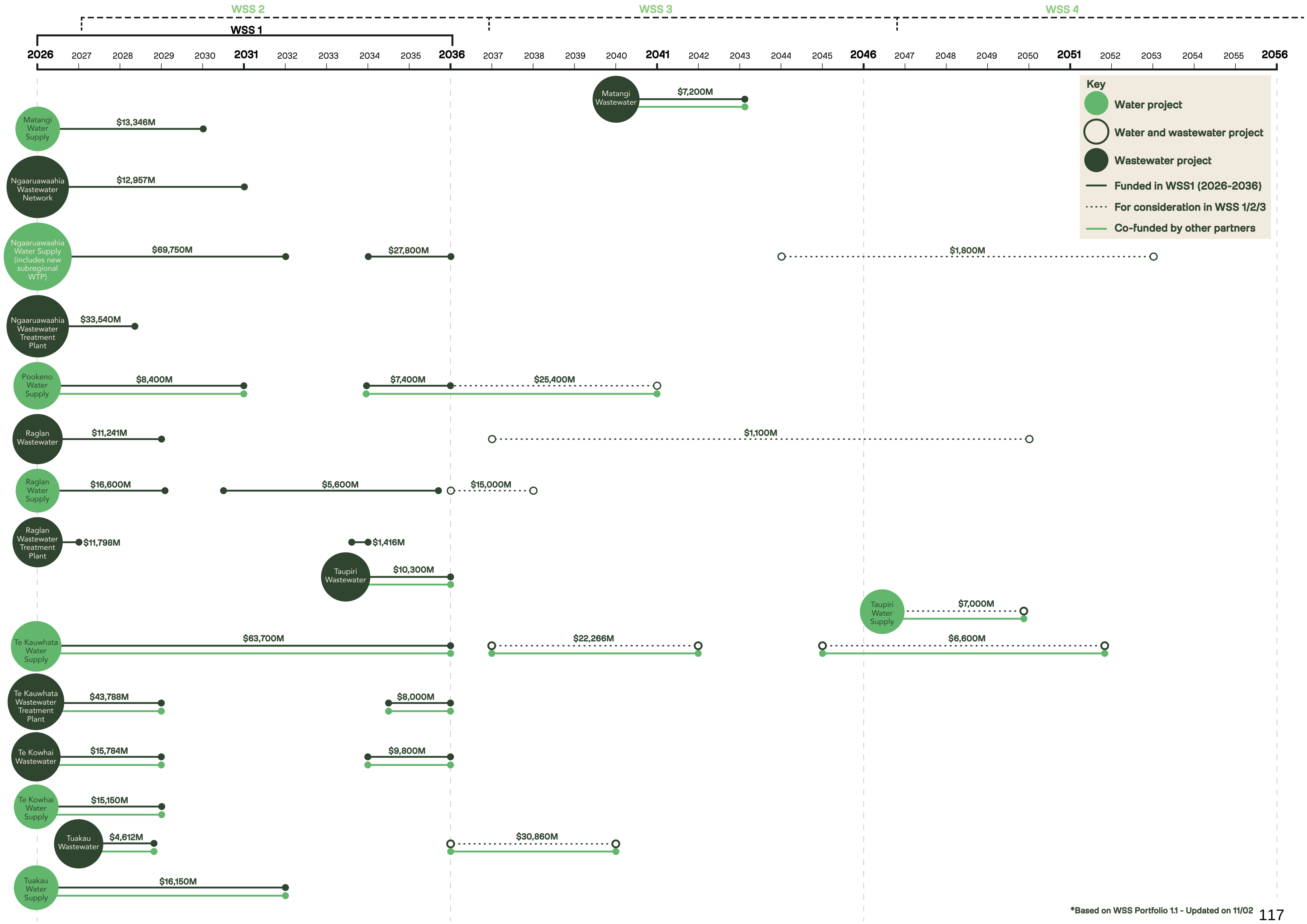
*Based on WSS Portfolio 1.1 - Updated on 11/02



*Based on WSS Portfolio 1.1 - Updated on 11/02



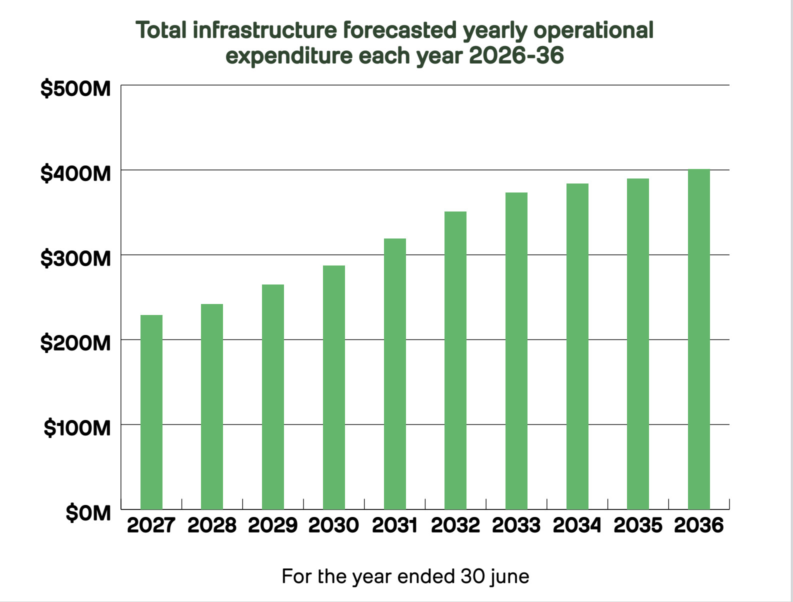
*Based on WSS Portfolio 1.1 - Updated on 11/02

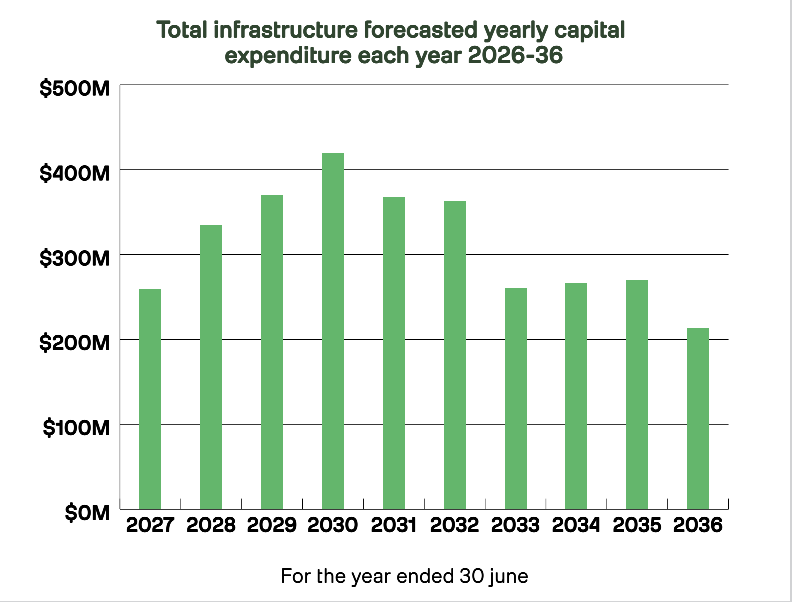


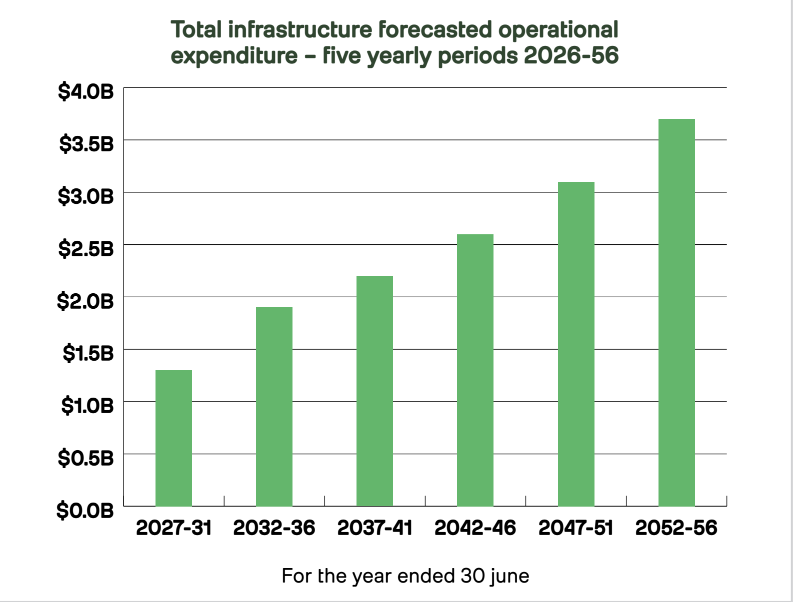
*Based on WSS Portfolio 1.1 - Updated on 11/02

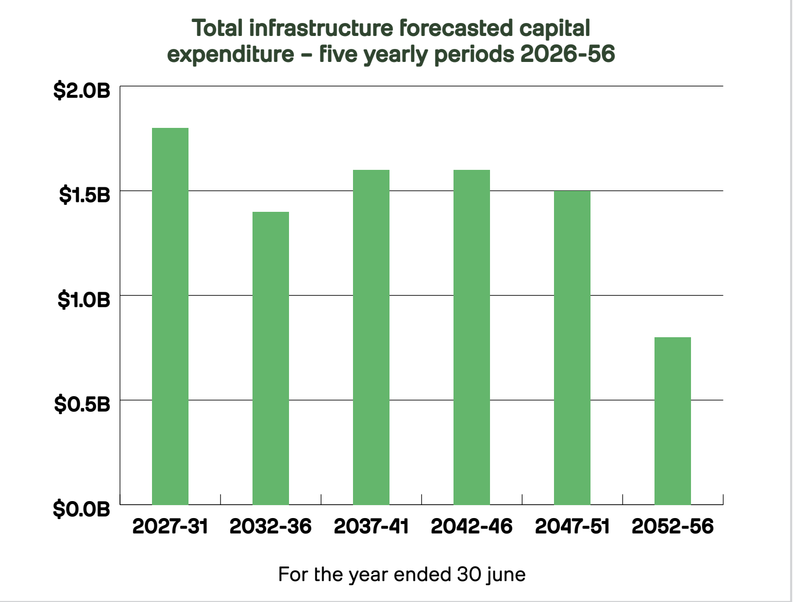
30-year operational and capital forecasts

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.









WAAHANGA 8
Section 8

KOORERO AAPITI
Supplementary information

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:
  - o The Commerce Act 1986 (to enable economic regulation of water services)
  - o The Water Services Act
  - o 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:
- o Establish amalgamated services and systems
- o Transition to a new charging model
- o 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.
- IAWAI will provide carbon emissions data from its treatment plants to the shareholding councils to support their wider role in monitoring carbon emissions.

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

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:
  - o 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
  - o The policy provides up to 40% of the insured loss, subject to deductibles, individual sublimit and shared group limits. HCC's current sublimit is $250M and WDC's $100M, which include stormwaters assets and key bridges. The group limit is also $300M.
  - o 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.
  - o 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:
  - o 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:
  - o Any shortfall after insurance and Government contribution will need to be met by IAWAI and/or its partner councils.

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:
  - o 2025: 189,700
  - o 2034: 215,380
  - o 2054: 275,980
- Waikato District:
  - o 2025: 89,760
  - o 2034: 101,200
  - o 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:
- Pookeno
- 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

Ngaa 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 oranga 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 ngaa 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 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 Policy
- 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)

AAPITIHANGA 1

Appendix 1

NGAA TAUMATA WHAKARATONGA

Our levels of service

Current Strategic and Tactical Levels of Service - Water Supply

Level of Service Objective WATER SUPPLY	How will we measure our performance	Baseline Result 24/25	Targets		
			Year 1	Year 2	Year 3
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
	a. T3 Bacterial Rules	All Met (100%)	All met	All met	All met
	b. T3 Protozoal Rules	All Met (100%)	All met	All met	All met
	c. 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%

Water supply systems that are of adequate clarity, taste, lack of odour, continuity and adequate pressure	The total number of complaints received by the local authority about any of the following: a. drinking water clarity b. drinking water taste c. drinking water odour d. drinking water pressure or flow e. continuity of supply, and f. the local authority's response to any of these issues expressed per 1000 connections to the local authority's networked reticulation system.				
	Hamilton City (excluding Southern Districts)	5	<7	<7	<7
	Town and Rural Schemes (this covers all 7 schemes including Southern Districts)	14.42	<25	<25	<25
Customers receive a timely response and resolution to reported problems with the water supply 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 for 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)	41 mins			
	Town and Rural Schemes (this covers all 7 schemes including Southern Districts)	44 mins	<60 mins	<60 mins	<60 mins
	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.				
	Hamilton City (excluding Southern Districts)	2 hrs	<5 hrs	<5 hrs	<5 hrs
	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 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

Current Strategic and Tactical Levels of Service – Wastewater

Level of Service Objective WASTEWATER	How will we measure our performance	Baseline Result 24/25	Targets		
			Year 1	Year 2	Year 3
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	<60 mins	<60 mins	<60 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	<4 hrs	<4 hrs	<4 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 wastewater systems will be operated and maintained to minimise odours and blockages	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 d. the territorial authority's response to issues with its sewerage system, expressed per 1000 connections to the territorial authority's sewerage system.				
	Hamilton City	8.8	<20	<20	<20
	Town and Rural Schemes (this covers all 7 schemes including Southern Districts)	6.4	<10	<20	<20
The wastewater systems are designed, operated and maintained in a way to effectively minimise the risk of harm to the community and environment	Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of a. abatement notices b. infringement notices c. enforcement orders, and d. convictions received by the territorial authority in relation to those resource consents.				
	Hamilton City	0	0	0	0
	Town and Rural Schemes (this covers all 9 schemes and is a combined score of sensitive and non-sensitive environments)	2	<2	<0	<0

AAPITIHANGA 2

Appendix 2 - Fees and Charges Schedule

1. Introduction

IAWAI's Fees and Charges Schedule includes all water-related charges including those that were previously collected as rates by the shareholder councils under the Local Government (Rating) Act 2002.

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 based on hourly rates or for specific connection or consent related activities have been standardised, so Hamilton and Waikato customers are charged the same fees for the same activity or service. In some instances, this has resulted in an increase of slightly more than the rate of inflation for some charges for some customers.
- Trade waste quantitative charges (volumetric and contaminant based) have increased by 15% reflecting significant changes in the operating costs for treatment plants. Overall, the changes are about bringing everything into one clear, consistent system across both council areas.

Further information

IAWAI uses a mixed pricing model to fund water services. This approach reflects both the fixed and variable costs of delivering services, as well as the benefits received by property owners and users. It includes a combination of property-based charges, consumption-based charges, fixed charges, and user-pays charges.

At present, pricing differs for properties in the Waikato District and Hamilton City areas. These differences reflect historical funding arrangements and help manage the transition to a new pricing framework while avoiding sudden or significant cost increases for property owners and water users.

Over time, these differences will be progressively standardised, in line with the transitional provisions of the water services legislation.

Charges will be reviewed as part of each water services strategy to ensure they remain aligned with funding needs, legal requirements, and principles of fair and equitable cost recovery.

3. Water and Wastewater Connections

Any connection to the IAWAI water and wastewater network must be first approved by IAWAI.

3.1 Water and wastewater connection applications

Connection application fees also apply to any disconnections.

Description	Units	Charge 2026/27 per unit
Water and wastewater connection applications – all areas		
Response to customer and developer queries related to connections	per hour	$247.00
Application fee (plus additional hourly rate for time spent over 2.5 hours)	minimum charge	$350.00

3.2 Connections physical works

In Waikato District charges for physical works for water connections above 20mm, commercial water connections, and wastewater connections are at the owner's management and cost.

In Waikato District 'at cost' means the property owner or develop is liable for the total cost of constructing the connection to IAWAI's mains and is also responsible for the physical work in providing the connection. IAWAI's expectation is for the property owner or developer's contractor to complete the connection to the service at the time site works are completed and that the contractor will charge the property owner or developer directly. The work must be completed to IAWAI's standards as stated in the Regional Infrastructure Technical Specification (RITS) and that the works will be inspected as part of IAWAI's approval process. Additional connections may require development contributions or a capital contribution fee.

Connections in Hamilton City will soon be completed by a connections contractor panel at the owner's management and cost. In the interim, physical works completed by IAWAI in Hamilton City will be via quote unless otherwise stated.

Description	Units	Charge 2026/27 per unit
Physical connections work by IAWAI – all areas		
All physical connections-related work completed by IAWAI unless otherwise stated		by quote
Reinstatement of sealed roadways, footpaths and light vehicle entrances		by quote
On site pipe location		by quote
Water connections – all areas		
Flow restrictor temporary removal and/or reinstallation	per application	$169.00
Flow restrictor removal after hours (outside 8am - 4:30pm Monday to Friday)	per application	$338.00
Modification of existing connection to install a flow restrictor		by quote
Water connections – Waikato District only		
20mm full flow water meter connection, including travel, fixtures and fittings costs, labour to install (excludes application fee)	per connection	$1800.00
20mm urban residential/ rural metered	per connection	$2,470.00
Connections above 20mm and commercial	per connection	at owner's management and cost
(In all Waikato District areas all connections costs are borne by the property owner and water systems are installed by the property owner's contractors to IAWAI's standards.)		
Directional drill - water meter connection		by quote
Traffic management - water meter connection		by quote
Wastewater connections – Waikato District only		
Connection fee for standard gravity fed connection		at owner's management and cost
(In all Waikato District areas all connections costs are borne by the property owner and water systems are installed by the property owner's contractors to IAWAI's standards.)		

4.1 Disconnections

Disconnection application processing is charged as for new connections. Connection application charges and physical works charges will apply as for new connections if the property owner wishes to reconnect later.

Description	Units	Charge 2026/27 per unit
Disconnections – all areas		
All disconnections unless otherwise stated.		by quote

4.2 Inspections and monitoring

Description	Units	Charge 2026/27 per unit
Water connections monitoring – all areas		
Bacteria laboratory testing	per sample	$83.00
Inspection fees – Hamilton City		
Quality assurance inspections and monitoring (includes travel to sites up to 8km from the central city)	per site visit	$356.00
Quality assurance inspections and monitoring (includes travel to sites more than 8km from the central city)	per site visit	$459.00

5. Network Capacity and Access

5.1 Network capacity assessment

In some areas there are challenges with how much development the water and wastewater networks can cope with. Where a water and wastewater network capacity assessment is required, charges for that assessment are shown below.

Description	Units	Charge 2026/27 per unit
Water and wastewater network capacity assessment – all areas		
Consultant or specialist		Actual costs
Staff hourly rate (as per hourly rates section)	per hour	$255

5.2 Network access requests

Access to IAWAI's water and wastewater networks is restricted. The following fees provide for applications to shutdown or otherwise access the water and wastewater networks to enable works to occur.

Description	Units	Charge 2026/27 per unit
Water and wastewater network access requests – all areas		
Application fee - water or wastewater network temporary shutdown request	per application	$204.00
Application fee - for an approved contractor to access IAWAI Wastewater and Water assets	per application	$127.00

6. Service Connection and Authorisation

6.1 Service connection and authorisation – Waikato District

The following contributions apply in specific areas of Waikato District in addition to other charges. These charges apply where a property chooses to connect to a newly available wastewater service in these areas.

Description	Units	Charge 2026/27 per unit
Water capital contribution in Waikato District (in addition to boundary connection costs)		
20mm restricted water meter connection Te Ohaaki capital contribution	$	$20,859.00
Wastewater capital contribution in Waikato District (in addition to boundary connection costs)		
Meremere	$	$1,467.00
Pookeno	$	$26,581.00
Rangiriri	$	$4,849.00
Taupiri	$	$4,634.00
Tauwhare Pa	$	$8,751.00
Te Ohaaki Road	$	$3,316.00
Whaanga Coast	$	$26,740.00
The property owner is responsible for all works within the property boundary including installing an approved low pressure pump station and if applicable decommissioning any existing septic tank.		

6.2 Service connection and authorisation – Pookeno and Tuakau

The following Infrastructure Growth Charges provide for the cost of connections to infrastructure for those undertaking development in Pookeno and Tuakau.

Description	Units	Charge 2026/27 per unit
Water connections – Pookeno and Tuakau		
Water service connection and authorisation fee	per household equivalent unit (HEU)	$12,760.00*
Wastewater connections – Pookeno and Tuakau		
Wastewater service connection and authorisation fee	per household equivalent unit (HEU)	$12,760.00*
The property owner is responsible for all works within the property boundary including installing an approved low pressure pump station and if applicable decommissioning any existing septic tank		

* Note: This charge is set by Watercare and is subject to change.

7. Trade Waste and Tankered Waste

Discharge of non-domestic wastewater into the wastewater reticulation system will require a trade waste consent. “Permitted” and “conditional” consents relate to the types and quantities if trade waste that these businesses product.

Tankered waste refers to liquid that is transported by vehicle for disposal.

7.1 Trade Waste and tankered waste application, inspection, independent monitoring, penalties and annual fees

These fees apply across all areas unless otherwise stated.

Description	Units	Charge 2026/27 per unit
Application Fees (Site inspection fees may also apply)		
Conditional Consent including tankered waste (plus additional hourly rate for more than 6 hours time)	per application	$829.00
Permitted/Controlled Discharge (plus additional hourly rate for more than 2 hours time)	per application	$353.00
Renewal Fee (plus additional hourly rate for more than 1 hours time)	per application	$149.00
Special trade waste agreements, variations or renewals	per application	Actual costs
Temporary Discharge (plus additional hourly rate for more than 2 hours time)	per application	$353.00
Variation / Change of Details Request (plus additional hourly rate for more than 30 minutes time)	per request	$75.00
Site Inspection/Audit Fees		
Site Inspection/Audit - Conditional Consent	per site visit	$269.00
Site Inspection/Audit -Permitted/Controlled Discharge	per site visit	$236.00
Site Inspection/Audit - Non Compliance	per site visit	$336.00
Site Inspection/Audit - Temporary Discharge	per site visit	$269.00
Independent Monitoring Fees		
Independent sampling and analysis for consented trade waste discharges and tankered waste disposal at the Wastewater Treatment Plant	per sample collected	Actual costs
Annual Fees (Costs of any independent monitoring (sampling and analysis) is recovered through a separate fee and charge)		
Temporary discharge	per year	$267.00
Conditional/Special/Tankered Discharge - Risk Class 2	per year	$1,435.00
Conditional/Special/Tankered Discharge - Risk Class 3	per year	$2,370.00
Permitted/ Controlled Discharge	per year	$270.00
Tankered Discharge	per year	$920.00
Discharges to Tuakau wastewater treatment plant	per year	Refer to Watercare
Trade waste penalty charges		
Trade Waste penalty charges		As per Agreement

7.2 Trade waste and tankered waste quantitative charges

Quantitative charges apply to conditional consent holders and tankered waste consent holders as described in the following table. Charges vary depending on the location of the activity, the receiving network and the receiving wastewater treatment plant.

Trade waste quantitative charges (volumetric and contaminant-based) are to rise by 15% to reflect significant changes in the operating costs of treatment plants.

Description	Units	Charge 2026/27 per unit
Quantitative charges for Trade Waste conditional consents - Hamilton City		
Flow Volume	per m3	$2.71
Suspended Solids	per kg	$1.17
cBOD5 (Organic loading)	per kg	$0.92
COD (Chemical loading)	per kg	$0.12
Total Kjeldahl Nitrogen (TKN)	per kg	$2.67
Total Phosphorus	per kg	$9.36
Arsenic	per kg	$505.66
Quantitative charges for Trade Waste conditional consents - Tuakau and Pookeno		
Flow Volume	per m3	$1.27
Suspended Solids	per kg	$2.35
cBOD5 (Organic loading)	per kg	$1.05
Total Kjeldahl Nitrogen (TKN)	per kg	$12.66
Quantitative charges for Trade Waste conditional consents – Waikato District (excludes Tuakau and Pookeno)		
Temporary discharge	per year	$267.00
Flow Volume	per m3	$1.62
Suspended Solids	per kg	$1.09
cBOD5 (Organic loading)	per kg	$1.30
Total Kjeldahl Nitrogen (TKN)	per kg	$1.24
Total Phosphorus	per kg	$7.71
Tankered Waste		
Tankered Waste disposal to Huntly or Pukete wastewater treatment plant septage facilities	per m3	$94.00
Note: Tankered Waste may be declined at the discretion of IAWAI		

8. Growth Charges

Growth charges are based on the net increase in demand on water supply and wastewater services, measured using Household Unit Equivalents (HUEs).

Growth charges in this section will be applied by IAWAI for new residential developments for the first time in 2026/27.

The use of HUEs aligns with how councils commonly represent relative demand, and this simplified approach ensures growth related demand can be assessed and applied in a consistent and administratively efficient manner.

For the purposes of assessing IAWAI water and wastewater growth infrastructure charges:
8.1 One additional residential dwelling is treated as equivalent to one (1) HUE, and
8.2 Additional residential dwellings of 70m2 and below for which no resource or building consent is required (i.e. a secondary minor dwelling such as a granny flat) will be treated as a half HUE (i.e. half charges will apply).
8.3 Multi-unit residential developments will be charged on the basis that each additional residential unit is equivalent to one (1) HUE.

Where redevelopment occur, the growth charges apply only to the net increase in demand.

The growth charges will 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.

Although papakaainga housing developments are subject to growth charges as set out in the Water Services Strategy, IAWAI will waive the requirement to pay growth charges where the development meets:
- Legislation and national direction regarding the enablement of papakaainga housing; and,
- The intent of the relevant shareholding Council's District Plan definitions.

The decision to waive growth charges for papakaainga housing aligns with the Government's objectives to support Maaori housing outcomes and papakaainga development.

The ongoing application and quantum of the annual waiver is subject to review under IAWAI's Waiver Policy.

Description	Units	Charge 2026/27 per unit
Water supply growth charges – all areas		
Water supply - Residential growth charge	per HUE per year for 25 years	$200.00

Description	Units	Charge 2026/27 per unit
Wastewater growth charges – all areas		
Water supply - Residential growth charge	per HUE per year for 25 years	$300.00

9. Water Supply Charges

9.1 Capital value and fixed water supply charges – Hamilton City

The water supply charges in the following table 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 relevant Base or Multi-residential Hamilton Water Supply Category.

Description	Units	Charge 2026/27 per unit
Water charge, Base and Multi-residential non-metered supply– Hamilton City		
Base charge	per $ of capital value	$0.00075256
Multi-residential charge	per $ of capital value	$0.00082782
Fixed charge	per year	$28.00

The commercial non-metered supply charge applies to all rating units that meet Commercial Hamilton Water Supply Category definition, are connected to the water supply system and do not pay via water by meter.

Description	Units	Charge 2026/27 per unit
Water charge, commercial non-metered supply– Hamilton City		
Commercial non-metered water supply	per year	$628.00

9.2 Water by meter – Hamilton City

Description	Units	Charge 2026/27 per unit
Water by meter – Hamilton City		
Charge across all of Hamilton City unless otherwise stated	per m3	$2.61
Monthly minimum charge unless otherwise stated – up to 20 m3 (applies to customers that are invoiced monthly)	per month	$52.00
Quarterly minimum charge unless otherwise stated - up to 60 m3 (applies to customers that are invoiced quarterly)	per quarter	$157.00

9.3 Water by meter – Waikato District

The availability fixed annual charge is for availability or serviceability of water supply, defined as being within 100 metres of the water network. The availability fixed annual charge applies to unconnected properties in on-demand areas only.

Description	Units	Charge 2026/27 per unit
Water by meter – Waikato District		
Availability fixed annual charge - Waikato District – on demand areas only	per rating unit per year	$594.02
Fixed annual charge – on demand areas - Waikato District	per separately used or inhabited part of a rating unit per year	$594.02
Fixed annual charge – trickle feed areas - Waikato District	per separately used or inhabited part of a rating unit per year	$594.02
Volumetric charge -in addition to fixed charge – Waikato District	per m3	$2.74

9.4 Water drawn from IAWAI water take points – all areas

Water take points may also be known as bulk filling stations. Those seeking to take water form water take points must first seek a permit from IAWAI to draw that water.

Description	Units	Charge 2026/27 per unit
Volumetric charges – IAWAI water take points		
Hamilton City water take point volumetric charge	per m3	$5.56
Waikato District water take point volumetric charge	per m3	$3.68
Minimum charge – all areas	per quarter	$32.00
Annual permit – IAWAI water take points – all areas		
Annual permit or supply contract to take water from water bulk filling stations	per year	$375.00
Water take point key supply – Hamilton City		
Supply of additional key	per key	$24.00

9.5 Water meters - special reads and meter testing

A property owner or agent can request a special meter reading from IAWAI.

All requests for special water meter reads must be sent to IAWAI with at least 2 business days notice in Hamilton City and 10 days notice in Waikato District so that the reads can be scheduled and so that any invoices can be processed.

Description	Units	Charge 2026/27 per unit
Water meter special reads – all areas		
Water meter special reads	per request	$155.00
Water meter testing		
Water meter special reads	per request	$155.00
Testing provided by a certified independent service provider		by quote

9.6 Backflow prevention

All costs and management for testing of backflow prevention devices in Hamilton City, and in Waikato District any devices above 20mm and all commercial devices, are borne by the property owner/ contractors. Costs and management includes repairs and must be completed to IAWAI standards.

Description	Units	Charge 2026/27 per unit
Backflow prevention all areas		
Backflow prevention device registration	per device	$101.00
Testing backflow preventor 20mm	per device	Actual costs
Testing backflow devices in Hamilton City, and backflow devices above 20mm and any commercial devices in the Waikato District		Owners management and cost
Backflow prevention repair - Waikato District		
Repair of backflow preventor 20mm	per device	Actual costs

10. Wastewater Charges

10.1 Targeted wastewater charges – Hamilton City

The targeted wastewater charge applies to all rating units in Hamilton City that have the wastewater system available to them or are connected to it.

The charge comprises:

a) a fixed charge per rating unit, set on a differential basis according to the Hamilton Wastewater Category; and
b) a charge per dollar of capital value, set on a differential basis according to the Hamilton Wastewater Category.

Description	Units	Charge 2026/27 per unit
Capital value wastewater charge – Hamilton City		
Base charge	per $ of capital value	$0.00073568
Commercial charge	per $ of capital value	$0.00219799
Educational charge	per $ of capital value	$0.00080925
Multi-residential charge	per $ of capital value	$0.00080925
Fixed wastewater charge – Hamilton City		
Base charge	per year	$14.00
Commercial charge	per year	$42.00
Educational charge	per year	$14.00
Multi-residential charge	per year	$14.00

10.2 Targeted wastewater charges – Waikato District

Description	Units	Charge 2026/27 per unit
Fixed wastewater charge – Waikato District		
Non-residential/Commercial – Connected (first two pans)	per separately used or inhabited part of a rating unit per year	$1896.59
Non-residential/Commercial – Connected (third & subsequent pans)	per additional pan per year	$948.30
Residential – Available (not connected but within 100m of public wastewater drain)	per rating unit per year	$948.30
Residential - Connected	per separately used or inhabited part of a rating unit per year	$1896.59
Assistance for the Elderly – Connected (first two pans)	per separately used or inhabited part of a rating unit per year	$1896.59
Assistance for the Elderly – Connected (third & subsequent pans) Additional fixed charge	per additional pan per year	$379.31
Non-rateable (fully non-rateable or non-profit) – Connected (first two pans)	per separately used or inhabited part of a rating unit per year	$1896.59
Non-rateable (fully non-rateable or non-profit) – Connected (third & subsequent pans) Additional fixed charge	per additional pan per year	$189.39

Any property that connects to the reticulated wastewater network must pay an interim charge to reflect the actual period of use between the date of connection and the end of the financial year, and will pay the relevant annual charge thereafter.

Description	Units	Charge 2026/27 per unit
Interim fixed wastewater charges for new connections – Waikato District		
July	per connection	$726.00
August	per connection	$660.00
September	per connection	$594.00
October	per connection	$528.00
November	per connection	$462.00
December	per connection	$396.00
January	per connection	$330.00
February	per connection	$264.00
March	per connection	$198.00
April	per connection	$132.00
May	per connection	$66.00

10.3 Wastewater Capital Works Charge – Pookeno Wastewater Scheme

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

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.

11. Consents and Customer Agreements

Examples of individual customer agreements include high water use, bulk supply and out of district supply. Work associated with customer agreements may also include assessment of water supply and wastewater allocation requests.

Description	Units	Charge 2026/27 per unit
Regional Council consent transfers – all areas		
Pre-transfer inspection of infrastructure and associated works to assess compliance with Waikato Regional Council consent conditions		Hourly rate + corporate mileage

Description	Units	Charge 2026/27 per unit
Individual customer agreements – all areas		
Application fee - new activity or increased allocation (time spent over 6 hours will be charged at the hourly rate)	per application	$1,050.00
Application fee - Existing activity and no increased allocation (time spent over 3 hours will be charged at the hourly rate)	per application	$525.00
Annual fee for individual customer agreements (time spent over 2 hours will be charged at the hourly rate)	per year	$350.00

12. Penalties

IAWAI's shareholding councils have established penalty application practices. IAWAI seeks to align, where appropriate, with those practices.

The penalties apply to all water and wastewater charges assessed and invoiced by IAWAI; and all penalties applied to unpaid water and wastewater charges.

Description	Units	Charge 2026/27 per unit
Individual customer agreements – all areas		
Capital value and fixed water and wastewater charges Penalties will apply to any water and wastewater charges (including growth charges) that remain unpaid after the relevant instalment due date.	percent	10%
Water by meter charges Penalties will apply to any water by meter charges that remain unpaid after the invoice due date.	percent	10%
Further penalties on arrears from previous financial years Penalties will be applied twice a year to any water and wastewater charges (include growth charges) that remain unpaid from prior financial years.	percent	10%

13. Investigation and Compliance

Examples of bylaw investigation and enforcement include inspection to services, tracing illegal discharge, preventing continued non-compliant discharges, cross connection remediation and clean-up, leak repair and blockage remediation.

Description	Units	Charge 2026/27 per unit
Bylaw investigation and enforcement – all areas		
Investigation and Enforcement of Water Supply Bylaw		Actual costs
Investigation and Enforcement of Trade Waste and Wastewater Bylaw		Actual costs
Individual customer agreements – all areas		
Customer agreement penalty charges		As stated in Agreement
Unpermitted use of water – all areas		
Unpermitted use of water (in addition to any investigation costs)	per m3	$12.00
Damage to services and remediation– all areas		
Internal and external costs associated with locating, repairing and reinstating assets will be recovered from the parties responsible for the damage. Actual costs examples include clean up costs, plumbers, consultants, legal fees.		Actual costs

14. Hourly Rates

The following rates apply for staff time spent in providing services on behalf of IAWAI.

Description	Units	Charge 2026/27 per unit
Administration associated with connections and disconnections	per hour	$142.00
Staff time unless otherwise stated	per hour	$142.00
Trade waste and tankered waste administration	per hour	$149.00
Individual customer agreements processing (including high water use, bulk supply, out of district)	per hour	$175.00
Waters engineer (includes development engineering, network capacity assessment, service connection plan certification, building consent application assessment and Property Information Memorandum (PIM))	per hour	$255.00

PAPAKUPU

GLOSSARY

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

IAWAI

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ON WATER