John McDonald

on issues with the

IAWAI

Water Company

Presented at the

Hamilton Residents and Ratepayers Association Public Meeting

on the

5th of June 2026

On the 29th of May 2025 and after unanimous votes from the two councils, the mayors at the time commented that the decisions to form a council-controlled organisation (CCO) to build and manage water infrastructure are

"legacy decisions that will impact generations."

"This is a fundamental change to the responsibilities of local government."

Quotes officially attributed to Hamilton Mayor Paula Southgate and Waikato District Mayor Jacqui Church

https://web.archive.org/web/20260313044726/https://hamilton.govt.nz/your-council/news/community-environment/water-company-decision-historic-mayors

Official Documents and Links

Each of these documents were published on the Hamilton City Council website. The have likely been authored by Council staff and/or external consultants/contractors. The last document has official IAWAI branding. This is the pathway to creating IAWAI as a council-controlled organisation (CCO)

December 2024 Business Case

https://hdp-au-prod-app-hccnz-haveyoursay-files.s3.ap-southeast-2.amazonaws.com/5417/4235/2644/000_Business_Case_FINAL_2024_12_06.pdf

June 2025 Water Service Delivery Plan (WSDP)

https://storage.googleapis.com/hccproduction-web-assets/public/Uploads/Documents/Agendas-and-minutes/Agendas/Council-Open-Agenda-26-June-2025.pdf

https://hamilton.govt.nz/assets/Uploads/Documents/Plans/WDC-HCC-Joint-Water-Services-Delivery-Plan-30-June-2025-Final-for-Submission.pdf

March 2026 IAWAI Water Services Strategy (WSS)

https://hamilton.govt.nz/assets/Uploads/Documents/Content-Documents/Environment-and-Sustainability/Water-Services-Strategy-summary-v2.pdf

https://hamilton.govt.nz/assets/Uploads/Documents/Strategies/IAWAI-Water-Services-Strategy.pdf

Timeline: Making a CCO

December 2024 Business Case

Public consultation & councillors vote to form water CCO in May 2025

June 2025 Water Service Delivery Plan (WSDP)

March 2026 IAWAI Water Services Strategy (WSS)

Public consultation and moves to transfer water infrastructure, staff, and all related resources from Council to IAWAI from 1 July 2026

Missing the graph showing that average household increases in water costs are lower for the HCC Status Quo (Option A2).

Projections of a +238% increase in average water costs per connection by 2034.

Bills to triple within 9 years.

HCC and WDC averages are mixed together into one.

HCC and WDC projections separated. Average cost for HCC households to rise much more than for WDC households.

No WSS projections past 2029 for costs to households.

1. **The *"Infrastructure Deficit"*.**

2. **Forming larger organisations to take on huge amounts of debt.**

3. **"*Intergenerational Equity*".**

4. **"*Affordability".***

5. ***"Price Harmonisation".***

“Infrastructure Deficit”

“New Zealand is facing a well-publicised infrastructure deficit of over $200 billion as a result of decades of underinvestment. The New Zealand Infrastructure Commission has estimated that it will cost $1 trillion over the next 30 years to address this deficit and bring the nation's infrastructure to a standard comparable with other OECD countries.”

PwC Website

Water

Reform of how three waters is delivered is underway including increased regulation. This should bring increased levels of investment over time. Potential for private sector investment through metering and plant investment (e.g. Build Own Operate Transfer model) and outsourcing of some services to improve efficiency and sustainability.

PwC, Investing in Infrastructure - Doing Business in New Zealand, September 2025
https://www.pwc.co.nz/insights-and-publications/2025-publications/doing-business-in-new-zealand/investing-in-infrastructure.html

"Infrastructure Deficit"

New Zealanders will pay less for water services with reform, than without.

The cost of meeting these challenges is estimated at between $120 billion and $185 billion over the next 30 years.

This is out of reach of councils to address on their own.

The only effective way to address this is to have balance sheet separation between water services entities and local government, to allow them to achieve higher levels of leverage than local authorities can obtain.

Labour Government's Beehive, Fact sheet: Affordability, April 2023
https://www.beehive.govt.nz/sites/default/files/2023-04/Affordable_water_Financial_Benefits_0.pdf

Labour's "Three Waters" Reforms ~2021

- Four new *"Water Service Entities"* to be created.
- Water infrastructure (plus related debt and revenue) to be taken from councils and given to the new large entities.
- New entities would take on billions in debt to fund water infrastructure.
- Councils would not own the entities though would also not be liable for the entities' debts.
- Local council and iwi representatives would form a co-governance group to appoint board members for the each of the new entities.

Labour's "Affordable Water" Reforms ~2023

- Same as above, except ten regional entities to be created.

New Zealand Local Government Funding Agency, Investor Update, August 2024.

https://www.lgfa.co.nz/sites/default/files/2024-08/LGFA%20Investor%20Update%20-%20%20August%202024_1.pdf

National-led Coalition's "Local Water Done Well" Reforms ~2024

- Councils would have the option of creating new *"Water Service Entities"*.
- New entities could be council-controlled organisations or consumer trusts, often merging with neighbouring councils.
- Any council-controlled organisations would be owned by councils, which would also be liable for the entities' debts.
- Council's could choose to have iwi representatives on a co-governance group to appoint board members for the new council-controlled organisations.
- A council can retain water-services in-house as an option, provided it separates them out financially (balance sheet separation, ring-fenced revenue).

Mainly from Department of Internal Affairs https://www.dia.govt.nz/diawebsite.nsf/Files/Water-Services-Policy/$file/LWDW-guidance-Financing-water-services-delivery-through-establishing-new-water-organisations-December-2025-update.pdf

Council-controlled water organisations and consumer trust owned water organisations are among the delivery models provided for under Local Water Done Well

1	Internal business unit or division	• Status quo for many councils • New legislative requirements for water service providers will apply • Financial sustainability and ringfencing rules, and economic regulation will apply
2	Single council-owned water organisation	• New company established, 100% owned by the council • Financial sustainability and ringfencing rules will apply, but retains a financial link to the council • Councils with existing water council-controlled organisations will be required to meet new legislative requirements for water organisations/water service providers • Can access LGFA financing up to the equivalent of 500% of operating revenues with the provision of parent support (through guarantee or uncalled capital)
3	Multi-council owned water organisation	• New company established with multi-council ownership • Appointment of a board through shareholder council (or similar body) is advisable but not a statutory requirement • Can access LGFA financing up to the equivalent of 500% of operating revenues with the provision of parent support (through proportional guarantee or uncalled capital) • New legislative requirements for water organisations / water service providers will apply
4	Mixed council/consumer trust owned	• Consumer trust established to part-own a water organisation • One or more councils own the remainder of the shares • Structure enables financially independent organisation to be established while retaining some council ownership
5	Consumer trust owned	• Consumer trust established to fully own a water organisation • Council transfers assets to consumer trust owned organisation • Consumers elect trustees to represent their interests in the organisation • Most financially independent delivery model

The LGFA financing solution is currently available for these two delivery models, and is the focus of this guidance

Consumer trust models have different financing considerations and are not currently able to borrow from LGFA

3

Department of Internal Affairs https://www.dia.govt.nz/diawebsite.nsf/Files/Water-Services-Policy/$file/LWDW-guidance-Financing-water-services-delivery-through-establishing-new-water-organisations-December-2025-update.pdf

National-led Coalition's "Local Water Done Well" Reforms

HON SIMON WATTS(/MINISTER/HON-SIMON-WATTS)

Local Government (/portfolio/nationalactnew-zealand-first-coalition-government-2023-2026/local-government)

All councils water service delivery plans under Local Water Done Well have now been assessed, meaning ratepayers will benefit from reliable and financially sustainable water services, Local Government Minister Simon Watts says.

When developing their plans, councils had the option to deliver water services in-house or as part of a separate council-controlled water organisation (CCO). In total, 44 have chosen the CCO model and 23 councils have opted for the in-house model.

"These numbers mean that 76 percent of New Zealand's population will have water services delivered through a CCO model. This collaboration between councils offers significant assistance in addressing affordability challenges," Mr Watts says.

Analysis of councils' water services delivery plans show a significant uplift in capital expenditure for much needed water infrastructure works.

Coalition Government's Beehive, Local Water Done Well victory for ratepayers, December 2025 **https://www.beehive.govt.nz/release/local-water-done-well-victory-ratepayers**

"Intergenerational Equity"

“In principle, it is assumed that the tenor of new borrowings will match the economic useful life of the underlying infrastructure or investment that the debt is being raised to fund. In this way the CCO and councils can achieve better generational equity for customers, as the burden of paying for infrastructure will be spread across the period over which benefits will be derived from the use of those assets.”

Page 106, June 2025
(IAWAI) Water Service Delivery Plan (WSDP)

Projected IAWAI *“Borrowing Requirements over 10 years”* 2024/2025 to 2033/2034

<u>Net Debt</u>

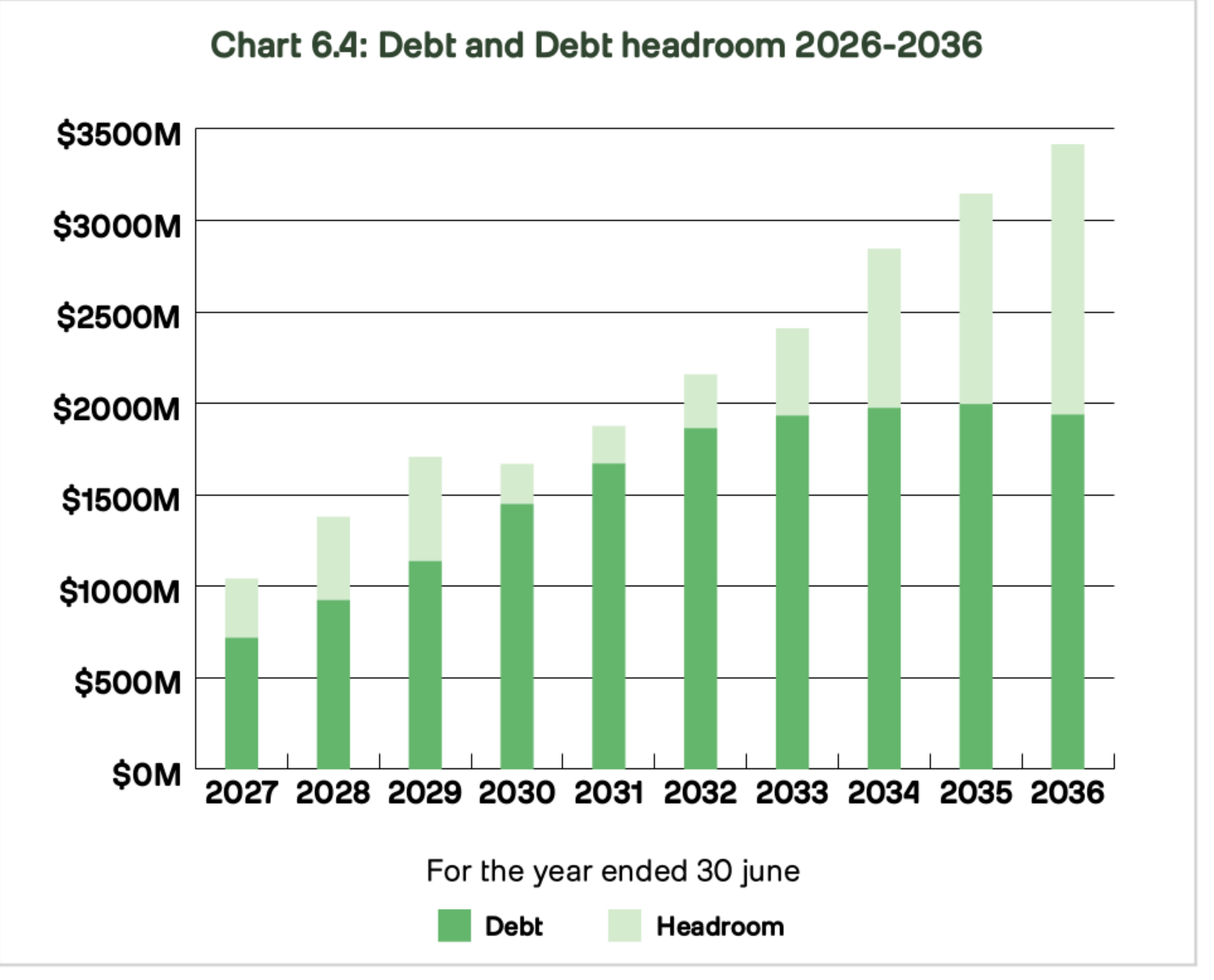
$456 million to $1,987 million

+336%

Over 4.3 × initial debt levels

Page 104, June 2025
(IAWAI) Water Service Delivery Plan (WSDP)

"Intergenerational Equity"



Page 25, March 2026
IAWAI Water Services Strategy (WSS)

"Affordability"

"Affordability of three waters services is an overarching principle embodied in the Water Service Delivery model. Councils have heard that the community are concern over the future cost of services and affordability has been at the forefront of councils' decision making.

Council LTP processes have highlighted we can expect three waters services will cost us more in the future. The cost to provide three waters services is increasing, with factors such as interest to service debt, and inflation having significant impacts. These increases are also influenced by central government reforms, the need to maintain debt within borrowing limits, and the growing city's infrastructure demands."

Page 103, June 2025
(IAWAI) Water Service Delivery Plan (WSDP)

"Affordability"

"Affordability analysis indicates that the current cost of three water services is 1% of the median household income, and is projected to increase to 2.6% over 10 years. Although increasing, the affordably measure remains consistently below the international affordability benchmark for water utilities of 4.5%."

Page 103, June 2025
(IAWAI) Water Service Delivery Plan (WSDP)

June 2025 Water Service Delivery Plan (WSDP)

The following table outlines the projected average charge per connection (for residential properties only) over the ten years to 2033/34, for each of the three waters. For comparative purposes, inflation adjusted amounts to represent the average charge in today's dollars have also been presented.

Table 31 Projected average charge per projected connection / rating units (including GST)

Projected average charge per connection / rating unit (including GST)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Drinking water ($)	491	587	736	852	1,037	1,177	1,298	1,413	1,522	1,659
Wastewater ($)	593	683	850	1,058	1,226	1,401	1,589	1,748	1,882	2,082
Stormwater ($)	201	267	299	345	393	451	494	528	561	607
Average charge per connection / rating unit (inflated)	**1,285**	**1,537**	**1,885**	**2,255**	**2,657**	**3,029**	**3,380**	**3,689**	**3,965**	**4,347**
Average charge per connection / rating unit (uninflated)	**1,218**	**1,381**	**1,644**	**1,910**	**2,195**	**2,442**	**2,658**	**2,830**	**2,968**	**3,175**
Increase in average charge	17.7%	19.6%	22.6%	19.6%	17.8%	14.0%	11.6%	9.1%	7.5%	9.7%
Median Household Income	127,480	134,466	138,473	142,598	146,134	149,756	153,468	157,272	161,168	165,189
Water services charges as % of median household income	**1.0%**	**1.1%**	**1.4%**	**1.6%**	**1.8%**	**2.0%**	**2.2%**	**2.3%**	**2.5%**	**2.6%**

Basis of presentation

The figures are based on residential users only. Water consumption of non-residential users is significantly higher therefore has the potential to skew the results. This is particularly the case in wet industries such as meat processing plants, breweries, food manufacturing and dairy farming operations.

The average water charge per connection for each of the three waters was calculated as a weighted average charge, based on the number of residential connections across Hamilton and Waikato District users. For Waikato District, average charges have been calculated based on the current charging mechanisms in place, while for Hamilton (in the absence of any current volumetric or fixed charges), an average was determined based on the number of connections. The figures also include the assumed impacts of inflation (i.e. figures are nominal rather than real). This is summarised in the table below.

From Page 116, June 2025 (IAWAI) Water Service Delivery Plan (WSDP)

Page 343 of the Hamilton City Council Agenda for 26 June 2025
https://storage.googleapis.com/hccproduction-web-assets/public/Uploads/Documents/Agendas-and-minutes/Agendas/Council-Open-Agenda-26-June-2025.pdf

Median Household income in 2033/2034

$165,185 per year

($37,705 increase in income from a median household income of $127,480 in 2024/2025)

Water services charge as a % of median household income in 2033/2034

$4,347 per year water bill

÷ $165,185 household income = 2.6%

From Page 116, June 2025
(IAWAI) Water Service Delivery Plan (WSDP)
Page 343 of the Hamilton City Council Agenda for 26 June 2025
https://storage.googleapis.com/hccproduction-web-assets/public/Uploads/Documents/Agendas-and-minutes/Agendas/Council-Open-Agenda-26-June-2025.pdf

What if a household's income in 2033/2034 is only $54,000 per year

(and they receive an average IAWAI water bill)

Water services charge as a % of median household income in 2033/2034

$4,347 per year water bill

÷ $54,000 household income = 8.1%

Analysis of the affordability for lower quartile or lower quintile households is *NOT* part of the (IAWAI) Water Service Delivery Plan (WSDP) or IAWAI Water Services Strategy (WSS) documents.

"Affordability"

Can we blame the Department of Internal Affairs (DIA) for the **2.5% of median household income** value being mentioned around the country?

Different councils have interpreted **2.5%** as

- a ***"reasonable target"***
- a ***"benchmark"***
- an ***"indicative target"***
- a ***"generally accepted" "threshold"***

"Affordability"

"The DIA had advised councils that a "reasonable target" for affordable water charges was 2.5% of the estimated annual median household income."

South Wairarapa https://www.thepost.co.nz/nz-news/360798345/wait-water-plan-wins-over-majority

"For affordability, the DIA recommends water charges stay under 2.5% of median household income. Updated financial modelling shows Ruapehu would breach that benchmark under the two-council arrangement."

Ruapehu https://www.thepost.co.nz/nz-news/360784883/mayor-demands-u-turn-totally-unaffordable-ruapehu-water-plan

"...aligns with both growth pressures and community expectations for transparency and fairness, maintaining average annual household charges within DIAs' indicative target of 2.5% of household income."

Queenstown Lakes https://www.qldc.govt.nz/media/vsxdonyc/qldc-wsdp_submitted.pdf

"Affordability"

"Under this scenario projected costs would exceed the generally accepted 2.5 % threshold of average household income but remains within the upper bound affordability threshold of 5%"

Ōpōtiki https://www.odc.govt.nz/repository/libraries/id:2bpcqtp1b1cxby3k9b0b/hierarchy/sitecollectiondocuments/our-services/water/supply/Water%20Service%20Delivery%20Plan%20-%20%C5%8Cp%C5%8Dtiki%20District%20Council%20-%20August%202025.pdf

"RLC is aware of affordability issues for its ratepayers and water consumers and seeks to maintain a balance between the prudent use of debt, managing issues of intergenerational equity, depreciation funding, and ratepayer affordability.

Financial projections included in the WSDP see average residential water charges increasing from 2% of median household income in 2023/24 to 2.7% of median household income by 2029. This will see increasing affordability challenges for the community, however at 2.7%, affordability is still within industry benchmarks, and is not significantly higher than DIA's suggested benchmark of 2.5%.

Rotorua Lakes https://www.rotorualakescouncil.nz/repository/libraries/id:2e3idno3317q9sihrv36/hierarchy/our-services/water/RLC%20Water%20Services%20Delivery%20Plan.pdf

"Price Harmonisation"

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

Over time we will

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

Page 16, IAWAI's "summary of our Water Services Strategy 2026–2036" document

https://hamilton.govt.nz/assets/Uploads/Documents/Content-Documents/Environment-and-Sustainability/Water-Services-Strategy-summary-v2.pdf

Does "price harmonisation" mean that annual water bills for the average household in HCC will need to triple to match WDC charges, as well as the annual increases for both HCC and WDC residents/consumers?

Projected IAWAI Water Bills: Increases from 2026 to 2029

Median Hamilton City Household

$940 per year to $1603 per year

+71%

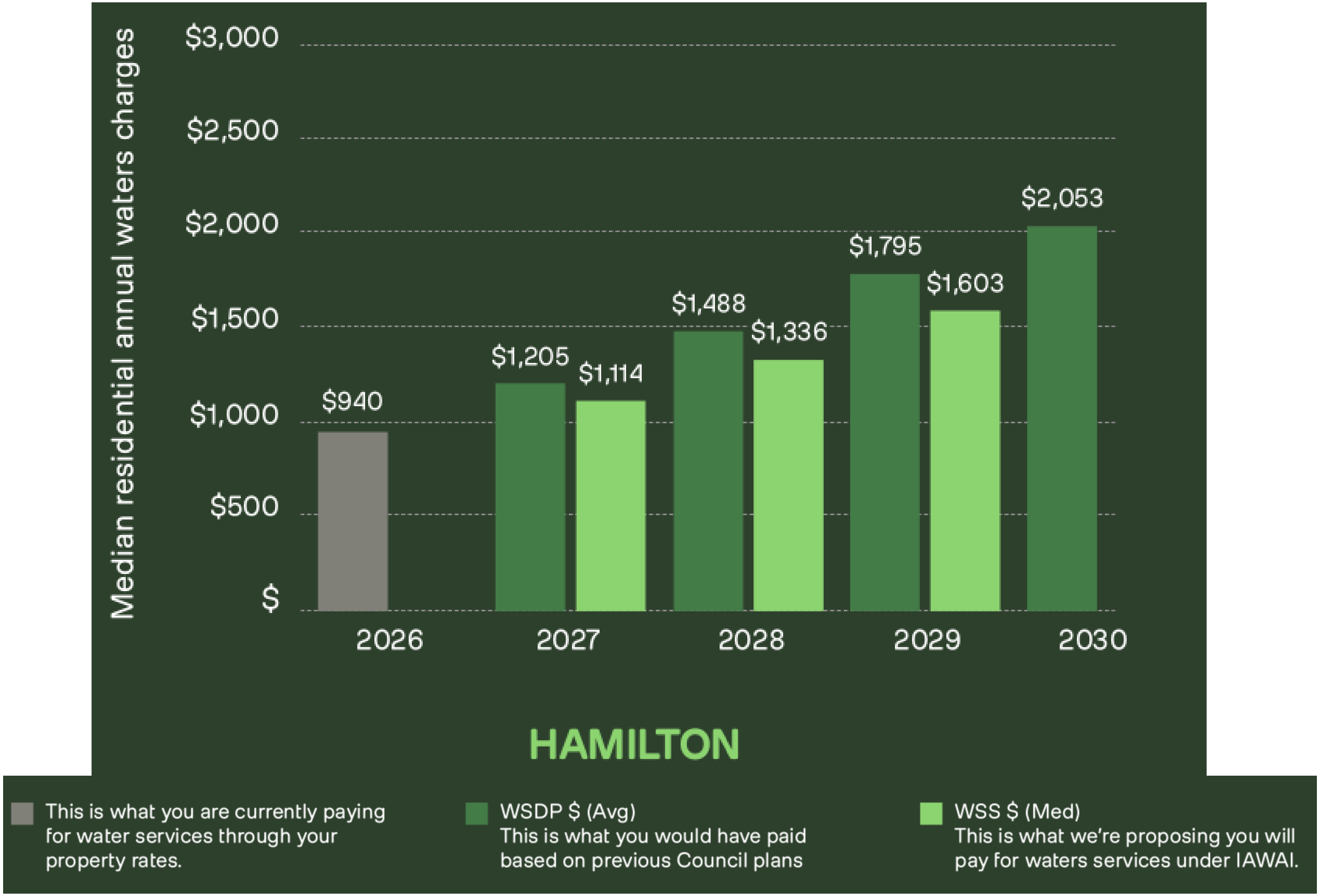
Median Waikato District Household

$2926 per year to $3589 per year

+23%

Page 23, IAWAI's "summary of our Water Services Strategy 2026–2036" document
https://hamilton.govt.nz/assets/Uploads/Documents/Content-Documents/Environment-and-Sustainability/Water-Services-Strategy-summary-v2.pdf

March 2026 IAWAI Water Services Strategy (WSS)



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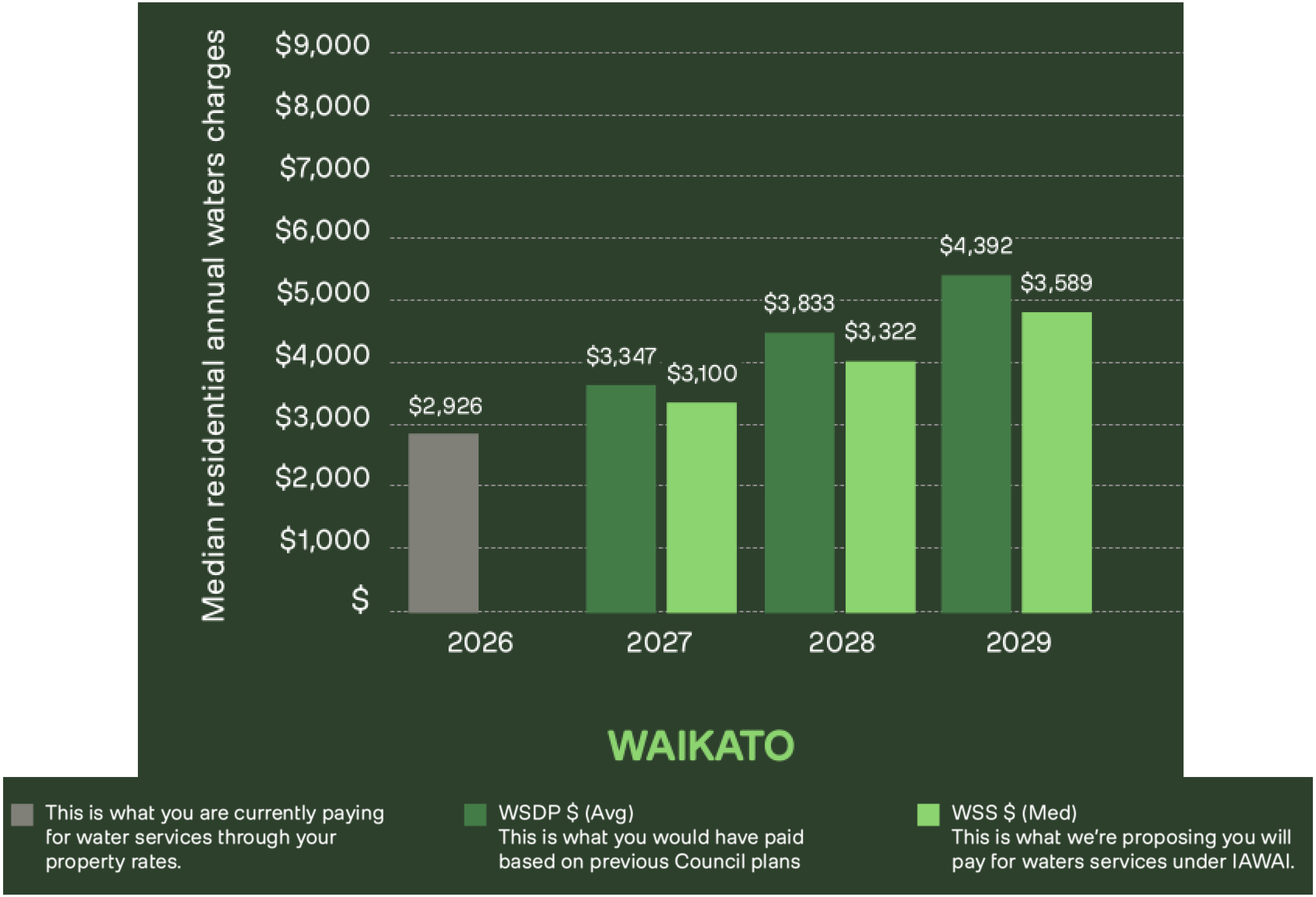

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"Price Harmonisation"

"In the case of the Joint CCO option, WDC and HCC have agreed that price harmonisation will not be undertaken between WDC and HCC customers until at least five years of operating under the LWDW framework".

***Page 30, December 2024* Business Case**

"Agreement that the price harmonisation pathway will begin from the date of the asset transfer to the new entity, with a phased approach allowing for completion of the five-year metering process for Hamilton City and the new CCO to focus first on establishing amalgamated services and systems, and the charging model transition outlined above."

Page 5, June 2025 Water Service Delivery Plan (WSDP)

"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."

Page 23, 2026 Water Services Strategy (WSS)

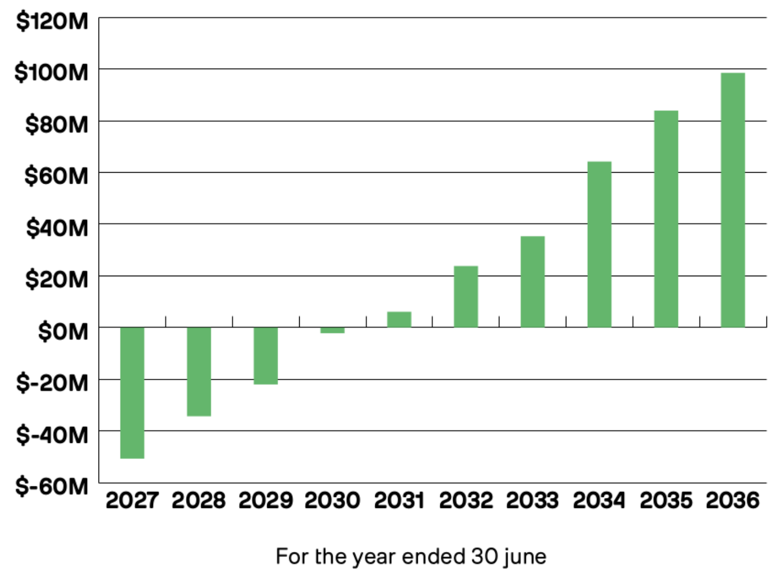
We need to see IAWAI's projections for household water bills past 2029

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.

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



Pages 26 and 24, March 2026
IAWAI Water Services Strategy (WSS)

From the 2025 Public Consultation.
Hamilton City Council webpage
https://hamilton.govt.nz/nextforwater
as accessed on 14 May 2025

Here's how the CCO stacks up against the other option...

	Joint water company (CCO)	In-house business unit
Build new, and upgrade current, water infrastructure faster and cheaper	✓	✗
Take better care of the Waikato River	✓	—
Help ratepayers get better value	✓	✗
Meeting the demand for new houses	✓	—
Independent organisations monitor water quality and charges	✓	✓
Ability to sell off water assets (privatise)	✗	✗
Requires targeted rates for waters in 2025/26	✓	✓

✓ Yes — Somewhat ✗ No

https://web.archive.org/web/20250512154209/https://hamilton.govt.nz/nextforwater

June 2025 Water Service Delivery Plan (WSDP)

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Basis of presentation

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From Page 116, June 2025
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Page 343 of the Hamilton City Council Agenda for 26 June 2025
https://storage.googleapis.com/hccproduction-web-assets/public/Uploads/Documents/Agendas-and-minutes/Agendas/Council-Open-Agenda-26-June-2025.pdf

What can we do about IAWAI?

- **Contact the mayor, councillors, MPs, Minister of Local Government, media.**
- **Demand the release of the projected household water costs past 2029.**
- **Ask whether the in-house (water services department) option for Hamilton City was assessed and represented fairly in 2024 and 2025?**

What can we do about IAWAI?

- **Ask whether *"price harmonisation"* with Waikato District households is in the best interests of Hamilton City households?**

- **Ask whether water metering and the inefficiencies of the Watercare CCO are contributing to Waikato District households having higher water bills (typically 3-times higher) than water costs for Hamilton City households?**

What can we do about IAWAI?

- **Sign the petition to: stop the transfer to IAWAI on the 1 July 2026, re-evaluate the in-house option, and put IAWAI’s existence to a referendum in 2028.**

- **Don’t let IAWAI’s board members and executives get comfortable. IAWAI is not going to be a permanent feature of Hamilton. Bad faith dealing in its creation undermines IAWAI’s legitimacy (...in my opinion).**

What can we do about IAWAI?

- **There has been some discussion about taking legal action against councils.**
- **Ask the Office of the Ombudsman and/or Office of the Auditor-General to investigate IAWAI's creation and the withholding of critical information from the public.**
- **If IAWAI remains, support (or pressure) councillors to gain more transparency and accountability from IAWAI.**

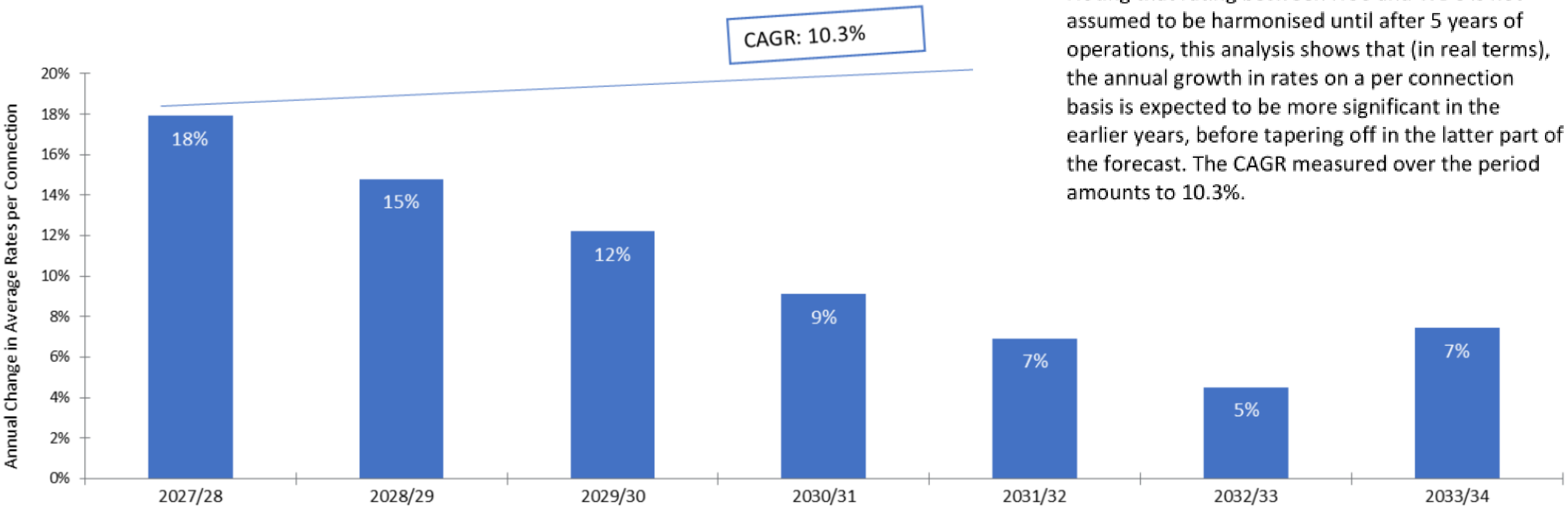
Older slides from 28th of May 2026 presentation to Hamilton City Council

December 2024 Business Case

CAGR is Compound Annual Grow Rate, the average compounding annual increase in water bills in this situation.

Source: WDC/HCC financial model

Joint CCO (Option C): Annual change in average rates per connection



Source: WDC/HCC financial model

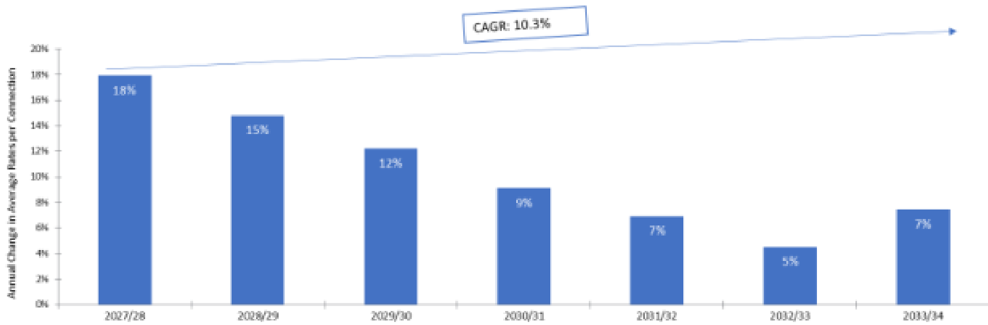
Annual Change in Average Rates per Connection

- Notwithstanding the limitation regarding a lack of detailed price path modelling, the chart to the left provides a high-level indicative view of the annual change in rates revenue per connection, expressed as a percentage. For the purpose of this chart, inflation assumptions have been removed to present the annual percentage change in today's terms (i.e., real terms).
- Noting that rating between HCC and WDC is not assumed to be harmonised until after 5 years of operations, this analysis shows that (in real terms), the annual growth in rates on a per connection basis is expected to be more significant in the earlier years, before tapering off in the latter part of the forecast. The CAGR measured over the period amounts to 10.3%.

Page 51, Local Water Done Well Business Case FINAL December 2024
https://hdp-au-prod-app-hccnz-haveyoursay-files.s3.ap-southeast-2.amazonaws.com/5417/4235/2644/000_Business_Case_FINAL_2024_12_06.pdf

Joint CCO (Option C) had a CAGR of 10.3% (uninflated) Water bills for the average household could be projected to approximately double by 2033/2034

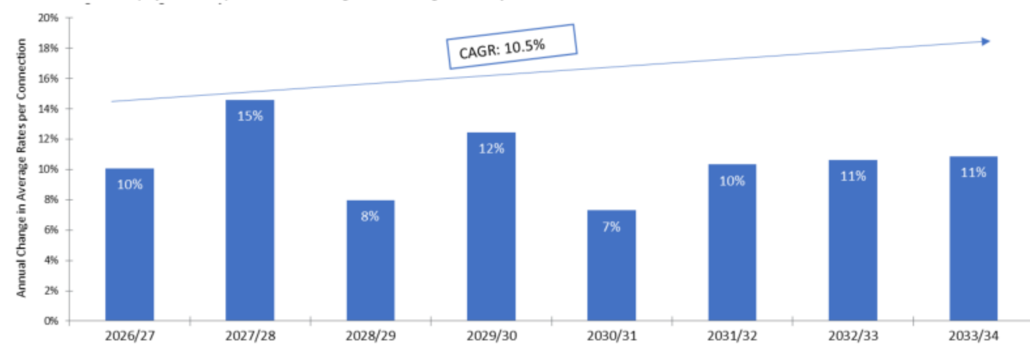
Joint CCO (Option C): Annual change in average rates per connection



Source: WDC/HCC financial model

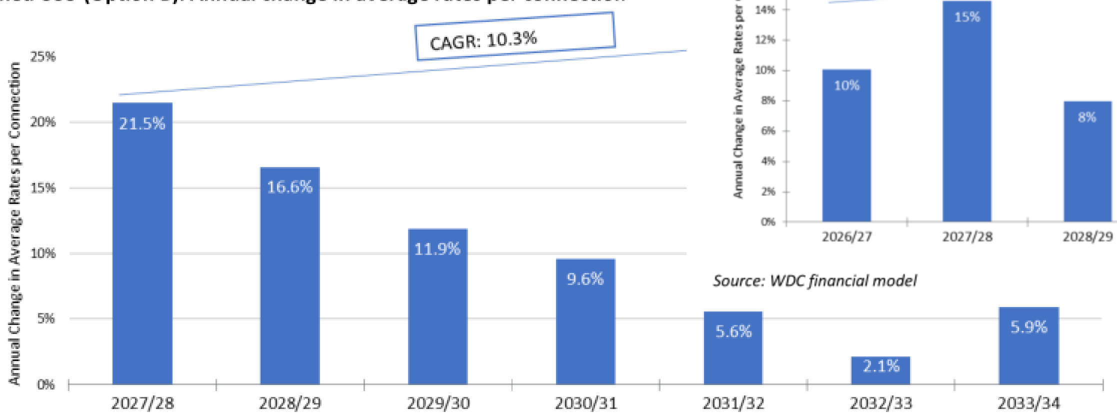
These charts were noted with *"For the purpose of this chart, inflation assumptions have been removed to present the annual percentage change in today's terms (i.e., real terms)"*

WDC Status Quo (Option A1): Annual change in average rates per connection



Source: WDC financial model

HCC Owned CCO (Option B): Annual change in average rates per connection



Source: HCC financial model

Where is the equivalent chart for the HCC Status Quo (Option A2) in the 2024 Business Case ?

Pages 41, 45, and 51 from Local Water Done Well Business Case FINAL December 2024
https://hdp-au-prod-app-hccnz-haveyoursay-files.s3.ap-southeast-2.amazonaws.com/5417/4235/2644/000_Business_Case_FINAL_2024_12_06.pdf

4 September 2025

John McDonald
Via email: johnforhamilton@pm.me

Dear John

IAWAI Response to public submission

Thank you for speaking to the IAWAI Establishment Board at its meeting on 28 August 2025. The Board has asked me to respond on their behalf.

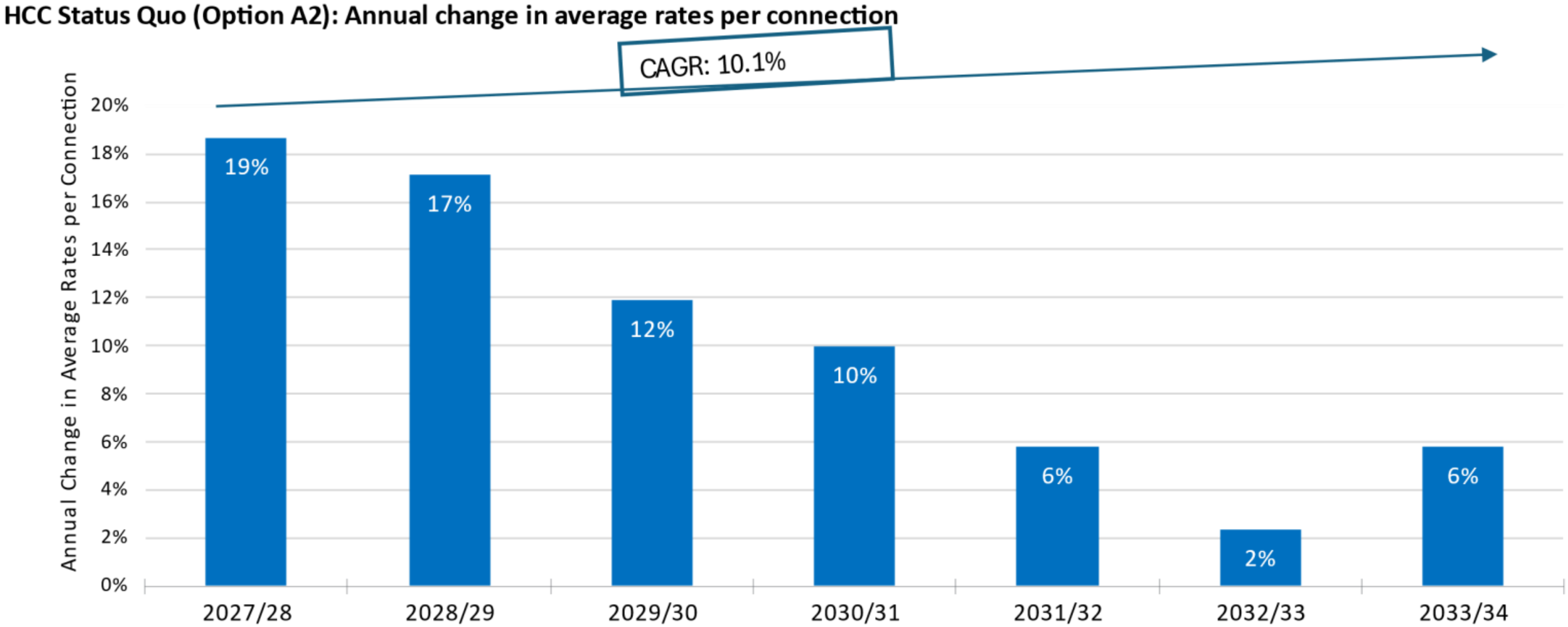
The Board has heard your call for transparent financial information to inform decision making, and a focus on affordability for ratepayers for future charges. We would like to reassure you that these issues are high on IAWAI's agenda.

In your presentation you highlighted a difference you had calculated between numbers in the Hamilton City Council / Waikato District Council Joint Business Case and the Water Services Delivery Plan (WSDP).

While we can't comment on your calculations directly, not knowing exactly how you pulled these numbers together, we do note the business case only represents the CAGR over the 8-year period from 2027-28 to 2033-34.

This is the missing graph which should have been included in the 2024 Business Case.

This information should have been made available before the public consultation and before the councillors voted to form the CCO water company.



It was attached to the 4 September 2025 email from the IAWAI Governance Director...
... after I asked for the missing graph at one of the IAWAI Establishment Board meetings

Based on the December 2024 Business Case

"Local Water Done Well Business Case FINAL" document

	CAGR[1]	Projected increase after 8 years	Projected annual charge[2] in 2033/2034
Option A1 (WDC Status Quo)	10.5%	*+102%*	$6052
Option A2 (HCC Status Quo) ***The missing graph and CAGR value***	10.1%	*+97%*	$1966
Option B (HCC Owned CCO)	10.3%	*+98%*	$1984
Option C (Joint CCO)	10.3%	*+99%*	(HCC household) $1992 (WDC household) $5975

[1] Compound Annual Growth Rate (CAGR), average compounding annual increase in water bills.
[2] Based on annual charges of $1000 for a HCC household and $3000 for a WDC household in 2026/2027, and assuming both HCC and WDC residents face the same % increase each year on their water bills.

We later learn in the 2026 IAWAI Flowing Waters Water Services Strategy that WDC are currently paying about 3-times more per year on water charges than HCC on a median residential connection basis.

HCC Status Quo (Option A2) had the lowest CAGR and this was the only CAGR value left out of the December 2024 Business Case

December 2024 Business Case

Evaluation Criteria	Description	Weight	WDC Status Quo	HCC BU	HCC Waters CCO	Joint CCO
Te Ture Whaimana	• Gives effect to Te Ture Waimana • Supports the health of the awa (which includes the health of the people)	12.50%	3	3	3	5
Supports coordinated and boundaryless planning and investment	• Responds to growth, and community needs • Supports Housing & Development including the ability to respond to Fast Track consents • Is capable of providing water services for multiple areas • Allows for coordinated investment planning across boundaries • Aligns water investment decisions to where they are needed to drive economic growth in the region.	12.50%	2	2	2	4
Customer experience	• Provides for coordinated customer planning • Creates an even playing field for customers • Allows for price harmonisation • Delivers consistent levels of service • Puts the customer at the centre	12.50%	3	3	4	5
Financial efficiency	• Improves financial efficiency of the delivery of water services. • Improves affordability for the ratepayers. • Reduces cost (relative to the status quo) option over the long term • Optimises value for money and minimises associated risk • Provides the ability to smooth capital investment over the long term and manage costs to ratepayers	12.50%	2	3	4	4
People and Capability	• Attracts and grows a highly skilled workforce	12.50%	3	3	4	4
Operational effectiveness	• Creates a stable and secure operating environment (supports long-term decision-making, is resilient against fluctuations in political cycles, withstands changes in the ability or willingness of partner councils to collaborate, and responds to emergency situations)	12.50%	2	2	3	5
Opportunities of scale	• Matches the ability of potential service providers to deliver • Appeals to service providers • Enables engagement in a coordinated way with third parties • Enables the use and funding of an asset management system	12.50%	2	3	3	5
Regional contribution	• Ensures regionalisation of skills and capability • Enables other local authorities to join and expand the benefits	12.50%	1	1	3	5
Overall Weighted Score		**100%**	**2.3**	**2.5**	**3.3**	**4.6**

The Options Assessment appears to have been weighted

7:1

against "financial efficiency", "affordability for the ratepayers", and optimising "value for money"…

…as they make up less that 12.5% of the Evaluation Criteria weighting

Page 3, Local Water Done Well Business Case FINAL December 2024
https://hdp-au-prod-app-hccnz-haveyoursay-files.s3.ap-southeast-2.amazonaws.com/5417/4235/2644/000_Business_Case_FINAL_2024_12_06.pdf

June 2025 Water Service Delivery Plan (WSDP)

The following table outlines the projected average charge per connection (for residential properties only) over the ten years to 2033/34, for each of the three waters. For comparative purposes, inflation adjusted amounts to represent the average charge in today's dollars have also been presented.

Table 31 Projected average charge per projected connection / rating units (including GST)

Projected average charge per connection / rating unit (including GST)	**FY24/25**	**FY25/26**	**FY26/27**	**FY27/28**	**FY28/29**	**FY29/30**	**FY30/31**	**FY31/32**	**FY32/33**	**FY33/34**
Drinking water ($)	491	587	736	852	1,037	1,177	1,298	1,413	1,522	1,659
Wastewater ($)	593	683	850	1,058	1,226	1,401	1,589	1,748	1,882	2,082
Stormwater ($)	201	267	299	345	393	451	494	528	561	607
Average charge per connection / rating unit (inflated)	**1,285**	**1,537**	**1,885**	**2,255**	**2,657**	**3,029**	**3,380**	**3,689**	**3,965**	**4,347**
Average charge per connection / rating unit (uninflated)	**1,218**	**1,381**	**1,644**	**1,910**	**2,195**	**2,442**	**2,658**	**2,830**	**2,968**	**3,175**
Increase in average charge	17.7%	19.6%	22.6%	19.6%	17.8%	14.0%	11.6%	9.1%	7.5%	9.7%
Median Household Income	127,480	134,466	138,473	142,598	146,134	149,756	153,468	157,272	161,168	165,189
Water services charges as % of median household income	**1.0%**	**1.1%**	**1.4%**	**1.6%**	**1.8%**	**2.0%**	**2.2%**	**2.3%**	**2.5%**	**2.6%**

Basis of presentation

The figures are based on residential users only. Water consumption of non-residential users is significantly higher therefore has the potential to skew the results. This is particularly the case in wet industries such as meat processing plants, breweries, food manufacturing and dairy farming operations.

The average water charge per connection for each of the three waters was calculated as a weighted average charge, based on the number of residential connections across Hamilton and Waikato District users. For Waikato District, average charges have been calculated based on the current charging mechanisms in place, while for Hamilton (in the absence of any current volumetric or fixed charges), an average was determined based on the number of connections. The figures also include the assumed impacts of inflation (i.e. figures are nominal rather than real). This is summarised in the table below.

Page 343 of the Hamilton City Council Agenda for 26 June 2025
https://storage.googleapis.com/hccproduction-web-assets/public/Uploads/Documents/Agendas-and-minutes/Agendas/Council-Open-Agenda-26-June-2025.pdf

The CAGR has increased to 11.4% (uninflated) and 14.5% (with inflation, and water bills for the average household projected to more than triple within 9 years)

In the previous table, average household water bills were 1% of the median household income in 2024/2025, IAWAI was planning to increase them to 2.6% of median household income by 2033/2034.

This was considered to be “reasonable and affordable” because 4.5% is the affordability benchmark.

They also assume that median household incomes will rise by over $37,000 in 9-years, and do not model/acknowledge the lower-income households (lower quartile) which will often struggle more to afford such increases.

Analysis

As mentioned below, it has been considered that 4.5% of median household income represents a reasonable affordability benchmark. As shown in Table 31, the average water services charge per connection is below the 4.5% benchmark in every period of the forecast.

We note that in the initial years the average charge as a percentage of median household income is well below the benchmark. This could be an indication that water services have historically been under-funded or otherwise subsidised by other revenue sources. The above analysis is indicative only, and will not represent the actual cost to individual users across the region. We also highlight that the benchmark is not definitive in its application and should be interpreted as providing some indication of affordability only.

Based on the analysis performed, the projected average charges are considered to be reasonable and an acceptable outcome from an affordability perspective.

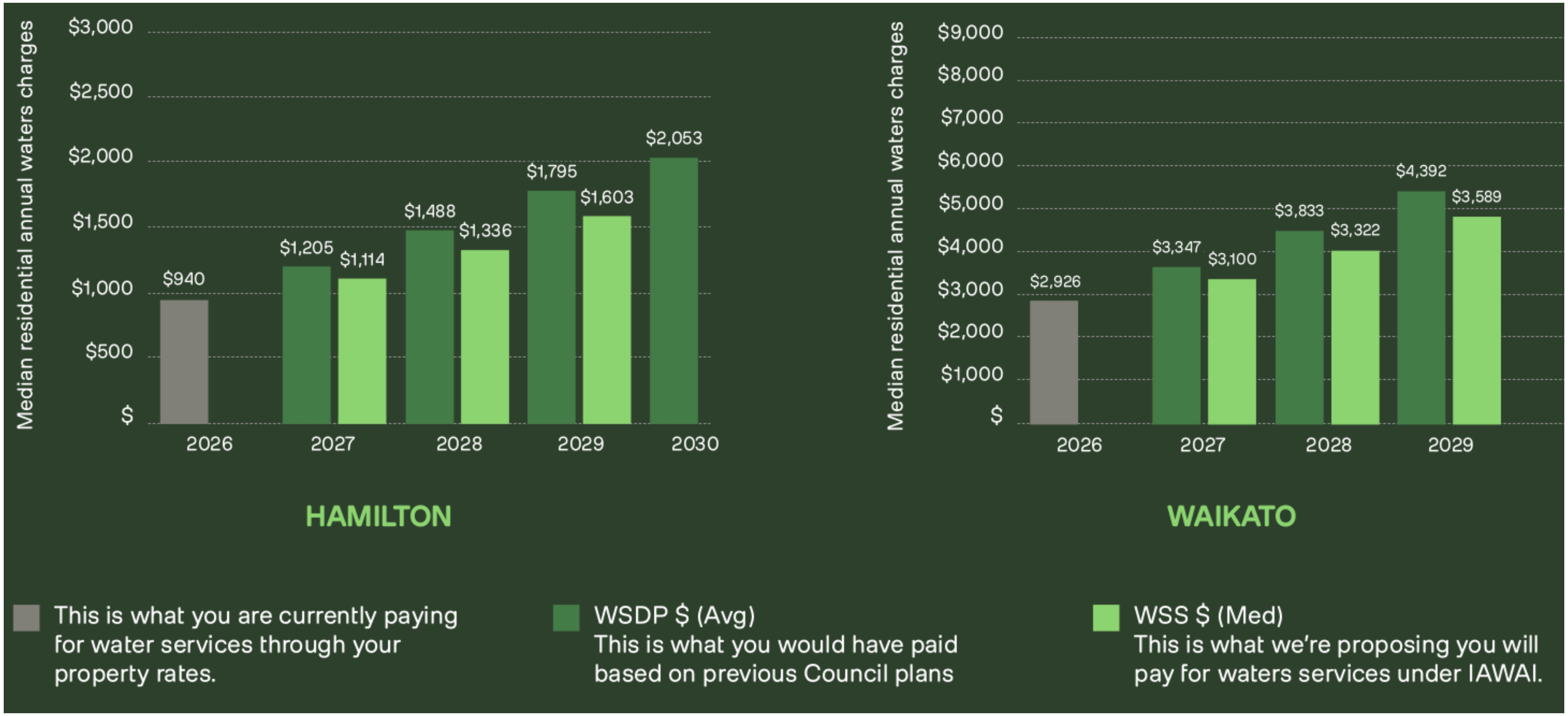
As set out in C.1 Revenue and Charging Arrangements, ultimately the development of the Water Services Strategy and CCO Development Contributions Policy will outline and determine the revenue pathway and charging for water and wastewater. Councils will continue to set and collect Rates for the provision of stormwater services, which will continue to be the responsibility of each council (separately).

Basis for assessing affordability benchmark

To assess if the average percentage of household income spent meets affordability standards, a benchmark of affordability needed to be established.

Page 344 of the Hamilton City Council Agenda for 26 June 2025
https://storage.googleapis.com/hccproduction-web-assets/public/Uploads/Documents/Agendas-and-minutes/Agendas/Council-Open-Agenda-26-June-2025.pdf

March 2026 IAWAI Water Services Strategy (WSS)



Page 23, IAWAI's "summary of our Water Services Strategy 2026–2036" document
https://hamilton.govt.nz/assets/Uploads/Documents/Content-Documents/Environment-and-Sustainability/Water-Services-Strategy-summary-v2.pdf

Why are we only provided with household WSS cost projections for 3-years and none after 2029?

Wellington's water CCO published their household WSS cost projections out to 2036... and they showed $6831 for the average household per year by 2036.

https://www.rnz.co.nz/news/national/590521/wellingtonians-face-average-2400-water-bill-next-year-massive-increases-to-follow

March 2026 IAWAI Water Services Strategy (WSS)

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

Over time we will

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

Page 16, IAWAI's "summary of our Water Services Strategy 2026–2036" document https://hamilton.govt.nz/assets/Uploads/Documents/Content-Documents/Environment-and-Sustainability/Water-Services-Strategy-summary-v2.pdf

Does "price harmonisation" mean that annual water bills for the average household in HCC will need to triple to match WDC charges, as well as the annual increases for both HCC and WDC residents/consumers?

Conclusions

1. ***Critical information about the impact of forming the CCO on the water costs for households has been kept from the public (and presumably councillors) until affer key consultations and votes.***
2. ***WDC residents/consumers are getting the better deal from forming the Joint CCO.***
3. ***HCC residents/consumers may have had lower water bills under the Status Quo option of keeping Hamilton's water services within council. The graph that showed that modelled possibility was suspiciously left out of the 2024 Business Case.***
4. ***That Business Case was biased towards forming the CCO and heavily weighted against "affordability", "financial efficiency", and "value for money".***
5. ***Median WDC households are already charged 3-times more for water services when compared to median HCC households (Watercare is not helping the case for the CCO model).***
6. ***The public WSS did not contain household cost projections past 2029. Is this because "price harmonisation" with WDC will drastically increases the water bills for those in Hamilton?***

Recommendations for councillors

1. ***Halt the transfer of water infrastructure, staff, and related resources from Council to IAWAI.***
2. ***Do not allow IAWAI to become entrenched on 1 July 2026.***
3. ***Order investigations into the formation of the CCO and the quality/impartiality of advice in the 2024 Business Case and 2025 WSDP.***
4. ***Commission a new business case that treats the within-council water division option (Status Quo) fairly. See Taupō District Council's LWDW.***
5. ***Delay the transfer of water infrastructure and services until 2028. In 2028, the WDC-Watercare contract ends and a local body election is scheduled. The delay provides opportunities for a referendum on IAWAI and avoiding Hamiltonians becoming entangled with Watercare.***
6. ***Improve practical collaborations with other councils outside of the IAWAI structure (bulk purchasing, workforce development, talent retention).***
7. ***Work to offer WDC a better deal that what they are currently getting with Watercare (assistance/services that HCC can practically provide).***
8. ***Order the release of models and projections to 2036 which show the expected impact of "price harmonisation" on Hamiltonians.***
9. ***Prioritise the long-term interests of Hamilton and the supply of high-quality, yet affordable, water services to Hamilton residents.***
10. ***Do not be pressured by the sunk-cost fallacy, or the growing bureaucracy, into handing over the City's water services to IAWAI.***