

## **With regard to Chief Executive Peter Winder's "*IAWAI Readiness for Go-Live on 1 July 2026*" letter to the Mayor and Hamilton City Councillors.**

To the Mayor and Councillors of Hamilton City Council,

I write this open letter in response to the assertions in IAWAI Chief Executive Peter Winder's letter to Hamilton City Council. That letter, dated 11 June 2026, is contained in Attachment 4 of Item 7 on the Agenda for the 25 June 2026 Ordinary Council meeting.

I will address most of the points raised in Chief Executive Peter Winder's letter, while also articulating serious concerns with process used to form IAWAI and the implications of IAWAI for residents of Hamilton City.

### **Points 1-3**

Yesterday (Tuesday) around noon, I was involved in filing a petition at the Hamilton City Council building. The petition was titled "*Stop the transfer of Hamilton City's water services, staff, and water infrastructure to the IAWAI corporation*".

The petition calls for Hamilton councillors to: put the interests of Hamilton residents first, release the household water bill projections out to 2036, order a new business plan which fairly assesses the benefits of keeping water services in-house, stop the transfers to IAWAI until 2028, and hold a referendum on IAWAI's future in 2028.

IAWAI may claim that it is ready launch on the 1<sup>st</sup> of July, but is Hamilton ready for the multigenerational impacts of IAWAI's approaches to debt and household affordability.

### **Points 4-5**

A year and a few months from councils voting in May 2025 create IAWAI to the 1 July 2026 operational launch, is indicative of the haste involved in the creation of this new CCO. This is a major change and involves the removal of core services from the direct scrutiny of an elected council. The former mayors of Hamilton City and Waikato District are reported as saying (after the vote to establish IAWAI) that...

***“This is a fundamental change to the responsibilities of local government.”<sup>1</sup>***

Those former mayors were correct in that assessment, water services represent approximately 30% of Hamilton City Council's operations and responsibilities. Once they are transferred and fully integrated into another entity it be more difficult to restore that infrastructure to direct council control. I consider that both the general public and their elected representatives were misled prior to the consultations and votes which led to the formation of IAWAI. Critical information related to affordability for Hamilton households was withheld and the advantages of the in-house option were not fairly analysed and considered.

### **Point 6**

That IAWAI is committed "*to an ambitious \$3 billion capital investment programme*" is the source of many concerns about IAWAI and what it has planned for Hamilton's future. It is undoubtedly true that maintenance and renewals of water infrastructure have been neglected and a growing city will need extra capacity for water services. However, \$3 billion dollars is a huge spend and its cost-effectiveness needs to be questioned. Most of that \$3 billion in projected spending will be funded by debt, with rising interest payments that will burden the City for generations into the future.

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<sup>1</sup> <https://web.archive.org/web/20260313044726/https://hamilton.govt.nz/your-council/news/community-environment/water-company-decision-historic-mayors>

Household water charges will go up primarily to support the large amounts of debt IAWAI is planning to take on. If future population growth falls short of what is needed to justify IAWAI debt-fueled ambitions, then the financial burden for paying for those large debts will fall on the remaining population in the City.

### **Point 7**

Although IAWAI documents repeatedly mention the importance of affordability, what IAWAI has been publicly releasing in terms of modeling and projections is very limited. This lack of focus on household affordability and lack of evidence is inconsistent with their purported concern.

The 2026-2036 Water Service Strategy lacked per-household price projections past 2029 and any assessment of household water costs against affordability benchmarks.

The 2025 Water Service Delivery Plan did more assessment around affordability for households. It concluded that a \$4347 per year household water bill is acceptable because median households will be earning \$165,189 per year. Water cost would only be 2.6% of that median household's income in that projection out to 2034, which was lower than a 4.5% of income affordability benchmark sourced from the USA. Many households would disagree that view of affordability, many will struggle to afford water bills at over \$4000 per year. Median households in Hamilton City currently pay around 1% of their household income on water services via rates. IAWAI will bring higher water costs to Hamilton households, and water bills look set to consume a larger fraction of household incomes over the next decade.

If IAWAI is genuine about "*affordability for communities*" being important, then they would publish 10-year projections and modelling of the financial impacts of rising water costs on lower income households (the lower quintile or quartile rather than solely focusing on median incomes). Projected prices and "*affordability*" for industrial and commercial water users is also missing from both the 2025 Water Service Delivery Plan and the 2026-2036 Water Service Strategy.

When "*accelerating investment*" appears in IAWAI documentation, it indicates accelerating accumulation of debt burden on the City. Wise spending decisions, projects of modest scale, and consideration of more cost-effective options might all suffer in a rush by IAWAI (and its consultants and contractors) to spend \$3 billion dollars. Big-budget water projects could be approved without direct scrutiny and project-level approval by elected representatives. IAWAI is not directly accountable to the electors in Hamilton City, who will be burdened by the billions in debts and the rising charges used to support that debt. Future generations will also be burdened by IAWAI.

### **Readiness to operate from 1 July**

#### **Points 8-11**

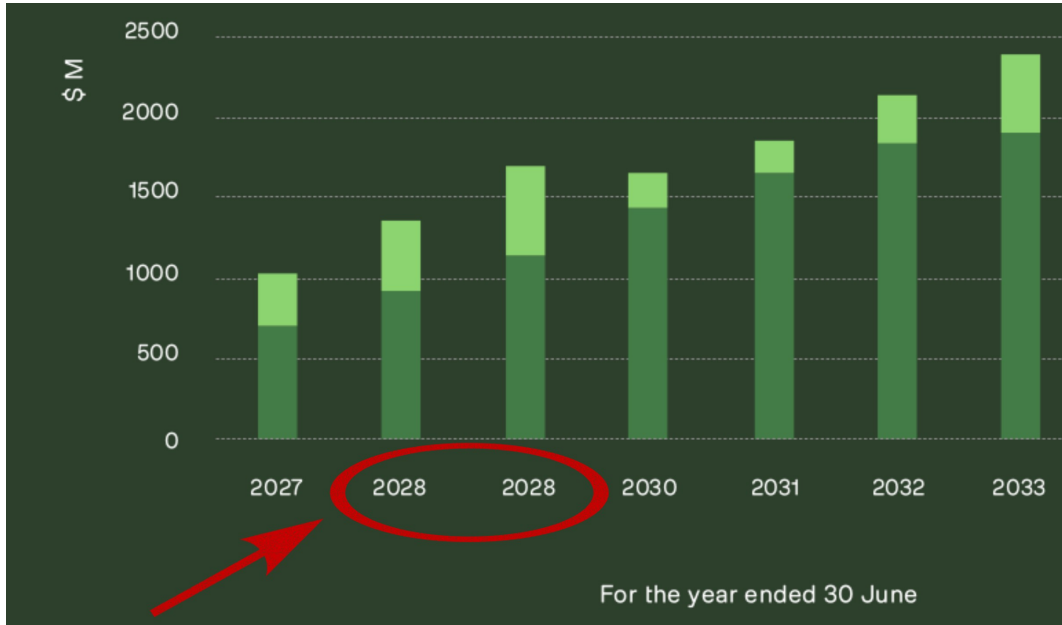
I cannot comment on the inner workings of IAWAI as to the organisation's readiness for the 1 July 2026 launch. From the outside, and reading the publicly available documents released about IAWAI such as the Water Service Strategy, I have serious concerns about the organisation. The lack of modeling and projections of household costs is concerning. Either this modelling has not been done or IAWAI is hiding some 'big, scary numbers' from the public. Both possibilities are troubling, indicating either a lack of transparency or a lack of competence (or some combination of both).

A recent reply from Hamilton City Council to one of my LGOIMA (official information) requests<sup>2</sup> has indicated that modelling of household affordability under different "*price harmonisation*" and volumetric charging scenarios has not been done. That LGOIMA reply also indicated that Artificial Intelligence has been writing some of the IAWAI Strategy documents and making mistakes.

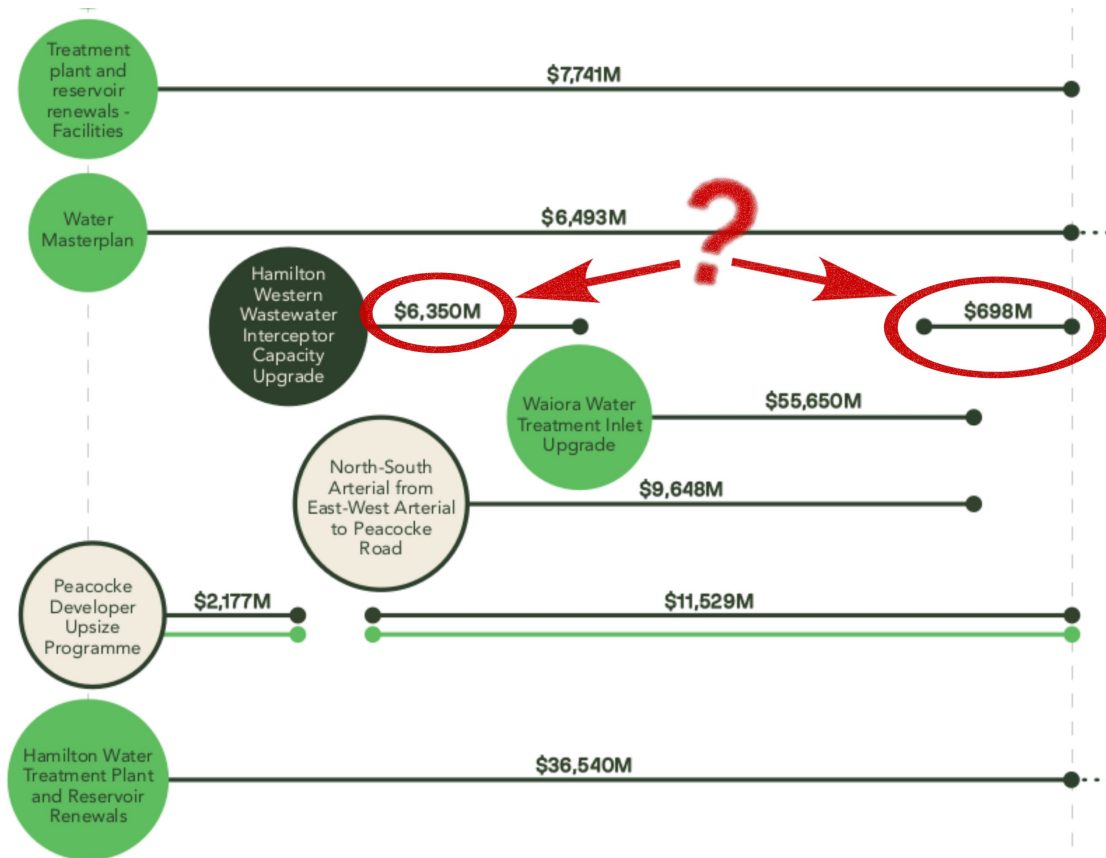
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<sup>2</sup> <https://fyi.org.nz/request/34708-iawai-models-projections-and-costs>

There were many signs in public-facing IAWAI documentation that AI software was utilised and evidence that staff have not been thoroughly checking the accuracy of AI-generated representations.



Page 26 of the 2026 IAWAI Water Services Strategy (WSS) Summary<sup>3</sup>



Page 55 of 2026 IAWAI Water Services Strategy (WSS)<sup>4</sup>

<sup>3</sup> <https://hamilton.govt.nz/assets/Uploads/Documents/Content-Documents/Environment-and-Sustainability/Water-Services-Strategy-summary-v2.pdf>

<sup>4</sup> <https://hamilton.govt.nz/assets/Uploads/Documents/Strategies/IAWAI-Water-Services-Strategy.pdf>

## **Transfer of staff**

### **Points 12-13**

According to the IAWAI Chief Executive's letter, it appears that all but one of waters staff (at HCC or WDC, or both?) have accepted transfer agreements to join IAWAI.

In addition to the transfer of almost all council waters staff to IAWAI, the new CCO has recruited at least a few executives. IAWAI is currently recruiting more staff with many roles currently advertised.

The IAWAI Chief Executive describes the new structures as "*lean*" as well as referring to a "*tight workforce*" that has recruited a "*small number of key roles*".

IAWAI currently has over a dozen roles advertised on seek.co.nz and nz.indeed.com with applications for those roles closing on 1 July 2026 and 2 July 2026.

It appears that 'back office' and manager staffing levels at IAWAI are set to expand from day one. Meanwhile, consultants and contractors (such as AECOM) are currently recruiting extra staff to specifically work for IAWAI on waters projects. Are we going to be paying for duplication?

The Table on the next page summarises job advertisements and staff appointments related to IAWAI. It is not a comprehensive list. Some recruitment activity has not been captured completely and there is some ambiguity around duplication of advertisements (it appears that IAWAI is currently recruiting three Property Advisors, with one of them being a Senior Property Advisor... though this could be duplicated posts on the recruitment websites).

Based on the indicative salaries in various job advertisements, IAWAI appears to be partway through recruiting at least at least \$2 million per year in terms of new salary cost (based on what has been capture in that table with indicative salary figures). Probably the total of new staff salaries is closer to \$3 million, though this is difficult to confirm due to the unavailability of numbers for most of the executive salaries. Only the Chief Executives salary band (\$400,000 - \$419,999) was released in response to my recent LGOIMA request<sup>5</sup>.

Looking at the job titles, very few of those new IAWAI roles appear to involve the employee 'getting their hands dirty' digging trenches to install new piping or fixing the technical faults inside a treatment plant. A few of the roles could be for some some type of 'water infrastructure engineer' doing calculations, models, and designs. However, most of the roles appear to be 'back-office' roles, bureaucrats, and/or managers. Hamilton City Council already has staff employed in equivalent roles.

- Does IAWAI also need new full-time staff to cover those tasks?
- Could some of these advisors, managers, and executives be shared across IAWAI and HCC?

For example, having an advisor or executive working 70% for HCC and 30% for IAWAI would avoid extra staffing costs (which essentially what is happening when waters is an in-house unit).

### **Points 14-17**

It appears that IAWAI is going to use HCC's payroll system and billing/invoicing systems from the two councils. This makes sense and should reduce both costs and risks for IAWAI. However, this choice indicates that the option of keeping water services in-house could have major advantages. IAWAI is still going to be operating largely in-house from a HCC perspective, at least during the first few years. Problems and cost increases could result in the future if IAWAI separates from the councils and sets up its own administration systems.

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<sup>5</sup> <https://fyi.org.nz/request/34708-iawai-models-projections-and-costs>

| <b>Role</b>  | <b>Salary Notes</b>  | <b>Salary Value</b> | <b>Job Application open (Closure Date)</b> | <b>Job Advertisement website(s)</b>   |
|--|--|---------------------|--|---|
| <b>IAWAI Chief Executive</b>   | Salary band (minimum)  | \$400,000           | Around October 2025                        | <a href="https://amytea.co.nz/chief-executive-iawai/">https://amytea.co.nz/chief-executive-iawai/</a>                 |
| <b>IAWAI Chief Financial Officer</b>   | Cannot find salary details   |                     | 16/11/2025                                 | <a href="https://amytea.co.nz/chief-financial-officer-iawai/">https://amytea.co.nz/chief-financial-officer-iawai/</a> |
| <b>IAWAI Chief Digital Officer</b>   | Cannot find the advertisement, though the position is mentioned in IAWAI documents.  |                     |  |   |
| <b>IAWAI Pou Aronui - Maaori Partnerships, Communications &amp; Engagement Executive</b>   | "Circa" (minimum)  | \$200,000           | (30/11/2025)                               | seek.co.nz  |
| <b>IAWAI Customer Advisor</b>  | "Circa"  | \$74,000            | (02/07/2026)                               | seek.co.nz & nz.indeed.com  |
| <b>IAWAI Business Administration/Support (Operations &amp; Process)</b>  | "Circa"  | \$75,000            | (01/07/2026)                               | seek.co.nz & nz.indeed.com  |
| <b>IAWAI Business Administration/Support (Maintenance Delivery)</b>  | "Circa"  | \$75,000            | (01/07/2026)                               | seek.co.nz & nz.indeed.com  |
| <b>IAWAI Governance Coordinator</b>  | "Circa"  | \$75,000            | (01/07/2026)                               | seek.co.nz & nz.indeed.com  |
| <b>IAWAI Property Advisor</b>  | "Circa"  | \$90,000            | (01/07/2026)                               | seek.co.nz & nz.indeed.com  |
| <b>IAWAI Property Advisor</b>  | "Circa"  | \$90,000            | (01/07/2026)                               | nz.indeed.com   |
| <b>IAWAI Strategic Waters Infrastructure Advisor</b>   | "Circa"  | \$87,000            | (01/07/2026)                               | seek.co.nz & nz.indeed.com  |
| <b>IAWAI Senior Property Advisor</b>   | "Circa"  | \$113,000           | (01/07/2026)                               | seek.co.nz  |
| <b>IAWAI Portfolio Analyst</b>   | "Circa"  | \$75,000            | (01/07/2026)                               | seek.co.nz & nz.indeed.com  |
| <b>IAWAI Portfolio Analyst</b>   | "Circa"  | \$75,000            | (01/07/2026)                               | nz.indeed.com   |
| <b>IAWAI Portfolio Reporting Specialist</b>  | "Circa"  | \$115,000           | (01/07/2026)                               | seek.co.nz & nz.indeed.com  |
| <b>IAWAI Governance &amp; Risk Policy Advisor</b>  | "Circa"  | \$100,000           | (01/07/2026)                               | seek.co.nz & nz.indeed.com  |
| <b>IAWAI Principal Planner</b>   | "Circa"  | \$140,000           | (01/07/2026)                               | seek.co.nz  |
| <b>IAWAI Water Services Programme Manager</b>  | "Circa"  | \$140,000           | (01/07/2026)                               | seek.co.nz & nz.indeed.com  |
| <b>IAWAI Hydraulic Modelling Strategy Manager</b>  | "Circa"  | \$135,000           | (01/07/2026)                               | seek.co.nz  |
| <b>IAWAI Digital Excellence Partner</b>  | Cannot find the advertisement though this position description exists. <a href="https://hamilton.govt.nz/assets/Position-Descriptions/Position-Description-IAWAI-Digital-Excellence-Partner-November-2025.pdf">https://hamilton.govt.nz/assets/Position-Descriptions/Position-Description-IAWAI-Digital-Excellence-Partner-November-2025.pdf</a> |                     |  |   |
| <b>The two roles below are not directly IAWAI employees, though it appears that at least one of them could be largely funded by IAWAI and presumably a share of that "ambitious \$3 billion capital investment programme".</b> |  |                     |  |   |
| <b>AECOM Associate Director   Water Planning and Advisory (Hamilton)</b>   | Salary details not stated<br>Viewed 22/06/2026   |                     |  | nz.indeed.com   |
| <b>AECOM Technical Design &amp; Delivery Lead, Water Infrastructure (Waikato)</b>  |  |                     |  | aecom.jobs/   |

## **Digital readiness**

### **Points 18-21**

These points made by the Chief Executive indicate that IAWAI will effectively be operating in-house for some tasks; utilising a variety of council systems and digital services for its early years.

It makes sense to keep using HCC's in-house digital services and systems to reduce costs. Again this indicates that the in-house option had merits over establishing the CCO. It also indicates how expensive, complicated, and risky it will be for the CCO or establish its own systems and digital resources.

If there is a need to disband IAWAI (and un-merge Hamilton City and Waikato District water services) in the near future, this would be easier if IAWAI keeps using HCC systems.

## **Transfer of assets and liabilities**

### **Points 22-25**

The implications of the Watercare contract, financially and operationally, were not detailed clearly in the the 2026-2036 Water Service Strategy or the 2025 Water Service Delivery Plan. These questions need to be answered:

- What are the risks of Hamilton City Council and Hamilton residents getting involved with the WDC-Watercare contract via IAWAI?
- How much will IAWAI be paying to Watercare until 2028?
- Will IAWAI be buying plant and equipment from Watercare in 2028 as the contract ends?
- Will Hamilton households and businesses be paying for that Watercare contract or the terms of the exit from that contract?
- Will Hamilton residents be paying for extra IAWAI staff to manage Waikato District water services while most of the work is still being done by Watercare staff until mid-2028?
- Will IAWAI need to build up staffing levels and train staff during 2027 and early 2028 in anticipation of taking over Watercare's operations in Waikato District?

There appears to have been a significant lack of information and consultation about the Watercare contract during the formation of IAWAI.

### **Points 26-27**

The points raised about the transfer of the City's reserve and endowment land to IAWAI are concerning and should have been a feature of earlier documents such as the 2024 Business Case. Elected members should have been briefed on such issues before the vote to form IAWAI

These are clearly disadvantages of the CCO-model (as compared to the in-house model) as indicated by the Chief Executive using terms such as "*expensive*", "*resource hungry*", "*complexity*", "*long process*", and "*challenges*".

There are also potential moral, ethical, and constitutional issues with such land transfers, especially in the absence of case-by-case consultation with the community. Questions raise by this issue, would include:

- Is it right for HCC to transfer reserve and endowment land to IAWAI as a corporate entity?
- Do future generations get that land returned to the City if IAWAI ceases to exist or ceases to use that land for providing water services?

## **Shared services**

### **Points 28**

I agree with the Chief Executive that having councils provide back-office functions to IAWAI sounds like a good idea to reduce risks and improve cost effectiveness. This also supports the case for in-house water services over the CCO model generally.

### **Points 29-31**

These points indicate we can expect issues and rising costs to emerge as IAWAI migrates away from using council's in-house systems and sharing various back-office functions. Future duplication of staff and systems could increase administration overheads for IAWAI. Budget overruns, major failures, and delays often occur with implementing new Information Technology systems and processes. The IAWAI-related decisions which councils have made over the last year, may not impact communities severely until 2-5 years after IAWAI's creation.

## **Appointment of Board of Directors**

### **Points 32-34**

The directors are another unnecessary and additional expense over the in-house option. We already have selected and are paying our elected councillors to provide a governance function. At \$98,000 for the Board Chair plus \$53,000 for each of the other five directors and we reach a total of \$363,000 in extra annual operational expenditure for water services due to the board alone. Committee chairs are going to receive \$6000 more according to a recent HCC press release<sup>6</sup> and it is likely the board-related costs will increase over time. IAWAI boasting that it is to become "*one of New Zealand's largest companies*" in the Waikato Times<sup>7</sup> hints at a future of rapidly rising pay packets for the board and executives (as we have seen with other CCOs and State Owned Enterprises around the country).

## **Water Services Strategy**

### **Points 35-37**

IAWAI appears to be attempting to spin a price increase as if it is a decrease (as a decrease over an earlier projection for increases in charges from the joint-CCO model).

Under IAWAI, the affordability of water services for Hamilton households is suffering greatly, whereas Waikato District household might get better longer-term affordability by switching from Watercare to IAWAI (as their CCO waters services provider).

The 2024 Local Water Done Well Business Case<sup>8</sup>, gave affordability a low weighting in the assessment criteria (less than 12.5% of the total).

According to the 2026-2036 WSS, a median household in Hamilton City will have a 71% increase in water costs over 3-years, compared to a 23% increase over the same timeframe for a median household in Waikato District. This might be lower than the 2025 WSDP projections. However, it looks like we are comparing joint-CCO projected price increases to an earlier projection for the joint-CCO. The newly modelled price increase beyond 2029 were not included in the WSS and "*smoothing*" has been used in the reduce the impact of price increases on consumers for the "*early years*".

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<sup>6</sup><https://hamilton.govt.nz/your-council/news/community-environment/board-appointments-strengthen-new-waters-company>

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<sup>8</sup>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](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)

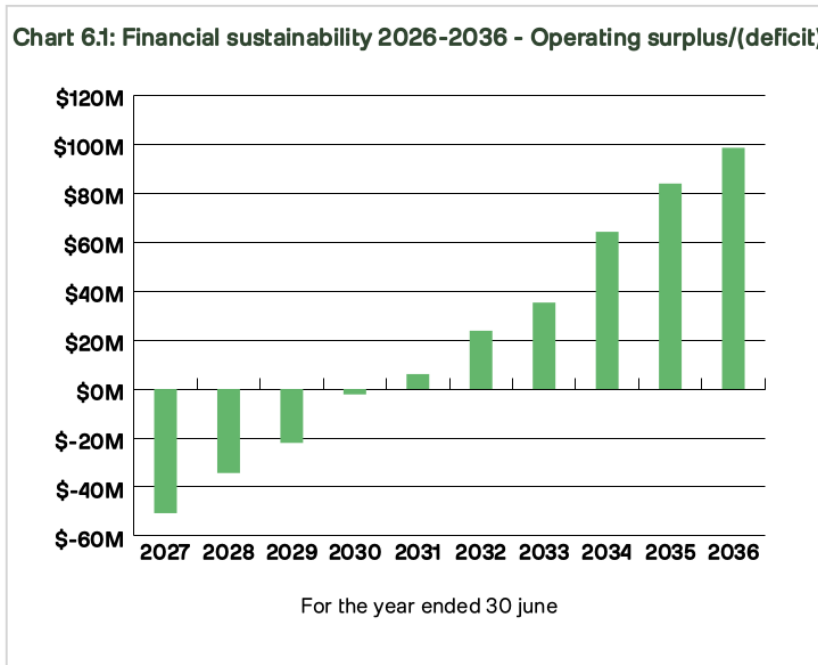
**Key levers in this WSS:**

- **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.

Page 26 of the 2026-2036 IAWAI Water Services Strategy (WSS)<sup>9</sup>

Amid the corporate jargon in the above excerpt, achieving "[s]avings and efficiencies" through "re-sizing" and "systemic procurement partnering for renewals" do sounds like good activities. Savings and efficiency gains could be achieved while keeping water services in-house, collaboration with other councils does not require the two councils to join into a CCO. IAWAI collaborating with Tauranga City Council on information technology systems, indicates that joint-CCO's are not necessary for inter-council collaborations with the aim of reducing costs.

The use of "price smoothing" or "debt smoothing" to reduce the price rises in the first 3-years of IAWAI's operations has serious implications after 2029. According to the 2026-2036 Water Services Strategy, IAWAI is deliberately going to run operational deficits, and get deeper in debt, to make the price increases lower in its early years.



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

Page 24 of the 2026-2036 IAWAI Water Services Strategy (WSS)

Presumably the price increases after 2029 will need to be higher to support the increased debt levels incurred through using increased borrowing to "smooth" the price increases in the early years.

<sup>9</sup> <https://hamilton.govt.nz/assets/Uploads/Documents/Strategies/IAWAI-Water-Services-Strategy.pdf>

**Points 38 and 39**

That two-thirds of the planned *"ambitious \$3 billion capital investment programme"* will be funding *"growth"* is deeply concerning. It is especially concerning given Hamilton City Council's recent track-record of debt-fuelled spending in the hope that they can make *"growth pay for growth"*.

The 2026-2036 IAWAI Water Services Strategy (WSS)<sup>10</sup> contains indications of the magnitude of *"growth paying for growth"* being a failure during the last decade of Hamilton City Council's excessive infrastructure spending. IAWAI is effectively claiming that it is starting with a burden of ~\$331 million in inherited debt, and that HCC has failed to make *"growth pay for growth"*.

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

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

**Page 26 of the 2026-2036 IAWAI Water Services Strategy (WSS)**

Hamilton City has been getting atrociously low value-for-money for its infrastructure spending on growth-related infrastructure. This was clear in the Infrastructure Commission report titled *"Paying it back: An examination of the fiscal returns of public infrastructure investment"* where Hamilton was one of the worst performing councils, in terms of spending the most for capital spending per new resident and not being able use growth revenues to cover growth costs. That report showed growth CAPEX of almost \$30,000 per new resident in Hamilton compared to less than \$10,000 per new resident in places such as Hutt City.

- Where has all the money gone for Hamilton City's for *"growth"* spending in recent decades?
- Was irresponsible spending on 'growth-related' projects encouraged and enabled by HCC taking on huge debts to fund growth?
- Has IAWAI inherited HCC's culture of: borrowing big, spending big on infrastructure projects, accepting project costs potentially 2-5 times more expensive than other cities in New Zealand, then struggling to support that growing debt without extracting more revenue from the existing population of residents & businesses?

Table 1: Estimated fiscal cost recovery for council growth infrastructure, 2007–2031, millions of 2023 NZD

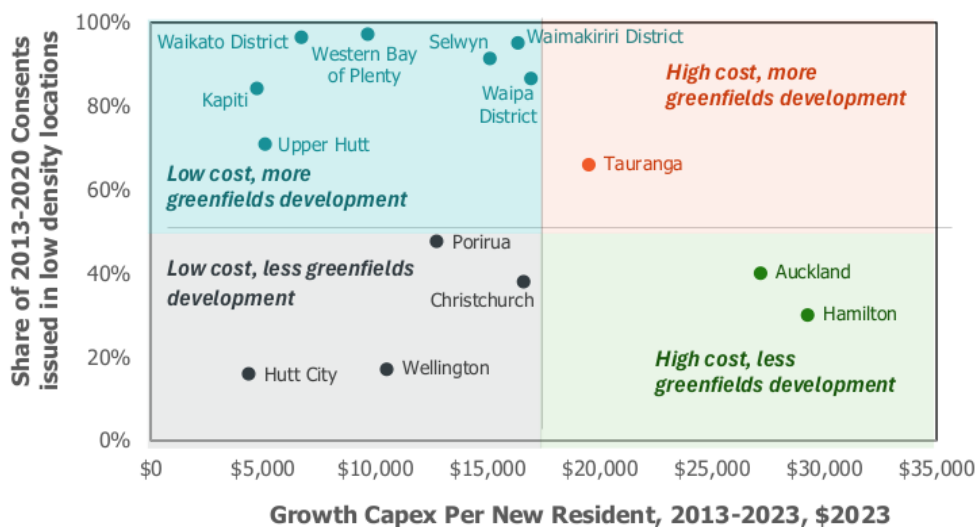
|   | Auckland Council (2012-2031) | Wellington City | Christchurch City | Hamilton City | Tauranga City | Queenstown-Lakes | Dunedin City |
|---|------------------------------|-----------------|-------------------|---------------|---------------|------------------|--------------|
| Estimated growth costs                                  | \$21,427                     | \$873           | \$2,703           | \$3,308       | \$3,280       | \$1,565          | \$296        |
| Estimated growth revenues                               | \$9,722                      | \$737           | \$3,080           | \$1,156       | \$1,060       | \$792            | \$556        |
| <b>Share of growth costs covered by growth revenues</b> | <b>45%</b>                   | <b>84%</b>      | <b>114%</b>       | <b>35%</b>    | <b>32%</b>    | <b>51%</b>       | <b>188%</b>  |

Source: New Zealand Infrastructure Commission's analysis of local government financial data. Auckland data are from 2012 through 2031.

**Page 7 of "Paying it back: An examination of the fiscal returns of public infrastructure investment" a 2025 report by the New Zealand Infrastructure Commission**

<sup>10</sup> <https://hamilton.govt.nz/assets/Uploads/Documents/Strategies/IAWAI-Water-Services-Strategy.pdf>

Figure 8: All tier 1 councils: growth infrastructure spending per capita versus the share of consents issues in low-density locations, 2013–2023



Note: A low-density area is defined as fewer than 10 people per hectare, as measured in 2007.  
Sources: New Zealand Infrastructure Commission’s analysis of council annual plans, LTPs and Stats NZ data.

Page 30 of "Paying it back: An examination of the fiscal returns of public infrastructure investment" a 2025 report by the New Zealand Infrastructure Commission

**Point 40**

The lack of community awareness and engagement on these three waters reforms is concerning. Some of this maybe due to lack of communication and lack of media coverage. However, the joint-CCO has been presented as a done deal and an inevitability which likely discouraged community engagement.

**Policy development and Risks**

**Points 41-45**

Much of this policy development effort, transition risks, and related expenses would have been avoided with the in-house option.

**Financial Considerations**

**Points 46-45**

It is worth noting that in December 2024 the establishment costs of approximately \$6 million were included in an HCC meeting agenda<sup>11</sup>. IAWAI establishment budgets have been increased since the 2024 Local Water Done Well Business Case estimated "One-off establishment costs of \$4m over the 2025-26 and 2026-27 periods" on page 49.

The Chief Executive reports IAWAI being under budget with "forecast full-year" positions of \$3.5 million for year-one "operations" and \$4 million for "establishment costs".

\$3.5 million + \$4 million = \$7.5 million.

Much of these costs would have been avoided with the in-house option.

<sup>11</sup> Page 61 of Council Agenda 12 December 2024- OPEN, <https://hamilton.govt.nz/assets/Uploads/Documents/Agendas-and-minutes/Agendas/Council-Open-Agenda-12-December-2024-v5.pdf>

In conclusion, the formation of a joint-CCO (now called IAWAI) has never been primarily about making water more affordable or healthier for households in Hamilton City.

The formation of the joint-CCO has always been primarily driven by the desire to obtain access to more debt capacity and then use that debt to fund larger and more expensive infrastructure projects, often projects that can cross normal council boundaries.

Waikato District households may get more affordability benefits from IAWAI than household in Hamilton City, though they are already burdened by higher median waters costs under Watercare. If the CCO business model and water meters did make water more affordable in practice, then Waikato District should have already have competitive prices for water services when compared to Hamilton City (instead of the current situation where a median household in Waikato District faces over 3-times higher waters charges when compared to a median household in Hamilton City<sup>12</sup>).

In theory, there should be efficiencies of scale with waters infrastructure. However, in December 2024 HCC staff declared that they had not modelled how "*affordability will improve for ratepayers due to efficiencies*". The recent publications about IAWAI (the WSDP and WSS) indicate that such modelling has either still not been done, or has been done and IAWAI has chosen not to release that information to the public. No detailed evidence of cost savings over the in-house option is presented.

The last decade (or so) of debt-fueled spending by Hamilton City Council in the hope that "*growth will pay for growth*" has led to woefully inefficient use of infrastructure funding (the worst in the country for tier 1 councils over the 2013-2023 dataset, according to the Infrastructure Commission<sup>13</sup>).

Whatever economies of scale could be achieved through bulk procurement or large-scale infrastructure building do not appear to have been benefiting the residents of Hamilton City in terms of lower costs to households (at lease during the 2013-2023 decade). I suspect most of the potential economies of scale in Hamilton's infrastructure spending has been lost to fund growing bureaucracies as well as enriching various consultants and contractors. Being outside of direct oversight by councillors and having billions in debt capacity, IAWAI has the potential to make these existing problems with Hamilton's infrastructure spending much worse.

- How will the public and their elected representatives scrutinise the spending on waters infrastructure projects controlled by IAWAI?
- Who will be held responsible for excessive debts, unwise infrastructure projects based on overly-optimistic growth projections, project budget blowouts, and reckless contracting?

IAWAI's claims of lower-than-previously-projected water bills appears to mainly be the product of a plan to get deeper into debt and run operational deficits for the first three years (called "*smoothing*"). IAWAI has not been transparent with the public. The modelling and strategies they have released to the public have been inadequate and in some places shoddy AI-generated documentation.

The legitimacy of an organisation which can get the public into debt is dependent on transparency. IAWAI has started its existence by failing to be transparent with the public and is aiming to take on approximately \$2 billion in debt within 10-years. This is a deeply concerning situation.

Sincerely,

John McDonald

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<sup>12</sup>According to page 23 of 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>

<sup>13</sup>Page 30 of "*Paying it back: An examination of the fiscal returns of public infrastructure investment*" a 2025 report by the New Zealand Infrastructure Commission