



**CENTRAL
HAWKE'S BAY**
DISTRICT COUNCIL



Extraordinary Council Meeting Agenda

Thursday, 9 December 2021

9:00am

Council Chamber, 28-32 Ruataniwha
Street, Waipawa

Together we Thrive! E ora ngātahi ana!

Order Of Business

| | | |
|----------|---|------------|
| 1 | Karakia..... | 3 |
| 2 | Apologies | 3 |
| 3 | Declarations of Conflicts of Interest..... | 3 |
| 4 | Standing Orders..... | 3 |
| 5 | Reports from Committees | 4 |
| 5.1 | Minutes of the Council Meeting held on 17 November 2021 | 4 |
| 6 | Report Section | 17 |
| 6.1 | Three Waters Reform Position | 17 |
| 6.2 | Regional Economic Development Agency..... | 44 |
| 6.3 | Council Appointed Trustee Vacancy - Central Hawke's Bay District Community Trust..... | 153 |
| 6.4 | Recycling Drop off Centres | 159 |
| 6.5 | Progress Report and Direction of Draft Annual Plan 2022 - 2023..... | 164 |
| 6.6 | Minutes from Regional Transport Committee and HB CDEM Group Joint Committee..... | 170 |
| 7 | Public Excluded Business | 181 |
| | Nil | |
| 8 | Date of Next Meeting | 181 |
| 9 | Time of Closure..... | 181 |

- 1 **KARAKIA**
- 2 **APOLOGIES**
- 3 **DECLARATIONS OF CONFLICTS OF INTEREST**
- 4 **STANDING ORDERS**

RECOMMENDATION

THAT THE FOLLOWING STANDING ORDERS ARE SUSPENDED FOR THE DURATION OF THE MEETING:

- 21.2 TIME LIMITS ON SPEAKERS
- 21.5 MEMBERS MAY SPEAK ONLY ONCE
- 21.6 LIMITS ON NUMBER OF SPEAKERS
- THAT 22.4 OPTION C UNDER SECTION 22 GENERAL PROCEDURES FOR SPEAKING AND MOVING MOTIONS BE USED FOR THE MEETING.

5 REPORTS FROM COMMITTEES

5.1 MINUTES OF THE COUNCIL MEETING HELD ON 17 NOVEMBER 2021

File Number: COU1-1400

Author: Monique Davidson, Chief Executive

Authoriser: Monique Davidson, Chief Executive

Attachments: 1. Minutes of the Council Meeting held on 17 November 2021

RECOMMENDATION

1. That the minutes of the meeting of the Council held on 17 November 2021 be received.

**MINUTES OF CENTRAL HAWKES BAY DISTRICT COUNCIL
COUNCIL MEETING
HELD AT THE COUNCIL CHAMBER, 28-32 RUATANIWHA STREET, WAIPAWA
ON WEDNESDAY, 17 NOVEMBER 2021 AT 9.00AM**

PRESENT: Mayor Alex Walker
Deputy Mayor Kelly Annand
Cr Jerry Greer
Cr Exham Wichman
Cr Brent Muggeridge
Cr Tim Aitken
Cr Gerard Minehan
Cr Kate Taylor
Cr Pip Burne
Kaiārahi Matua Roger Maaka

IN ATTENDANCE: Monique Davidson (Chief Executive)
Brent Chamberlain (Chief Financial Officer)
Nicola Bousfield (Group Manager, People and Business Enablement) - Zoom
Doug Tate (Group Manager, Customer and Community Partnerships)
Joshua Lloyd (Group Manager, Community Infrastructure and Development)
Bridget Gibson (Governance and Support Lead)

PUBLIC: Vicki Berkahn of Te Rangihaeata Oranga Trust

1 KARAKIA

Introduced Brierley Brown

Introduced Melissa Wiggins

2 APOLOGIES

Apology from Cr. Annand for lateness was received. Cr. Annand joined the meeting at arrived at 9.35 am.

Apology from Cr. Aitken for lateness was received. Cr. Aitken joined the meeting at arrived at 9:06 am.

3 DECLARATIONS OF CONFLICTS OF INTEREST

Nil

4 STANDING ORDERS

RESOLVED: 21.104

Moved: Cr Kate Taylor

Seconded: Cr Pip Burne

THAT the following standing orders are suspended for the duration of the meeting:

21.2 Time limits on speakers

21.5 Members may speak only once

21.6 Limits on number of speakers

And that Option C under section 22 General procedures for speaking and moving motions be used for the meeting.

Standing orders are recommended to be suspended to enable members to engage in discussion in a free and frank manner.

CARRIED

5 CONFIRMATION OF MINUTES

RESOLVED: 21.105

Moved: Cr Gerard Minehan

Seconded: Cr Kate Taylor

That the minutes of the Ordinary Council Meeting held on 23 September 2021 as circulated, be confirmed as true and correct.

CARRIED

6 REPORTS FROM COMMITTEES

6.1 MINUTES OF THE STRATEGY AND WELLBEING COMMITTEE MEETING HELD ON 21 OCTOBER 2021

RESOLVED: 21.106

Moved: Cr Brent Muggeridge

Seconded: Cr Pip Burne

1. That the minutes of the meeting of the Strategy and Wellbeing Committee held on 21 October 2021 be received.

CARRIED

6.2 MINUTES OF THE FINANCE AND INFRASTRUCTURE COMMITTEE MEETING HELD ON 7 OCTOBER 2021

RESOLVED: 21.107

Moved: Cr Brent Muggeridge

Seconded: Cr Exham Wichman

1. That the minutes of the meeting of the Finance and Infrastructure Committee held on 7 October 2021 be received.

CARRIED

RECOMMENDATION FROM COMMITTEE:**RESOLVED: 21.108**

Moved: Cr Kate Taylor

Seconded: Cr Jerry Greer

That the resolution of the Finance and Infrastructure Committee regarding report 6.7 *Review of Terms of Reference for the Hawkes Bay Drinking Water Governance Joint Committee*;

That having considered all matters raised in the report:

- a) That the Committee receives the “*Review of Terms of Reference for the Hawke’s Bay Drinking Water Governance Joint Committee*” report.
- b) That the Committee Recommends to Council that:
 - a. The Hawke’s Bay Drinking Water Governance Joint Committee be disestablished, having concluded the functions for which it was set up, and that governance oversight of drinking water safety be transferred to the Regional Leaders’ Forum.
 - b. The Hawke’s Bay Drinking Water Joint Working Group be retained and report directly to the Regional Leaders’ Forum, with a report on its future institutional and administrative support to be prepared for consideration and approval by the Regional Leaders’ Forum.

be received.

CARRIED

7 REPORT SECTION

7.1 RESOLUTION MONITORING REPORT

PURPOSE

The purpose of this report is to present to Council the Resolution Monitoring Report. This report seeks to ensure Council has visibility over work that is progressing, following resolutions from Council.

RESOLVED: 21.109

Moved: Cr Gerard Minehan

Seconded: Cr Exham Wichman

That, having considered all matters raised in the report, the report be noted.

CARRIED

Monique Davidson presented the report.

7.2 ADOPTION OF MEETING SCHEDULE 2021**PURPOSE**

The purpose of this report is for Council to confirm the Council Meetings and Hearings Schedule for 2022. Also included in the Schedule are the 2022 District Plan hearings and deliberation dates for Councillor reference.

RESOLVED: 21.110

Moved: Cr Brent Muggeridge

Seconded: Cr Jerry Greer

That having considered all matters raised in the report:

1. That the Council Meetings and Hearings Schedule for 2022, as amended, be adopted.

CARRIED

Requested that a Risk & Assurance Committee meeting be considered for addition to the schedule between May and September.

Noted that the Meeting Schedule 2022 has been amended as follows:

3rd March 2022 - Council Workshop - moved to 2nd March 2022.

7th April 2022 - Ordinary Council Meeting – moved to 6th April 2022.

24th November 2022 – Council Workshop – moved to 23rd November 2022.

7.3 RETIREMENT HOUSING POLICY - REVIEW FOR ADOPTION**PURPOSE**

The matter for consideration by the Council is the adoption of the Retirement Housing Policy.

RESOLVED: 21.111

Moved: Cr Tim Aitken

Seconded: Cr Exham Wichman

That having considered all matters raised in the report:

- a) The new Retirement Housing Policy be adopted, and the existing retirement housing policy be deleted.

CARRIED

Jennifer Leaf presented the report.

That amendment is made to the Policy to change the wording *to* “*consider*” *increasing the number of units over time*”.

| 7.4 CREATION OF PUBLICLY CONTESTABLE PRIVATE WATER SUPPLY FUND | |
|---|---|
| PURPOSE | |
| The matter for consideration by the Council is the adoption of a new policy (the Private Water Supply Fund Policy) for a publicly contestable fund to support Private Water Supplies (the Private Water Supply Fund). | |
| RESOLVED: 21.112 | |
| Moved: Cr Kate Taylor | |
| Seconded: Cr Gerard Minehan | |
| That having considered all matters raised in the report: | |
| a) | Council ADOPT the Private Water Supply Fund Policy as amended that ensures the criteria gives effect to prioritising funding to community groups, community service providers, and marae that fall within the Water Services Act. |
| b) | Council NOTE the detail within the Private Water Supply Fund including the delegations for approving access to the fund, the eligibility criteria and the application process. |
| C) | That Council give the Chief Executive delegations to finalise the detail of the criteria within the Private Water Supply Fund Policy. |
| Carried | |
| <u>In Favour:</u> | Crs Alex Walker, Kelly Annand, Jerry Greer, Exham Wichman, Tim Aitken, Gerard Minehan, Kate Taylor and Pip Burne |
| <u>Against:</u> | Cr Brent Muggeridge |
| CARRIED 8/1 | |

Josh Lloyd presented the report.

The Council adjourned for a refreshment break at 10:33am.

The Council reconvened at 10:50am.

| 7.5 WAIPUKURAU SECOND SUPPLY/ WAIPAWA LINK - PROJECT UPDATE | |
|---|--|
| PURPOSE | |
| The matter for consideration by the Council is to receive a further update on the progress of the development of the investigation, design and construction for the Waipukurau Second Water Supply/ Waipawa Link project. | |
| RESOLVED: 21.113 | |
| Moved: Deputy Mayor Kelly Annand | |
| Seconded: Cr Jerry Greer | |
| That, having considered all matters raised in the report, the report be noted. | |
| CARRIED | |

7.6 REVIEW OF LOCAL ALCOHOL POLICY**PURPOSE**

The matter for consideration by the Council is the review of the Local Alcohol Policy.

RESOLVED: 21.114

Moved: Cr Gerard Minehan

Seconded: Cr Pip Burne

That having considered all matters raised in the report:

- a) That the current Local Alcohol Policy is retained, and that the Policy is not reviewed until 2023/2024.

CARRIED

Lisa Harrison presented the report.

7.7 ADOPTION OF CLASS 4 GAMBLING AND BOARD VENUE POLICY**PURPOSE**

The matter for consideration by the Council is to present received submissions to the Class 4 Gambling and Board Venue Policy Statement of Proposal for Councils consideration, as part of considering the adoption of a reviewed Class 4 Gambling and Board Venue Policy.

RESOLVED: 21.115

Moved: Cr Kate Taylor

Seconded: Cr Exham Wichman

That having considered all matters raised in the report:

- a) That the submissions on the Class 4 Gambling and Board Venue Policy Statement of Proposal be received.

CARRIED

That having considered all matters raised in the report:

- b) That Council thank submitters for taking the time to provide feedback on the Class 4 Gambling and Board Venue Policy Statement of Proposal.
- c) That Option Two – the more restrictive option of the Class 4 Gambling and Board Venue Policy Statement of Proposal be adopted.

In Favour: Cr Alex Walker, Kelly Annand, Jerry Greer, Exham Wichman, Kate Taylor and Pip Burne

Against: Cr Brent Muggeridge and Gerard Minehan

Abstained: Cr Tim Aitken

CARRIED 6/2

Lisa Harrison presented the report.

Vicki Berkahn of Te Rangihaeata Oranga Trust at 11:00am spoke to submission regarding report 7.7. *Adoption of Class 4 Gambling and Board Venue Policy.*

Cr Taylor requested that a representative of Te Rangihaeata Oranga Trust be invited to meetings of the Safer CHB group.

Declarations of conflict of interest:

Cr Tim Aitken declared a non-pecuniary conflict of interest regarding association with the Horse of the Year organisation and Cr. Tim Aitken abstained from voting.

Cr Kelly Annand declared a non-pecuniary conflict of interest that the Trust she is General Manager of receives funding.

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| 7.8 FINANCIAL REPORTING - FIRST QUARTER 2021/2022 |
| <p>PURPOSE</p> <p>The purpose of this report is to provide the Committee with a summary of Council's financial performance and highlight the key financials for the first three months of 2021/22 financial year.</p> |
| <p>RESOLVED: 21.116</p> <p>Moved: Cr Tim Aitken Seconded: Cr Brent Muggeridge</p> <p>That, having considered all matters raised in the report, the report on Council's financial performance for the first three months of the 2021/22 financial year be noted.</p> <p style="text-align: right;">CARRIED</p> |

Brent Chamberlain presented the report.

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| 7.9 ANNUAL PLAN DIRECTION ENDORSEMENT |
| <p>PURPOSE</p> <p>The purpose of this paper is to seek endorsement from Council on the direction of travel in regards to the preparation of the 2022/23 budget.</p> |
| <p>RESOLVED: 21.117</p> <p>Moved: Cr Tim Aitken Seconded: Mayor Alex Walker</p> <p>a) That, having considered all matters raised in the report, the report be noted.</p> <p>b) That Council endorses the direction taken in preparing the Draft Annual Plan 2022-23, and endorse the Levels Services set out in the Long Term Plan 2021-2031.</p> <p>c) That in endorsing the direction, Council note that it is unlikely that the Draft Annual Plan 2022 – 2023 will trigger significance therefore formal consultation won't be recommended, however, community engagement will be recommended.</p> <p style="text-align: right;">CARRIED</p> |

7.10 QUARTERLY NON-FINANCIAL PERFORMANCE REPORT JULY - SEPTEMBER 2021**PURPOSE**

The purpose of this report is to present to Council the Quarterly non-financial performance report for the period 1 July – 30 September 2021.

RESOLVED: 21.118

Moved: Cr Kate Taylor

Seconded: Cr Exham Wichman

That having considered all matters raised in the report:

That the Quarterly Non-Financial Performance Report 1 July – 30 September 2021 be received.

CARRIED

7.11 AMENDMENT TO COMMITTEE TERMS OF REFERENCE**PURPOSE**

The matter for consideration is the adoption of amendments to the Committee Terms of Reference 2019-2022 specifically outlining the quorum of Council and standing Committees.

RESOLVED: 21.119

Moved: Deputy Mayor Kelly Annand

Seconded: Cr Pip Burne

That having considered all matters raised in the report the proposed amendments to the Committee Terms of Reference 2019-2022 establishing Committee quorum as:

- a) *Half of the members physically present, where the number of members (including vacancies) is even; and*
- b) *A majority of the members physically present, where the number of members (including vacancies) is odd.*

be adopted.

CARRIED

8 MAYOR AND COUNCILLOR REPORTS**8.1 MAYOR'S REPORT FOR NOVEMBER 2021****EXECUTIVE SUMMARY**

The purpose of this report is to present Her Worship the Mayor's report.

RECOMMENDATION

That the Mayor's report for November 2021 be received.

The report was not tabled and therefore not received.

8.2 STRATEGY AND WELLBEING COMMITTEE CHAIR REPORT**PURPOSE**

The purpose of this report is to present the Strategy and Wellbeing Committee Chair Report.

RESOLVED: 21.120

Moved: Deputy Mayor Kelly Annand

Seconded: Cr Kate Taylor

That the Strategy and Wellbeing Committee Chair Report for November 2021 be received.

CARRIED

Councillor Annand presented the report.

8.3 FINANCE AND INFRASTRUCTURE COMMITTEE CHAIR'S REPORT**PURPOSE**

The purpose of this report is to present the Finance and Infrastructure Committee Chair Report.

RECOMMENDATION

That the Finance and Infrastructure Committee Chair Report for November 2021 be received.

The report was not tabled and therefore not received.

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| 8.4 RUATANIWHA WARD REPORT |
| PURPOSE The purpose of this report is to present the Ruataniwha Ward Report. |
| RESOLVED: 21.121 Moved: Deputy Mayor Kelly Annand Seconded: Cr Kate Taylor That the Ruataniwha Ward Report for November 2021 be received. <div style="text-align: right;">CARRIED</div> |

Councillor Annand presented the report.

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| 8.5 ARAMOANA/RUAHINE WARD REPORT |
| PURPOSE The purpose of this report is to present the Aramoana/Ruahine Ward Report. |
| RECOMMENDATION That the Aramoana/Ruahine Ward Report for November 2021 be received. |

The report was not tabled and therefore not received.

9 CHIEF EXECUTIVE REPORT

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| 9.1 BI-MONTHLY ORGANISATION PERFORMANCE REPORT OCTOBER - NOVEMBER 2021 |
| PURPOSE The purpose of this report is to present to Council the organisation report for August - September 2021. |
| RESOLVED: 21.122 Moved: Deputy Mayor Kelly Annand Seconded: Cr Brent Muggeridge That, having considered all matters raised in the report, the report be noted. <div style="text-align: right;">CARRIED</div> |

Monique Davidson presented the report.

10 PUBLIC EXCLUDED BUSINESS**RESOLUTION TO EXCLUDE THE PUBLIC****RESOLVED: 21.123**

Moved: Cr Pip Burne

Seconded: Cr Exham Wichman

That the public be excluded from the following parts of the proceedings of this meeting.

The general subject matter of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

| General subject of each matter to be considered | Reason for passing this resolution in relation to each matter | Ground(s) under section 48 for the passing of this resolution |
|--|---|--|
| 10.1 - Resolution Monitoring Report - Public Excluded | <p>s7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information</p> <p>s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities</p> <p>s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p> | s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7 |
| 10.2 - October Key Project Status Report - District Plan Review | <p>s7(2)(f)(i) - free and frank expression of opinions by or between or to members or officers or employees of any local authority</p> <p>s7(2)(g) - the withholding of the information is necessary to maintain legal professional privilege</p> | s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7 |
| 10.3 - Contract Extension - C1059 & C1060 | <p>s7(2)(f)(i) - free and frank expression of opinions by or between or to members or officers or employees of any local authority</p> <p>s7(2)(h) - the withholding of the information is necessary to</p> | s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7 |

| | | |
|----------------|---|--|
| | enable Council to carry out, without prejudice or disadvantage, commercial activities s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) | |
| CARRIED | | |

The meeting was adjourned 12:25pm and reconvened in public excluded forum at 1.45pm.

11 DATE OF NEXT MEETING

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| RESOLVED: 21.124 Moved: Cr Exham Wichman Seconded: Cr Pip Burne THAT the next meeting of the Central Hawke's Bay District Council be held 9th December 2021. CARRIED |
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12 TIME OF CLOSURE

The Meeting closed at 2.40pm.

The minutes of this meeting were confirmed at the Council Meeting held 9 December 2021.











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CHAIRPERSON

6 REPORT SECTION

6.1 THREE WATERS REFORM POSITION

File Number:**Author:** Monique Davidson, Chief Executive**Authoriser:** Monique Davidson, Chief Executive

Attachments:

1. 3 Waters MOU between Partner Councils Final November 2021  
2. 3 Waters Reform Final Letter to Government September 2021  
3. Letter from Mayor Alex Walker to Prime Minister re: 3 Waters Reform November 2021  
4. Letter from Mayors of Hawke's Bay to Minister Mahuta.  
5. Letter from Mayors of Hawke's Bay to Prime Minister and Minister of Local Government  

RECOMMENDATION

- a) That the report from the Chief Executive dated 9 December 2021 concerning Three Waters Reform next steps be received, and
- b) That Council re-endorse the position of Council as outlined in Attachment No. 2
- c) That Council in continuing its advocacy approach which opposes the reform, delegate to the Chief Executive to undertake necessary steps to ensure Council is reform ready and able to constructively contribute to the work of the National Transition Unit.
- d) That Central Hawke's Bay District Council do not become a Partner Council and signatory to the Memorandum of Understanding, and instead focus on its own advocacy approach through the range of mechanisms already underway.

or

- e) That Central Hawke's Bay District Council approve becoming a Partner Council and signatory to the Memorandum of Understanding, nothing this as an additional tool to add to Councils existing advocacy mechanisms.
- f) That it be noted the total cost to join the campaign is \$10,000, and the Chief Executive will find the funds for this purpose from existing operational budgets.

PURPOSE

The purpose of this report is for Council to decide on whether to become a Partner Council and formally join the Three Waters Campaign through signing of the Memorandum of Understanding (MoU). (Attachment No. 1), noting that in joining Council would be adding this as a tool to its existing range of advocacy mechanisms.

The signatory councils oppose the Government's intention and will agree to work cooperatively with other councils to campaign and convince the Government to reconsider its position in favour of other options that better deliver a set of reform proposals that meet the needs of communities, councils, and Government.

The purpose of the MoU is to:

- Set the objective of the campaign.
- Specify the governance arrangements in respect of the campaign's management and operation.
- Specify the basis on which Partner Councils agree to participate, and continue to participate, in the campaign.
- Specify the cost-sharing arrangements; and
- Set the process by which councils other than the initial Partner Councils may sign-up to join these arrangements.

This report provides the MOU for Council consideration.

SIGNIFICANCE AND ENGAGEMENT

This report is provided for information purposes only and has been assessed as not significant.

BACKGROUND

On Wednesday 27 October 2021 the Minister for Local Government announced that the Three Waters Reform process would become mandatory for all councils. The Government intends to introduce legislation into the House before Christmas which would in effect force councils to hand over control and effective ownership of their water assets to one of the four new water entities.

Government had previously promised that, as part of a signed Memorandum of Understanding (MoU), councils would have an option whether to join (opt-in/opt-out). Many councils have objected strongly to the Government's decision to remove the ability of councils to opt out.

On 30 September 2021 Central Hawke's Bay District Council sent a formal letter giving feedback to the Government on its Three Waters proposal (Attachment No. 2). In November Council also sent a formal letter to the Prime Minister outlining our disappointment at the Government's decision to mandate 3 Waters Reform, in the absence of any community engagement (Attachment No.3)

Central Hawke's Bay District Council, alongside its regional partners Hastings District Council, Napier City Council and Wairoa District Council have jointly advocated, as outlined in Attachment 4 and 5.

The Minister's announcement has left many mayors and councils extremely disappointed, and many members of the community have also expressed their dissatisfaction. Mayors of a several number of councils met informally to canvass ideas about what they could do to resist the proposal. The councils are engaging Malcolm Alexander (former Chief Executive of LGNZ) to oversee and co-ordinate the campaign.

Councils have been asked to give their intention to join as a Partner Council by Friday 19 November 2021, however councils can join after this date. Additionally, councils can decide to leave the 'group' at any time. The MOU is the mechanism in which Councils can join existing signatories.

Subsequent to the Minister's announcement Cabinet has established a working group made up of Local Government and iwi representatives to recommend strengthened governance and accountability arrangements for the Three Waters Reform Programme. Further information on the working group and its scope can be found here <https://www.beehive.govt.nz/release/working-group-ensure-local-voice-three-waters-reform>

Council are already engaged with the working group, in advocating for the Hawke's Bay model.

DISCUSSION

There is considerable public interest in the Three Waters Reform and the decision to mandate the proposed model has not been well received by many parts of the community.

Councils who have signed and partnered through the MOU believe each Three Waters asset owner has the right to determine with their community how best to meet those standards and that there are a number of alternative and viable delivery models that would be supported by councils and ratepayers across New Zealand. There is a view that 'one size does not fit all'.

Most councils agree that quality drinking water and better environmental outcomes are essential, but some have a genuine difference of opinion with the current Government on the structural solution. For these reasons, those councils that disagree with the Government and would like the ability to come together collectively to oppose the Government on behalf of their communities.

The attached MoU sets out the proposed objectives, how the group operates and the financial commitment to participate. The attachment is Council's open invitation to join the group in opposing the Government's decision on the Three Waters reform model. There is acknowledgement that councils are in a range of positions in respect to their Three Waters infrastructure.

However, the group in opposition to the proposal wish to be inclusive and transparent. The request from the group is to respond to this email/proposal once Council has had an opportunity to consider the invite and they will organise for the Mayors signatures to be added to the master document.

In terms of this report there are two options for Council to consider.

The first option is to join as a Partner Council and sign the MoU. The financial costs for this are \$10,000 and will be sourced from an existing operational budget.

The second option is for Council not to become a Partner Council and therefore not sign the MoU.

If Council decides not to join as a Partner Council engagement would continue to occur through the many advocacy mechanisms Council are already participating in ie: LGNZ, Steering Committee, Working Group. If Council opted to become a member Council, it would be on the basis that Council would be adding the work of collective Councils through the MOU to that range of tools.

Regardless of whether Council choose to become a Partner Council and signatory to the Memorandum of Understanding, as the reforms process has been announced as being legislatively mandated, it is prudent for the CE to prepare the organisation for a transition. The Three Waters Reform as they are currently proposed will have a significant impact on the organisation and preparing for the impact is critical to ensure Council has the capacity and capability to continue to deliver three waters services. Notwithstanding Council's position on Three Waters Reform and the advocacy position that Central Hawke's Bay District Council will take, the Chief Executive is seeking endorsement from Council to interact in the reform programme.

IMPLICATIONS ASSESSMENT

This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:

- Council staff have delegated authority for any decisions made;
- Council staff have identified and assessed all reasonably practicable options for addressing the matter and considered the views and preferences of any interested or affected persons (including Māori), in proportion to the significance of the matter;
- Any decisions made will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses;
- Unless stated above, any decisions made can be addressed through current funding under the Long-Term Plan and Annual Plan;
- Any decisions made are consistent with the Council's plans and policies; and
- No decisions have been made that would alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council or would transfer the ownership or control of a strategic asset to or from the Council.

NEXT STEPS

The Mayor and Chief Executive will implement the decisions of Council, and report back to Council as is deemed appropriate.

RECOMMENDATION

- a) That the report from the Chief Executive dated 9 December 2021 concerning Three Waters Reform next steps be received, and
 - b) That Council re-endorse the position of Council as outlined in Attachment No. 2
 - c) That Council in continuing its advocacy approach which opposes the reform, delegate to the Chief Executive to undertake necessary steps to ensure Council is reform ready and able to constructively contribute to the work of the National Transition Unit.
 - d) That Central Hawke's Bay District Council do not become a Partner Council and signatory to the Memorandum of Understanding, and instead focus on its own advocacy approach through the range of mechanisms already underway.
- or
- e) That Central Hawke's Bay District Council approve becoming a Partner Council and signatory to the Memorandum of Understanding, noting this as an additional tool to add to Councils existing advocacy mechanisms.
 - f) That it be noted the total cost to join the campaign is \$10,000, and the Chief Executive will find the funds for this purpose from existing operational budgets.

Memorandum of Understanding
between
Partner Councils
In relation to their 3 Waters Campaign

Dated November 2021

1. Introduction

The Government of New Zealand has announced that it will be introducing a Bill into Parliament before Christmas 2021 for passage into law in 2022. That Bill will compel territorial and unitary authorities (“councils”) in New Zealand to transfer their rights and interests in: drinking water assets; wastewater assets; and stormwater assets (together known as “3 Waters assets”), to four new entities who will henceforth own and operate those assets. This transfer is likely to occur without fair compensation being paid to councils for the compelled transfer of those assets.

The signatory councils (“Partner Councils”) to this Memorandum of Understanding (“MoU”) oppose the Government’s intention and have agreed to work cooperatively together to campaign to convince the Government to reconsider its position in favour of other options that better deliver a set of reform proposals that meet the needs of communities, councils and Government (“the Campaign”).

2. Purpose

The purpose of this MoU is to:

1. Set the objective of the Campaign;
2. Specify the governance arrangements in respect of the Campaign’s management and operation;
3. Specify the basis on which Partner Councils agree to participate, and continue to participate, in the Campaign;
4. Specify the cost-sharing arrangements; and
5. Set the process by which councils other than the initial Partner Councils may sign-up to join these arrangements.

3. Campaign Objective

The purpose of the Campaign is to convince the Government to alter its intention to proceed with legislation that will compel councils to transfer their 3 Waters assets into the ownership and/or operational control of another legal entity without the agreement of an affected council to that transfer. Campaign Partners will engage with their communities and the Government to reach an agreement on a reform package that can appropriately meet all parties objectives.

In pursuit of that objective, the Campaign will develop an overall strategy which will include actions to be undertaken both nationally and locally.

In developing and executing the Campaign strategy, Campaign Partners agree that:

1. Message and policy discipline is important and that any proposed departure by an individual Partner Council from agreed messaging and/or agreed policy positions, should be discussed first amongst Partner Councils;
2. Appropriate reform of the 3 Waters sector is required to meet health and environmental regulatory standards, and that there needs to be an ongoing obligation on 3 Waters asset owners to develop proposals in their respective areas that can credibly meet those standards over time;
3. They support the creation of Taumata Arowai to incentivise improved performance by 3 Waters asset owners;
4. Structural reform of 3 Waters assets should respect community property rights in those assets; and
5. They will not disparage or defame any natural person.

4. Governance Arrangements

All Partner Councils are members of the governing Plenary. Each Partner Council has one vote.

Day to day governance of the campaign will be overseen by an Oversight Group made up of up to seven representatives of Partner Councils. The Oversight Group shall regularly report to the Plenary to ensure all Partner Councils are fully informed about the status of the Campaign.

The Oversight Group may appoint a Small Group of Partner Council chief executives and consultants to assist it, and Partner Councils, in strategy development and tactical execution of the Campaign strategy.

5. Basis of Participation

Partner Councils agree to adhere to, and execute, the agreed Campaign strategy.

If a Partner Council chooses not to adhere to the Campaign strategy it will first advise the Plenary of its intentions before proceeding with any action that is at odds with the Campaign strategy. On such advice, the Plenary shall meet to discuss the matter and the Plenary shall use its best endeavours to resolve any dispute.

In the event the Plenary is unable to resolve the dispute, it may by majority vote suspend the Partner Council from further participation in the Campaign. Cost obligations for a suspended Partner Council will cease from the date of the suspension but previously incurred cost obligations must be met by the Partner Council.

Any Partner Council may, at any time, cease its participation in the Campaign with the provision of one week's notice in writing to the Plenary. Cost obligations for a retiring Partner Council will cease from the date that the one week's notice in writing takes effect but previously incurred cost obligations must be met by the Partner Council.

6. Cost-sharing Arrangements

Each initial Partner Council agrees to pay into the Campaign fund the following amount:

1. If it is a Metropolitan Sector council - \$20,000;
2. If it is a Provincial Sector council – \$15,000;
3. If it is a Rural Sector council – \$10,000.

The Campaign fund will be held in trust and administered by Timaru District Council under the oversight and direction of the Plenary.

7. Additional Partner Councils

Councils that wish to become a Partner Council after the date that this MoU has been agreed may do so by application in writing to the Plenary.

Applications must include:

1. Evidence of a clear mandate to become a Partner Council; and
2. An acknowledgment that the applying council agrees to abide by the objectives and principles of the Campaign, including the governance and cost-sharing arrangements;

If the Plenary approves an application, then the additional council must pay into the Campaign fund an amount relevant to its Sector status, as specified in Clause 6, in order to activate its Partner Council status.

8. MoU Not Legally Binding

Partner Councils agree that it is not the intention for any of the provisions of this MoU to be legally binding.

Signed by the following mandated representatives of each Partner Council:

Signature:

Position:

Council:

Date:

Signature

Position:

Council:

Date:



**CENTRAL
HAWKE'S BAY**
DISTRICT COUNCIL

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New Zealand

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Dear Minister,

On 30 July 2021 Local Government New Zealand, Taituarā and Te Tari Taiwhenua Internal Affairs invited councils across New Zealand to provide feedback to the Government on the potential impacts of the proposed Three Waters Reforms by 1 October 2021.

Over the past eight weeks Central Hawke's Bay District Council (Council) has assessed the package of Three Waters Reforms proposed by the Government following the decision made by Cabinet in July 2021. This assessment has included a detailed analysis of the information provided by the Government to support its package of reforms, as well as Council's own analysis of the impacts the reforms would have on Central Hawke's Bay, supplemented by independent analysis commissioned by Council and feedback received from our community in the limited time available. Based on this analysis, an alternate model to the Government proposal is preferred by our Council, with the preference being for the development of a Hawke's Bay Regional entity to deliver 3 waters services which is described further in this response.

Council understands that no formal decision is being sought at this point in time on whether Council supports Government's reform package or otherwise. In Council's view the Government must provide clarity to territorial authorities on if, when and how this decision will be sought. The reforms proposed by the Government are significant for how New Zealand's drinking water, stormwater and wastewater systems will be managed, and how this will impact connected ratepayers and communities. Our work over the past eight weeks has further evidenced that the proposed reforms are polarising and have triggered a range of emotions across our community. It is therefore Council's firmly held view that the Government must adequately consult the New Zealand public before the package of reforms is progressed through a select committee process.

Council also wishes to emphasise to the Government the significant challenges brought about by the pace and scale of the current Government's reform programme and the implications these reforms have on local government and provincial communities. In particular, the proposed Three Waters Reforms, Resource Management Act Reforms, and Future of Local Government will all have a bearing on the way territorial authorities conduct their core business and service their communities. To this end, Council request with the strongest of urgency that Central Government take a stronger lead and work with the sector in better informing and communicating with community about the multiple reform programmes with a particular emphasis on the difference between 3 Waters Reform, and the Water Services Bill. We expect the Government to provide clear and concise reassurance about the combined vision of the multiple reform programmes that effect Local Government, and how that relates to the constitutional makeup of democracy in New Zealand.

Our context

Central Hawke's Bay District Council is a small, largely rural Council servicing the communities of Tamatea Central Hawke's Bay. Like many Councils of our size, we face increasing challenges to serve the needs of our communities while balancing the constraints of affordability and resource limitations. This balance and pressure are exemplified in Council's delivery of three waters services as well as any other activity

Council has a long history of challenges with three waters service delivery and have invested significantly in both people and plant to continue to deliver against the expectations of our communities and key stakeholders (incl. regulators). Council's most recent 2021 LTP builds upon work commenced in 2016 to 'face the facts' of aging, failing and underperforming three waters infrastructure in the district. Enhanced asset management planning built upon better understanding of asset condition, performance and community requirements has resulted in radically different investment programmes than those on Council's books only 3 years prior. These investment programmes take Council to the edge of financial and resourcing limits and will test community affordability.

Further to our own work to better understand our three waters assets and services, Council is proud to have actively participated in strong regional collaborative initiatives since 2018 to thoroughly and formally assess opportunities for improved three waters outcomes across Hawke's Bay. Council is grateful for Government's early support of this work and acknowledges the contributions and recognition made by Government of this work at the time.

It is this collaborative work within Hawke's Bay that has given Council confidence that a) there is a need for change, and b) significantly improved outcomes are possible through changed delivery models.

Our feedback

Council is firm in our determination that reform of the sector will only be beneficial if reform programmes are delivered with and for communities. Council considers that the Government's reform proposal has not demonstrated sufficiently an ability to address the risks of large-scale aggregation of services and Council believes that due to this it is likely our communities may/will suffer from the reforms. Contrastingly, Council is confident based on the extensive and robust analysis work completed within Hawke's Bay, for Hawke's Bay, that the establishment of a Hawke's Bay asset-owning CCO to deliver three waters services would be beneficial. This option is therefore Council's preferred option for any reform.

While the establishment of a Hawke's Bay entity is Council's preferred option, Council is pleased to provide detailed feedback on the Government reform proposals as outlined below headed under 9 key theme/topic areas. We also append a list of more detailed questions that have been raised over the past 8 weeks that we request the Government to respond to.

Theme 1: An alternate option – a Hawke's Bay Regional model

Last year, with Government financial support we undertook and released the report of our own independent review of three waters service delivery for Hawke's Bay. In the context of Government's water reforms, we worked together to assess the options for a regional solution to the way we manage drinking, waste and storm water services.

We are now working together as a region and with iwi representatives to compare the Government's proposal against the considerable analysis and wider perspectives that went into our own detailed review. A summary of this analysis is provided below in a table/matrix.

Thanks to our own review, we have a very good understanding of the scale of change that is needed to ensure three waters services are affordable and sustainable for our communities here in Hawke's Bay. We agree the status quo is not an option.

Unless the challenges described further above can be resolved, Council are not able to support Government's three waters service delivery reform proposal. However, experience has shown us that when working together and to our respective strengths, local and central Government and iwi can complement each other to deliver better outcomes for all. That is why we remain committed to working with you to explore an alternative to the status quo that can best meet our shared objectives and ensure we meet the expectations of our communities here in Hawke's Bay.

This aligns with the feedback provided by the collective Councils of Hawke's Bay to Ministers on August 19.

Council request further engagement with government about the opportunity and practicalities of a targeted reform programme and delivery model for Hawke's Bay only.

| Scenario | Water objectives and service levels met | Financial capacity and funding | Legal / compliance risk (assuming higher stds in future) | Workforce Capability and Capacity | Achievement of Wellbeings and integration with Council wellbeing outcomes | Key Threats (Risk) | Key Opportunities (not already considered in other criteria) |
|--|--|---|---|--|--|---|--|
| A - Government proposal / reforms | Med Increased ability to meet technical standards but questions remain about delivering local outcomes | High Significant signalled financial savings through aggregation | Low Signalled increased ability to meet new and existing standards and levels of service | High Increased capacity by leveraged scale and procurement/contracting models | Med Questions remain about ability of entity to integrate with Council and community | High High risk of loss of Council/community voice and influence and reduced outcomes for community. | Identified meaningful role for Maori in governance structure and proposed significant resources required for entity set up promoting employment opportunities locally |
| B - Council delivery | Med Council has adopted an LTP that will meet the objectives of today | Med Council has adopted an LTP that is at the limits of affordability | Low Council has signalled risk of current and future compliance standards breaches | Med Continued pressure to attract and retain necessary skillsets | High Council's current plans are integrated and aligned with community wellbeings | Med Ability to meet future standards and affordability constraints | Least disruptive option to work programmes, staff, contractors, policies and plans |
| C – Enhanced Council delivery | Med An enhanced work programme will increase Council's ability to meet objectives | Low Severe fiscal constraints and affordability challenges by further increasing investment programme | Med Additional investment will future-proof Council's assets and organisation from increasing standards and regulatory pressure | Low Increased work programme will place further pressures on workforce capacity and capability | High Enhanced plans would build upon those that already exist | High Significant future affordability constraints make the reality of this scenario likely not possible | Enhanced level of service but affordability constraints become paramount. Benefits to Council and Community of retained ownership and control allowing continued ease of integration with existing policies/plans across Council/community |
| D – Hawke's Bay CCO (Asset own) | High Standardising service levels across Hawke's Bay to ensure equity and access while retaining local voice | High Significant signalled financial savings through aggregation | Low Increased scale and skillsets will position HB entity to address new compliance challenges | High Optimisation of resources regionally and workforce/programme planning opportunities | High Entity would be able to build regionally optimal plans | Med Significant Practical implications of setting up CCO model, legislative change required and government support needed | Reduced costs, improved service and retained local voice. Meaningful structures built specific to and for Hawke's Bay including community and iwi / Maori |

Theme 2: Decision-making for reform

Insufficient information has been provided to date on the process post-1 October 2021, even though these reforms are likely to be transformational for how we manage our Three Waters assets and therefore transformational for the end user—the connected ratepayer. Council has a role to play to meaningfully advocate for our community, but community must also have their voices heard directly.

These proposed reforms are simply too important to our community to not allow our ratepayers to have their say. Council expects a decision-making process that clearly provides an avenue for communities to engage effectively. Council therefore requests clarity on the process going forward.

Council and community are for example still unclear on what decisions are yet to be made. Will there be an opportunity to opt-in/opt-out of these reforms or will the Government mandate these reforms?

Three Waters assets are currently owned by Council on behalf of our community. There are strongly held views in our community, and our ratepayers must therefore have a voice and be heard. While it has been made clear that this eight-week period should be used by Councils to understand the impacts the proposed reforms would have on our community, it is critical that communities must be provided with an avenue to provide direct feedback on the proposed reforms. In Council's view, this should be done before the decisions made by Cabinet are progressed through a select committee process to examine the proposed Water Services Entities Bill, which, based on the July 2021 Cabinet, is scheduled to be introduced to the House of Representatives in 2021 (ie, before the end of this year).

Theme 3: Governance / Ownership

Council shares the concerns expressed by a number of other territorial authorities that the proposed governance and ownership structure for the new water services entities is convoluted and will mean that some councils will not have a seat at the decision-making table. While Council understands that on paper territorial authorities will retain ownership of the Three Waters assets, Council struggles to understand what benefit there is from ownership if there is not a direct ability to influence the make-up of the Board of the entities and the Statements of Strategic and Performance Expectations.

Additionally, in practice the limitation placed on membership on the Regional Representative Groups (no more than 12 members, and equal numbers of representatives from local authorities and mana whenua) means that many councils will not be represented at the governance table. This is particularly true for proposed Entity C which encompasses 22 territorial authorities.

It is fundamental that Central Hawke's Bay has a voice in any governance structure. Our connected ratepayers have invested in our Three Waters infrastructure for decades and are committed to further investment and improvements as presented in our Long Term Plan. Council is accountable to our ratepayers, therefore we believe we must have a strong voice at the table.

Council's request is that all territorial authorities (at Mayoral level) are part of the Representative Groups, and that these Groups establish the Entity Boards directly, bypassing the intermediary step of an Independent Selection Panel. While more work would need to be done to understand what this would mean for mana whenua representation, in Council's view this would enable all territorial authorities to have an equal voice and to retain some degree of accountability to their ratepayers as owners of the assets.

Theme 4: Delivery and Response

Council has spent significant resources over the past 3 years to develop a number of plans and strategies to ensure the resilience of our infrastructure and to ensure that we can continue to cater

for the significant growth that our district is expected to experience. These include an Infrastructure Strategy, Asset Management Plans, an Integrated Spatial Plan and has culminated in our Long Term Plan 2021 – 2031 being adopted in June 2021 as our investment plan for the next ten years.

Council notes the direction of travel provided in the material presented to Cabinet in July 2021 on the role of territorial authorities in particular that:

- local government would continue to have primary accountability for urban and land use planning.
- The water services entities will be required to identify and make provision for infrastructure to support growth and development identified in relevant plans. This will enable them to service demand for new strategic capacity, including to meet the three waters needs of all new housing development, and commercial and industrial customers. When providing new infrastructure, the entities will need to work with urban and land use planning authorities, and other infrastructure providers, to ensure that the delivery of infrastructure is sequenced and supports committed development, to minimise the likelihood of redundant assets.
- In parallel with the resource management reforms, it is expected that legislation will need to provide for statutory obligations on the water services entities to support an integrated planning approach. These obligations would ensure that urban planning authorities, the new water services entities, and other infrastructure providers, coordinate the planning and delivery of the right infrastructure, at the right time, in accordance with commitments in agreed urban growth strategies, and spatial and implementation plans (including those provided for under the new resource management system).

In line with this direction of travel, it is Council's request with the highest level of importance that any reform of Three Water Services must at the very least guarantee the delivery of the LTP 2021-2031 adopted by Council in June 2021, and other associated plans and strategies, such as for example Council's Infrastructure Strategy, Asset Management Plans and Integrated Spatial Plan. This is what our community expects to be delivered, and therefore these expectations must be met.

Theme 5: Finance

Council holds concern that financial complexity of the proposed reform packages has not been fully understood or communicated by Government. There is not sufficient understanding of the reasoning for using 2018 rather than 2021 LTP data in the Government modelling and there is not a full understanding of the impact of this.

The financial implications for Council during and following any reform process are also significant and need to be worked through more closely and explicitly with Councils. Council considers there to be significant treasury risk to the organisation following a reform programme.

Council requests an ongoing discussion with Government about opportunities to be supported financially through the reform programme and after the reform programme, including seeking commitment to the ongoing funding support for Councils to continue to engage with and support the new entities if/when they are stood up.

Theme 6: Commercial considerations

It is critical that clarity and certainty is provided to businesses as key customers of water networks through the reform process. Businesses need this more than individual households to enable them to make informed decisions about the future. It is vitally important for the prosperity and growth of our district, in particular in order to attract and retain business interests in our district.

This principle of equity in charges for commercial versus residential Three Waters services is essential, and we expect there to be a consistent pricing approach within an entity, and between entities, and for industry to pay for what it uses. However the information provided by Government to date offers little information on how equity will be achieved.

While Council understands, as stated in the July Cabinet papers, that equity is a key principle and that the new entities will need different charging instruments to effectively and equitably charge customers across the network, further advice on this matter will not be available before 1 October—which makes it impossible to assess the implications during this eight-week period.

Theme 7: Prioritisation

Closely linked to the theme of Governance and Ownership is the theme of prioritisation. As a Council with a small ratepayer base and small rural and coastal communities, Council wants guarantees that work is prioritised and carried out in a fair and transparent way across the entities. How can we give confidence for example to our small communities of Porangahau and Kairakau that they will receive the same level of service as cities such as Wellington, Palmerston North or Nelson?

As mentioned above, we expect at a minimum for entities to deliver on existing plans and strategies to meet existing and proposed levels of service for our communities.

Theme 8: Pricing

Council understands from the information provided by Government and modelled by WICS that connected households in Central Hawke's Bay (and across entity C) stand to pay \$1,260 on average in 2051 if these reforms are implemented. While Council has reservations about the modelling that has been undertaken, Council also requests a better understanding of a projected price path for connected households from Day One. For example, what can we expect the price to be in July 2024, in 2030, or in 2035?

Council also notes that:

- the new entities will be responsible for determining price for consumers
- there is an expectation from the Minister that the new entities will consult consumers and communities on these matters
- these obligations will be set up in legislation.

It is also clear from the material presented to Cabinet in July 2021 that the new entities will need different charging instruments to effectively and equitably charge customers across the network, however Council is concerned that further advice on this matter to Cabinet is scheduled to be prepared for Cabinet in September 2021, and therefore not in time for the eight-week period of feedback.


As high-level principles it is Council's view that base rates should be harmonised and that entities need to balance fair and equitable pricing (driven by economic regulation) with community specific needs. Council views water meters as a valuable tool to ensure some degree of equity on what consumers (commercial or residential) will be charged.

Theme 9: Transition and delivery

The material presented to Cabinet makes it clear that detailed work will be required to identify precisely which responsibilities, powers, functions, and assets would be transferred to, and/or held

and exercised by the new entities. Council agrees that the process of unbundling water assets, liabilities and associated contracts and staff will be a technically and legally complex process.

Our networks are currently managed and serviced by a local workforce with local knowledge and experience. It is critical that local staff with expertise and experience continue to design, maintain and manage our networks. Council is therefore seeking assurances that local knowledge, local staff and local network management will be the starting point if these proposals are to be adopted. Council seeks further assurance that any possible arrangements for local staff will ensure an environment of local ownership and empowerment so that staff continue to remain engaged and responsive to local issues and are not ever hindered by burdensome process and reporting back via any centralised control points.

| | |
|---|--|
|  |  |
| Alex Walker Mayor Central Hawke's Bay District Council | Monique Davidson Chief Executive Central Hawke's Bay District Council |

Appendix one: Detailed Questions for government officials**Commercial**

- Will existing commercial contracts for water supply be honored?
- Will water pricing / trade waste charges be consistent across the whole water entity area or will commercial interests/businesses be able to negotiate for better local wellbeing outcomes? Eg a cornerstone local employer?

Decision-making for Reform

- ☐ How will iwi views be included in central decision-making?
- ☐ How will mana whenua view be included in central decision-making?
- ☐ What role will Local Councils have in the decision making that affects their assets?
- ☐ Is there going to be a public referendum on the proposals?
- ☐ How will community views be included in central decision-making?

Delivery and Response

- ☐ Will the entities be required to get local consents for stormwater/catchment management (in particular)?
- ☐ How will the entities interact with local developers?
- ☐ How will the entities interact with resource consenting?
- ☐ How will the entities interact, in practice, with community-led growth (not developer led) – eg, spatial growth plans?
- ☐ How will community retain their democratic connection to local growth and development without specifics in either the Water Entities legislation or the new Resource Management legislation?
- ☐ Will entities be accountable to our Territorial Authorities urban/residential zones for connections/growth?
- ☐ Are our rural stormwater drains on road reserve included in the proposal?
- ☐ Will the entities own the urban curb and channel as assets? Or will they pay Council for their use?
- ☐ Stormwater and catchment management in small rural communities is nuanced and complex – often not including any hard infrastructure. How will this be managed?
- ☐ Will councils continue to be responsible for local stormwater catchment areas across open spaces and open drains?
- ☐ Local knowledge and local staff, local network management – how will this be maintained?
- ☐ Local water source and receiving environment nuances are vital to good system management locally. How will this be ensured?
- ☐ What response times will be required of the entities? Will it be the same as what councils have had to do?
- ☐ How many complaints will be required before a local issue will be resolved? Or lack of response be remedied? Elect Members often field these complaints.
- ☐ How will water entity staff be legally expected to be onsite in local emergencies? Natural disasters, weather events etc – directed by local controllers at Council or Civil Defence Emergency Management group?

Finance

- ☐ Will shared assets (eg, Transfer Station and Wastewater Treatment Plant on same council site) still sit on council balance sheet?
- ☐ Will Council be able to rate the land that water infrastructure is built on or under as utilities as we do currently do for gas and power companies?

Governance / Ownership

- ☐ Being one of 22 Territorial Authority owners in Entity C – how will we get “accountability” to Central Hawke’s Bay consumers?
- ☐ What are the actual benefits of ownership if not accountability of the Board?
- ☐ Outside of Governance/ownership, what other mechanisms can be in place to ensure Central Hawke’s Bay’s voice is heard and the entity delivers on priority issues for the wellbeing of our community?
- ☐ How will commercial/specialist/independent boards will add value?
- ☐ Scale – being one of 22 Territorial Authority owners in Entity C – how will Council actually get a voice in the appointment of the Board and approval of Statements of Strategic and Performance Expectations?
- ☐ Will the Governor/Representative group decide on the criteria for board appointments? Or is that going to be prescribed?
- ☐ Council owned entities governed by independent boards of who, what, how? What does it mean that half will be mana whenua?
- ☐ How will our community be confident our local voices will be heard?
- ☐ What would stop a new incoming government from changing the 3 waters legislation and selling off the assets?

Pricing

- ☐ We have been given a model which shows 2051 pricing. Does this include inflation?
- ☐ What would price look like in 2024?
- ☐ Will it be charged via councils? Or direct to consumers? _

- ❑ How will consumers on water meters be treated? Volume charge, fixed charge or a mix?
- ❑ What confidence can we have in the calculated \$1,260 average cost per connected customer at year 2051 for Entity C? Seems too low and unable to see how it is realistic.

Prioritisation

- ❑ How will equity across entities be ensured when Entity C is so geographically dispersed? Will it cost our rate payers more for that compared to the other entities? (including Nelson/Marlborough AND Chatham Islands will be a challenge)
- ❑ Will government funding for the Chatham Islands still be included?
- ❑ How will we be able to ensure, at a district level, that our smallest networked communities are adequately prioritised? Eg, Porangahau and Kairakau.
- ❑ How will individual Councils retain the ability to implement locally-based initiatives?
- ❑ Will the new entity complete our local 3 waters projects?

Transition and Delivery

- ❑ Will existing infrastructure strategies be adopted and completed by the new entity?
- ❑ How can we assure our community that our wastewater strategy (to improve environmental and cultural outcomes right across the district) will be completed?
- ❑ How will historic issues of access be dealt, for example drinking water and wastewater connection of marae.



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OFFICE OF THE MAYOR

17 November 2021

The Right Honourable Jacinda Ardern
Prime Minister of New Zealand
Parliament Buildings
Private Bag 18041
Wellington 6160

Via email jacinda.ardern@parliament.govt.nz

Tēnā kōe Prime Minister

It is with sadness that I am writing to you regarding the Three Waters Reform programme.

My Central Hawke's Bay community are some of the most informed in the country when it comes to the regulatory and financial challenges of providing Three Waters infrastructure. We have been leading a strategy called #thebigwaterstory since 2017, and have tripled capital investment during that time. Since then we have also executed a further strategy called "Facing the Facts" that saw Council, after consultation with our community, adopt the largest capital investment programme in our wastewater treatment system that this community has ever seen.

In addition, we worked with our Hawke's Bay neighbours to lead out on a key piece of work on what scale and partnership on Three Waters deliver could look like in our region. Working together across our very clear community of interest and our Iwi boundaries, with a special approach which included a "Cultural Case" alongside the other facets of a Better Business Case model, we provided a solution that allowed us to work together as a region to achieve better outcomes for all. "Ko wai ko au. Ko au ko wai." The connection to our water is vital.

The importance and the cost of Three Waters services are very very real in our Central Hawke's Bay community.

*But despite this Prime Minister, I am sad to say that you have **lost the people** on your path of Three Waters Reform.*

Even in my community, which understand the challenges implicitly, they are affronted by the change in property rights, and the scale of the change proposed. They cannot see how their interests will be protected and who will advocate for them. They cannot see a viable alternative to the advocacy and representation that their elected Mayor and Councillors provide for them when it comes to delivery of Three Waters services.

As the Mayor of Central Hawke's Bay, and a National Council member of LGNZ, I have put many hours into work at local, regional and national levels, to ensure that local government could be part of building a future position that would truly cement the role of local democracy in the genuine place-making and community wellbeing strategies that make a difference at a local level. I have had the mandate of my fellow councillors to be actively involved in this reform programme and we are very open to change. In our community, and for our council, change is vital.

Despite this, we, the elected representatives of Central Hawke's Bay remain unconvinced that the 4-entity model will provide improvements across all facets of community wellbeing. While we may be the beneficiaries of financial cross-subsidisation (as one of the smaller districts in the country), what we stand to lose in terms of connection, responsiveness and local accountability is unquantifiable.

The Hawke's Bay model of partnership and collaboration will provide us with the tools to achieve the breadth of community outcomes required, while being a vital step-change in financial sustainability. This is the type of reform that our community and council would support.

We have made resolutions of Council that request:

1. The establishment of a Hawke's Bay Regional model for the delivery of 3 waters services
2. That Central Hawke's Bay is guaranteed representation in any proposed governance structure of a newly established entity
3. That the reform process be clarified, and that community are formally and meaningfully engaged to provide feedback
4. That we demand Central Government to take a stronger lead and work with the sector in better informing and communicating with community about the multiple reform programmes with a particular emphasis on the difference between Three Waters Reform, and Water Services Bill. We request that the Government provide clear and concise reassurance about the combined vision of the multiple reform programmes that affect Local Government and how that relates to the constitutional makeup of democracy in New Zealand.

On behalf of our Central Hawke's Bay community I will remain committed to continuing to work towards a solution that will work for our next generations, but can only do that knowing that there is a commitment from you and your colleagues to listening to our communities. The success of any change is vital to maintaining and improving the health and wellbeing of our community and of our local democracy.

Ngā Manaakitanga

A handwritten signature in black ink, appearing to be 'AL', with a stylized flourish extending to the right.

Mayor Alex Walker
Koromatua



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Council
PO Box 127
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Telephone: (06) 857 8060

15 November 2021

Hon Nanaia Mahuta
Minister of Local Government
Private Bag 18888
Parliament Buildings
Wellington 6160

Via email:

Cc: Hon Stuart Nash, Hon Meka Whaitiri, Anna Lorck, Kieran McAnulty

Dear Minister,

MANDATING THREE WATERS SERVICE DELIVERY REFORMS - HAWKE'S BAY RESPONSE

Thank you for your response to our letter of 19 August 2021 in which we set out our assessment of the challenges we collectively identified with the Government's proposal to establish four Water Services Entities (WSEs). We subsequently wrote to you on 1 October 2021 at the conclusion of the eight-week feedback period reiterating our position and restating our preference for a Hawke's Bay regional option.

We appreciate your letter of 1 October 2021 however we do not believe the information you set out satisfactorily addresses the issues we and our communities have raised with respect to the proposed reforms. Furthermore, we are not convinced the reforms address Hawke's Bay's six investment objectives and seven supporting principles that are underpinned by place-based aspirations. These objectives and principles are further explained in the Strategic Case ¹ of our review report.

We are dismayed you have announced Government intends mandating the introduction of four WSEs (27 October 2021) and rejected our request to consider a Hawke's Bay regional option.

You believe the option we have proposed would not achieve the scale benefits that are purported to be achievable through a multi-region approach. This was reiterated in your RNZ interview with Kathryn Ryan on Monday 1 October 2021².

However, as is articulated in detail in the report and recommendations of Hawke's Bay's Three Waters Review³ there are critical benefits beyond scale that would be achieved for our communities through the model we propose. Furthermore, we maintain that a Hawke's Bay regional option in the best interests of our communities and Hawke's Bay's economic, social and environmental wellbeing. In short, we do not believe you have provided sufficient justification for rejecting the option of a Hawke's Bay regional model.

With support of Government funding, our collaborative efforts with our iwi partners over the past two years have paved the way for managing three waters as a region, working together. We have participated in good

¹ www.hb3waters.nz/assets/Uploads/Strategic-Case.pdf

² https://www.rnz.co.nz/audio/player?audio_id=2018818799

³ <https://www.hb3waters.nz/full-report-and-cases>

faith through Government's reform process, and we remain committed to working in partnership with Government.

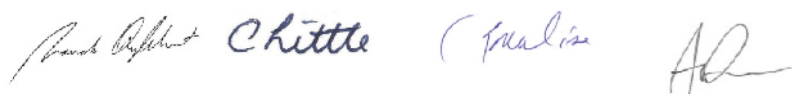
Our communities are upset with Government's approach to mandating this three waters entity model. Our communities tell us they feel Government has not listened.

That is why we ask that you reconsider engaging with us in meaningful and direct discussions to explore a way for the Crown and the Councils of Hawke's Bay to agree an outcome that will sustainably deliver the people of Hawke's Bay a model that ensures:

- 1) Decision-making remains close to our rural and urban communities,
- 2) Our regional investment objectives and principles are met, including better alignment with regional planning and freshwater management,
- 3) We can meet the new water standards set and monitored by Taumata Arowai, and
- 4) We meet the expectations of our communities here in Hawke's Bay.

We look forward to the opportunity to discuss the way forward we have set out.

Kind regards,









Sandra Hazlehurst
Mayor
Hastings District Council

Craig Little
Mayor
Wairoa District Council

Kirsten Wise
Mayor
Napier City Council

Alex Walker
Mayor
Central Hawke's Bay
District Council

Hawke's Bay Three Waters Investment Objectives & Principles

| | | |
|---|---|---|
| To provide three water services in a way that is affordable and effective |  | The three waters service's model must address the challenge of providing for an effective, affordable service in a fiscally responsible way |
| To provide services that are safe, reliable and resilient |  | Access to safe and reliable three waters service are fundamental to all the urban and rural communities of Hawke's Bay |
| To provide services through a model that enables a meaningful role for Māori |  | The Local Government Act requires a local authority to provide opportunities for Māori to contribute to its decision making processes |
| To provide services through a model that has the value of water at the centre |  | Water is vital to community life and as such three water services are part of a holistic water system |
| To provide three waters services in a way that supports our urban and rural communities |  | The services influence how people across Hawke's Bay live, work, gather, socialise, recreate and value environmental amenity |
| To provide three waters services that build enduring capability and capacity |  | The three waters model must be capable of, and have the capacity to, deliver quality sustainable planning, management and operation of three water services now and into the future |

| | |
|--|---|
| Value Te Ao Māori | Incorporating and implementing mātauranga Māori, culture and values (i.e. Te Aranga Design Principles) are a core element for any potential framework to realise and enhance the region's commitment to Māori to protecting/enhancing water |
| Value water | Wai is the essence of all life and the world's most precious resource. It is of high importance to Māori, as it is the life giver of all things, a precious taonga, part of our whakapapa |
| Whakapapa – genealogical links | Recognise and respect the relationship and whakapapa (genealogical link) that mana whenua have with water. |
| Te mauri o te wai – the life force of water | Mauri is the integrated and holistic well-being and life support capacity of water. The well-being/healthiness of the water, the land and the people are intrinsically connected. |
| Holistic approach to water | Although the project is based around the review of the service and delivery of the three waters (infrastructure), the proposed model needs to take into account a holistic water approach: there is only one water. |
| Enabling of Te Tiriti o Waitangi | Involving mana whenua in governance and decision making required to ensure Te Tiriti o Waitangi obligations are met, as well as making sure they are able to actively exercise kaitiakitanga in a practical way |
| Mana motuhake - identity, self-determination | The identity of mana whenua in Hawke's Bay should not be lost in any potential model. But inclusion and co-governance whilst keeping their identity is an opportunity |



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Mayors Room
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Telephone: (06) 835 7579



Central Hawke's Bay District
Council
PO Box 127
Waipawa 4240
Telephone: (06) 857 8080

1 October 2021

Hon Nanaia Mahuta
Minister of Local Government
Private Bag 18888
Parliament Buildings
Wellington 6160

Via email: n.mahuta@ministers.govt.nz

Dear Minister,

THREE WATERS SERVICE DELIVERY REFORMS - HAWKE'S BAY POSITION

On 19 August 2021 we wrote to you advising we were working together to consider the Government's proposal to establish four Water Services Entities (WSEs) for the management and governance of three waters service delivery and set out our preliminary assessment of the challenges we identified with the proposal.

We asked for the opportunity to explore with you our Hawke's Bay regional service delivery option, for Hawke's Bay's iwi Chairs to engage directly with you, for more information detailing Government's modelling and for further time to engage with our communities.

Since then, we have had further discussions together, within our individual councils and sought feedback from our communities on whether the proposed establishment of four Water Services Entities (WSEs) would meet the needs and priorities of communities at a local level. Individually, our councils have made submissions.

As a region, our position remains unchanged. We agree that the status quo for the supply of three waters services is not a viable model for our communities and there is a compelling case for change to ensure ongoing safe, efficient and affordable drinking, waste and storm water services.

However, after comprehensive assessment of Government's service delivery proposal, a detailed comparison of the proposal against our own Hawke's Bay Three Waters Review and feedback from our communities, we have concluded that our preference remains for a Hawke's Bay regional option.

Detailed comparison of Government's proposal against a Hawke's Bay service delivery model

Last year, with Government financial support we released the report of our own independent review of three waters service delivery for Hawke's Bay. In the context of Government's water reforms, we worked together to assess the options for a regional solution to the way we manage drinking, waste and storm water services.

In August we commissioned an update of the financial analysis completed in our review and then reviewed Government's water service delivery proposal against the analysis and wider perspectives that went into our own detailed review.

The two models are directionally consistent insofar:

- Future costs of three waters services will rise significantly in response to meeting changes in standards, regulation and an increasingly rigorous compliance regime.
- Costs will not fall equally across our region.
- There are financial benefits from aggregation of three waters services.
- There are strategic benefits, an improvement in capability and capacity and potentially a more meaningful role for Māori with a change in service delivery model.

However, Government's modelling uses a different approach and different assumptions to our own Hawke's Bay review. At an individual council level, the investment numbers produced by Government are based on population, land area and density and bear no relationship to each council's:

- Type, quality or number of water sources.
- Receiving environment for wastewater discharges.
- Current treatment approach.
- Levels of service.
- Asset age, performance or condition.

In our review we identified six investment objectives for any regional three waters service delivery solution. These were further supported by seven principles that were developed in collaboration with councils' Māori Standing Committees. We attach the objectives and principles for your information (**Attached**).

Those imperatives remain the case today and have provided the lens through which we have also considered the merits of Government's proposal.

After detailed assessment, we remain concerned that a number of our regional objectives and principles would not be met through the model proposed (as set out in our letter of 19 August 2021).

Community concerns

Over the past eight weeks we have shared all available information on Government's proposed service delivery model with our rural and urban communities and sought their feedback.

Our communities have told us they have a number of concerns with the proposal to introduce four WSEs. These concerns were consistent across Hawke's Bay and centred around:

- 1) Whether communities would have sufficient influence over decision-making and investment prioritisation.
- 2) Whether local communities and tangata whenua would have sufficient voice in representation and governance.
- 3) Loss of local asset ownership and uncertainties around the funding and transfer of assets and responsibilities.
- 4) The assumptions and the financial modelling used in the case for change and on which the proposal is based.
- 5) The lack of meaningful engagement about the reforms with local communities and tangata whenua.
- 6) Assurances that our communities have their say before decisions are made.

Hawke's Bay position

Given our analysis and the concerns our communities have raised, Hawke's Bay's councils are not able to support Government's proposed service delivery model and our preference is for a Hawke's Bay three waters service delivery model.

While this may mean delivery of three waters services cost more in the long-term, we believe the Hawke's Bay regional model would ensure:

- 1) Decision-making remains close to our rural and urban communities,
- 2) A model that best meets our regional investment objectives and principles, including better alignment with regional planning and freshwater management,
- 3) We can meet the new water standards set and monitored by Taumata Arowai, and
- 4) We meet the expectations of our communities here in Hawke's Bay.

We believe this is a good starting point for a discussion between the Crown and the Councils of Hawke's Bay to agree an outcome that will sustainably improve the delivery of three waters services in our region.

We are aware that our preferred Hawke's Bay model may incur a higher cost per householder - a price we are very confident our communities are willing to pay for three waters services operated under a model governed by those they democratically elect, as opposed to distant appointees.

Our individual submissions address our specific concerns in more detail and reiterate support for a regional Hawke's Bay service delivery model.

We look forward to the outcome of Government's review of all feedback received from Councils and details of the pathway forward.

In the meantime, we would welcome the opportunity to discuss the way forward we have set out.

Kind regards,



Rick Barker
Chairman
Hawke's Bay
Regional
Council







Sandra Hazlehurst
Mayor
Hastings District Council

Craig Little
Mayor
Wairoa District Council

Kirsten Wise
Mayor
Napier City Council

Alex Walker
Mayor
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Hawke's Bay Three Waters Investment Objectives & Principles

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| Mana motuhake - identity, self-determination | The identity of mana whenua in Hawke's Bay should not be lost in any potential model. But inclusion and co-governance whilst keeping their identity is an opportunity |

6.2 REGIONAL ECONOMIC DEVELOPMENT AGENCY

File Number: COU1-1400

Author: Monique Davidson, Chief Executive

Authoriser: Monique Davidson, Chief Executive

Attachments:

1. **Final Report - Stage 2 Review of Local Government Investment in Business and Industry Support in HB**  
2. **Summary of Survey Responses**  
3. **Survey Responses - Verbatim Comments**  

PURPOSE

The matter for consideration by the Council is the establishment of an independent regional development entity in Hawke's Bay.

This report presents the findings and recommendations of the Stage 2 Review of Investment in Business and Industry Support across the Hawke's Bay Region undertaken by Gus Charteris Consulting for the five Hawke's Bay councils.

This report also presents subsequent joint recommendations by the five councils with respect to the preferred option, structure and funding.

A briefing on the draft report was provided to Council in a workshop on 20 October 2021 and subsequently the 2 December 2021.

A briefing on how the proposed Regional Economic Development Agency will work with and complements local economic development efforts was also provided to Council on 2 December and is further outlined in this report.

RECOMMENDATION FOR CONSIDERATION

That having considered all matters raised in the report:

- a) Receives and considers the report titled Stage 2 Review of Local Government Investment in Business & Industry Support across the Hawke's Bay Region dated 9 December 2021, and accompanying Gus Charteris Consulting report dated November 2021.**
- b) Agrees that the decisions to be made are not significant under the criteria contained in Council's adopted Significance and Engagement Policy, and that Council can exercise its discretion and make decisions on this issue without conferring directly with the community or persons likely to have an interest in the decision.**
- c) Supports the Stage 2 Review recommendations for priority activities/services and the focus for ratepayer investment in business and industry support.**
- d) Supports the establishment of an independent regional development entity in Hawke's Bay.**
- e) Supports the recommended funding split and notes the financial implications for Central Hawke's Bay District Council.**
- f) Endorses a partnership approach with Hawke's Bay iwi and hapū.**
- g) Agrees to accommodate Council's funding contribution for the new entity from a combination of additional rates and existing operational budget reallocation.**
- h) Notes that formal decisions of Council would be subject to the other four councils joint support and endorsement.**
- i) Notes that Council's participation in the new entity will not impact current committed levels of service or economic and social development activity delivery locally.**

EXECUTIVE SUMMARY

In August 2020 the five Hawke's Bay councils commissioned a review of business and industry support across the region. The review presented a clear case for change – highlighting a range of inefficiencies and missed opportunities with current ratepayer-funded activities and services.

The five councils endorsed participation in a second stage review process to further investigate recommendations and focus on what priority activities and services should be funded, what the best option for delivering this in Hawke's Bay would be, and the required cost of investment.

Key recommendations were:

- Focus ratepayer investment in areas where there are gaps or at a 'macro' level (e.g. working with groups of companies or sectors and developing regional strategies to help marshal and direct scarce resources to areas of agreed regional priority).
- Support other organisations to lead on 'micro' level activities and services - given this space is crowded and competitive.
- Support a 'by Māori for Māori' approach to regional economic development given this is an area where Hawke's Bay has not delivered on well in the past.
- Continue to support the HB Business Hub and Matariki Regional Development Strategy.
- Develop programmes and an area of focus for industry and sector development, investment and talent attraction, HB brand strategy and activation, and coordination of skills and employment initiatives.
- Consider funding the establishment of a regional development entity with the appropriate scale and mandate.
- If the preferred option is not accepted, at minimum consider funding the establishment of a regional economic development team that would be hosted by the councils.

Prior to the second stage of the review being finalised, the key findings and recommendations were workshopped with all five councils, and feedback sought from iwi/hapū - via Te Kāhui Ōhanga o Takitimu (TKO), and business.

Based on feedback received from these sessions and the review findings, the five councils are jointly recommending the preferred option of establishing an independent regional development entity. The final structure would be dependent on legal and tax advice, however this entity would take the form of a non-CCO and the governance structure would represent an equal co-governance model between business, iwi/hapū and Local Government.

The minimum option was not supported by iwi/hapū, business/sector representatives or some councils. There was a widespread view that if Hawke's Bay is going to do this, it needs to be done properly - and a minimum viable option would not deliver to meet the needs or potential of the Hawke's Bay economy. Therefore, this option has not been considered further.

The five councils will be receiving the Stage 2 report and a similar paper between 17 November – 9 December. Any decisions made are subject to all councils' joint support and endorsement of the recommendations.

Officers presented in workshop on 2 December a presentation outlining how the development of the Regional Economic Development Agency supports local efforts to boost economic performance already underway as part of the Economic Development Action Plan and support other Council priorities.

BACKGROUND

In August 2020 the five Hawke's Bay councils commissioned a review (Stage 1 Review) in business and industry support across the Hawke's Bay region, stemming from a Local Government Act (2002) s.17A requirement to review the cost effectiveness of council arrangements for delivering services on a periodic basis.

Key reasoning for commissioning the review was the request for additional funding by Business Hawke's Bay (BHB) – the region's business development agency at the time, and recognising the opportunities to improve regional coherence of economic development investments funded by ratepayers. Councils wanted a clearer picture of funding commitments to inform Long Term Plan processes starting from late 2020.

The focus of the Stage 1 Review was activities undertaken and services provided by BHB, Hawke's Bay Tourism (HBTL) and individual councils. Insights developed in relation to Hawke's Bay's Regional Development Strategy (Matariki RDS) were also incorporated, however not reviewed in detail.

The Stage 1 Review presented a clear case for change - highlighting a range of inefficiencies and missed opportunities with current ratepayer-funded activities and services and found there was an opportunity to do something that better met the region's needs and potential.

During this review period BHB made the decision to wind down with formal closure taking effect on 30 June 2021.

Councils received and considered the Stage 1 Review in early 2021. All councils endorsed participation in a second stage review process (Stage 2 Review) to further investigate recommendations and explore options in relation to effective delivery of business and industry support for Hawke's Bay.

As a result of BHB's wind down councils also endorsed re-directing the joint economic development funding for a 12-month period to support the HB Business Hub remaining operational and continuation of two sector development initiatives (food & fibre and hi-tech & agri-tech) at a scaled back level. These activities were considered at minimum necessary to retain an important regional asset and momentum in two areas of economic development focus for the region while the Stage 2 Review progressed.

The Business Hub operations and staff and industry programme contractors were formally transitioned to Hawke's Bay Regional Council oversight on 1 July 2021 on behalf of the five councils. This arrangement and associated operations/agreements are in place to 30 June 2022.

Economic Development in Central Hawke's Bay

Central Hawke's Bay has worked hard to develop a local economic development approach and regional presence from a low base, to now be recognised as a Regional Leader in the economic development activity.

Prior to 2018, Council had no economic development strategy or operational economic development presence. In 2019, through funding from the Provincial Growth Fund, the District developed its first Economic Development Action Plan. The Plan has seven workstreams of:

- Water Security
- Transport
- Growth and Development
- Land Use Diversification
- Business Development and Attraction
- Skills
- Tourism

Locally, while we have achieved a number of successes, to truly enable long-term success of the many of the workstreams of the Central Hawke's Bay Economic Development Action Plan, including water security, land use diversification and business development and attraction, regional leadership, collaboration and support is critical. Without this wider support and collaboration, Central Hawke's Bay alone will not be able to achieve the long-term enablement of economic outcomes.

DISCUSSION

The Stage 2 Review process involved both direct engagement (with business and iwi/hapū) and desktop analysis, focussing on key three areas:

- The priority activities/services for ratepayer investment.
- Options for the most effective way to deliver these for Hawke's Bay.
- The estimated cost of investment.

Detailed findings, insights and recommendations can be found in the attached report.

Prior to the Stage 2 Review being finalised, these findings and recommendations were workshopped with all five councils. In addition, TKO were formally sent the draft report to provide feedback as our iwi/hapū partner in this process and a number of businesses engaged with to ensure they were on board and supportive of the planned direction.

Summary feedback from Councils included:

- General support for the direction and recommendations.
- Understanding of the rationale of focusing investment where gaps needed to be filled and any future entity 'sticking to its appropriate lane'.
- Widespread acknowledgement and concern regarding the tumultuous history with Hawke's Bay economic development agencies and historic under-funding, and unclear purpose and mandate.
- Aligned feedback that if Hawke's Bay is going to do this - it needs to be done well. The plan forward needs to be sustainable and enduring, and an outcome or reporting framework to guide activities and hold the entity to account for delivery for the region (and individual districts) is critical.

Summary feedback from iwi/hapū via TKO included:

- Acknowledgement that there is merit across the options presented and support for the 'by Māori for Māori' approach to regional economic development.
- The importance of an outcomes or performance framework that references to the current Hawke's Bay Strategy – Matariki RDS.
- General support for direction and seeking in summary:
 1. Commitment to a partnered approach
 2. A co-governance model and active involvement in the strategic leadership.
 3. A co-managed operational model.
 4. A 'by Māori for Māori' regional economic development approach (delegated to TKO or nominee).

Summary feedback from business included:

- Widespread endorsement and support for the preferred option recommendation – a fully funded regional development entity, seeing this as a big step forward for Hawke's Bay. Acknowledged the critical need for Hawke's Bay to speak with one voice nationally – be unified and seen to be unified, with some concern raised with a July 2022 start date being too late.
- Agreement with respect to the focus of investment – lifting out of the cluttered business advice space and focussing on the transformational opportunities and activity that won't happen unless there is coordination, advocacy, funding support and collective action.
- Noted that the proposal would only be supported by business (including potential financial or in-kind support by some) if councils commit to getting in behind the entity and not running parallel strategies or undermining it.

- Noted the need for any entity to focus effort very tightly and avoid taking on all the region's problems and achieving nothing.
- Agreement to keep Hawke's Bay Tourism separate but noted the expectation they work closely to complement each other's activity and give greater effect to the region's priority areas. In addition, a future opportunity may be to co-locate the two entities to maximise collaboration.
- Acknowledged the importance of Matariki RDS and thinking about economic development from an 'every whānau and every household' perspective – however noted that it needs a refresh and refocus.
- A desire to ensure governance is light touch, with clusters of industry participants working together on specific programmes.
- Supportive of a tripartite co-governance model and independent non-CCO entity.

From a local perspective, Central Hawke's Bay forms a key part of the wider regional economic development scene, now being recognised as a key and valued leader in supporting economic development opportunities in the wider region.

As part of the Central Hawke's Bay economy, Central Hawke's Bay is closely linked as a contributor to the wider Hawke's Bay economy. As a locality, over a quarter of those living in the District are employed by companies in the wider Hawke's Bay Region, relative to some 39% of employees that derive their income from employment with Central Hawke's Bay Businesses. In 2018, a quarter of the District commuted outside of the District for work, predominantly in the wider Hawke's Bay region.

The District currently has the highest areas of employment in the sectors of agriculture, forestry and manufacturing, and with a future focus on a shift from volume to value – the need to support a shift into value adding services and products will need to be a continued focus. As a District, our best opportunity to achieve this will be through a regional approach, rather than the District going alone.

For the District to have the best opportunity to achieve its seven workstreams of the Economic Development Action Plan, the development of a Regional Economic Development Agency will provide a unique collaborative environment for Council. Currently a clear regional voice, where local voices and economic priorities can be heard is currently missing. At a local level, Council will continue delivering its local economic activities, with the development of a Regional Economic Development Agency providing the opportunity to strengthen the delivery and capability and capacity of services locally.

FOUR WELLBEINGS

Economic and Social

The establishment of an independent regional development entity in Hawke's Bay will support a greater ability to meet the overarching outcome of the Matariki Strategy "every whānau and every household is actively engaged in and benefiting from growing a thriving Hawke's Bay economy".

To support both regional and local economic growth there needs to be a focus on and significant investment in - existing business (assisting them to overcome challenges and create greater value through doing things differently and better over time) and creating new platforms for growth (either by growing new activity or by encouraging new activity) – across the entire region.

Social development is intertwined given we cannot succeed at one without the other. The impact of a high performing and growing economy will have direct correlation and impact to social development challenges such as skills, employment and wellbeing.

Cultural

Tangata whenua have a significant stake in the regional economy and are key partners for regional economic development support activity. Councils have partnered with TKO (on behalf of Hawke's

Bay iwi/hapū) throughout this review process. TKO have endorsed the key findings and recommendations subject to ongoing partnership and co-design around future service delivery.

A commitment has been made to a partnered approach and it is intended that collaboration will continue to occur as the next phase progresses. The proposed governance model for the preferred option comprises equal co-governance across iwi/hapū, business and local government.

Environmental

Climate change is expected to create barriers and opportunities for future economic development within the region and it will be important that any new delivery model for the region is responsive to these change drivers. Water security has been an existing pillar of Matariki RDS as one component of ensuring there is climate resilience to support the future wellbeing of the regional economy.

The Hawke's Bay Regional Council is the regional lead agency on climate change and have committed to ensuring that any new model is informed about these barriers and opportunities in due course – as part of their active involvement and contribution.

SIGNIFICANCE AND ENGAGEMENT

In accordance with the Council's Significance and Engagement Policy, this matter has been assessed as low significance.

In undertaking both the Stage 1 and Stage 2 reviews, the Consultant has surveyed and interviewed key stakeholders involved in economic development across the region. Feedback was also sought on key findings, recommendations and the proposed way forward.

The recommended option and funding mechanism will not trigger consultation requirements under the Local Government Act 2002 or Council's Significance and Engagement Policy with respect to form/structure, increased investment or delivery model.

Council will inform and communicate any agreed changes to the community as part of the 2022-23 Annual Plan, however it will not be a separate consultation topic.

OPTIONS ANALYSIS

The Stage 2 Review initially considered 5 options for delivery - detailed in the attached report. Options were analysed and rated against key criteria with the assessment resulting in the best option for Hawke's Bay being an independent regional development entity. This formed the preferred option and final recommendation in the report.

Preference for this model over other options is based on the degree to which this option is most able to create an enduring platform that provides Hawke's Bay with the appropriate scale and mandate to:

- Better guide and direct activity to priority areas/issues
- Support a culture of sharing, connection and collaboration, and
- Support Hawke's Bay to be greater than the sum of its parts (e.g. by presenting a strong and united voice and vision to external investors, talent and Central Government), and by helping to attracting the resources of others.

A minimum option comprising a regional economic development team hosted by councils was also presented in final recommendations, acknowledging if the preferred option was not accepted that there would be increased investment required to ensure the status quo and current state remained viable and of value to the region. This option was not supported by iwi/hapū, business/sector representatives or some councils. There was a widespread view that if Hawke's Bay is going to do this, it needs to be done properly - and a minimum viable option would not deliver to meet the needs or potential of the Hawke's Bay economy. Therefore, this option has not been considered further.

As a result, the five councils are jointly recommending:

- The preferred option of an independent regional development entity. This option equates to a regional increase of 200%+ and \$1.2M on the current joint investment of \$513,000, and a 400%+ and \$1.4M increase on the \$330,000 that previously went to BHB.
- A non-CCO independent entity with the legal form (i.e. Trust, Incorporated Society or Company) to be confirmed upon legal and tax advice.
- An appropriate governance structure with an independent chair that incorporates equal co-governance across business, iwi/hapū and Local Government.

Whatever legal form is chosen, councils could influence priorities through yearly Statement of Intent and Service Level Agreement (SLA)/Contract for Service (CfS) setting discussions. This entity would also need to be supported by an effective measurement and reporting framework which helps track the relationship between activities, outputs, and outcomes. This would help to provide greater transparency and accountability around whether ratepayers' money is being invested and used effectively.

The recommended funding split has taken into account previous funding arrangements across the five councils, gross domestic product and population. The below table outlines the current and proposed new split:

| Regional Economic Development Funding Split: | Current | Proposed |
|---|----------------|-----------------|
| Hawke's Bay Regional Council (HBRC) | 30% | 29% |
| Hastings District Council (HDC) | 30% | 29% |
| Napier City Council (NCC) | 33% | 29% |
| Central Hawke's Bay District Council (CHBDC) | 3% | 8% |
| Wairoa District Council (WDC) | 3% | 4% |

The regional cost of investment represents:

- Estimated cost of investment per annum of \$1.706m
- One-off investment in CAPEX of \$50,000
- This represents an operational increase of \$1.193m per annum on the existing joint investment of \$513,000 across the five councils

Central Government funding has been secured to support Matariki RDS programme management for 2022 and 2023. This totals \$155,000 (year 1) and \$130,000 (year 2). This would therefore decrease the total funding requirement for either option over these two years, given Matariki RDS programme management support has been built into the overall budget.

The financial impact of the preferred option is set out in the tables following. The first table presents total funding commitment for a three year period. The second table presents the increased funding commitment (total funding required less the previous BHB funding and other direct economic development expenditure) for the same period:

| Total Funding | | | | |
|---------------|-----------|------------------|------------------|------------------|
| Council | % Split | Year 1 | Year 2 | Year 3+ |
| HBRC | 29% | 454,572 | 461,899 | 500,000 |
| HDC | 29% | 454,572 | 461,899 | 500,000 |
| NCC | 29% | 454,572 | 461,899 | 500,000 |
| CHBDC | 8% | 122,844 | 124,824 | 135,120 |
| WDC | 4% | 64,440 | 65,479 | 70,880 |
| | | 1,551,000 | 1,576,000 | 1,706,000 |

| Increase from Current Funding | | | | |
|-------------------------------|-----------|------------------|------------------|------------------|
| Council | % Split | Year 1 | Year 2 | Year 3+ |
| HBRC | 29% | 308,172 | 315,499 | 353,600 |
| HDC | 29% | 302,172 | 309,499 | 347,600 |
| NCC | 29% | 296,172 | 303,499 | 341,600 |
| CHBDC | 8% | 94,444 | 96,424 | 106,720 |
| WDC | 4% | 37,040 | 38,079 | 43,480 |
| | | 1,038,000 | 1,063,000 | 1,193,000 |

Based on the joint recommendations across the five councils discussed above, options for Council to consider are:

1. Option 1 – Preferred Option: Participate in the Regional Development Entity
2. Option 2 – Status Quo: Do not Participate in the Regional Development Entity

Option 1 – Preferred Option: Participate in the Regional Development Entity

The preferred option is Council's participation in the independent regional development entity.

Financial implications for this option:

- 8% contribution of the proposed \$1.7M per annum.
- Required increased investment (in addition to existing budget) of \$94K - \$107K per annum over the next three years.
- Other than the existing budget of \$30K that has already been taken into account, there are no other internal budget savings or reallocation of overheads that could contribute to this investment without impacting current commitments to service delivery or operations.
- It is therefore recommended that the increased investment required is funded by additional rates.
- The increase would be applied to the uniform annual general charge (UAGC) and have a \$13.76, \$14.05, and \$15.55 impact respectively per household, per year.
- The total rates impact is 0.4% per year based on the current LTP budget.

Advantages for this option:

- Enables Central Hawke's Bay to have an active voice and advocacy at the regional table.
- Presents a strong and united voice and vision to external investors, talent and Central Government.
- Positions Hawke's Bay - and by default Central Hawke's Bay, in the best possible position to receive future government funding (Central Government have communicated a clear message that they want regions to unite around shared objectives and priorities, and that future funding will be directed at this level).

- Primary sector, food production and productivity through technology and innovation have been highlighted as key regional priority areas, and will be a key focus for the new entity. These areas directly align with a dominant portion of the Central Hawke's Bay local economy and we would have a lot to gain with the potential growth factor or ability to share and leverage from regional resource.
- Supports a culture of sharing, connection and collaboration.
- Empowerment of Māori economic development.
- Supports the region to focus on and direct activity/resource to strength or competitive advantage areas – to ultimately support growth and productivity across the entire regional economy.
- Targets and utilises ratepayer funding in a more effective, cohesive and appropriate way – allowing local authorities to focus on core business and local delivery.
- Supports a partnership approach and tripartite governance with local government, iwi/hapū and business.
- Ensures ongoing and coordinated engagement, and a clear point of contact on economic development issues for business and industry.
- Provides the structure and level of resource to give regional economic development delivery appropriate scale and mandate.

Disadvantages for this option:

- Increased financial impact for ratepayers and/or potential level of service impact if existing budgets are adjusted or reallocated.
- Regional priority areas may not always align with local needs or challenges.
- Council may have less influence over how a non-CCO entity spends and directs funding provided.
- Regional entity with varied governance obligations may not be able to work at the speed required to respond to changes in economic conditions.

Option 2 – Status Quo: Do not Participate in the Regional Development Entity

The alternative and status quo option is Council not participating in the independent regional development entity.

Financial implications for this option include:

- No increased investment on existing budgets, or impact on rates.
- Council's current budgeted funding of \$28K could be re-directed to local economic development activity or other areas of service delivery.

Advantages for this option:

- No additional financial impact on ratepayers or Council operations.
- Ability to focus all economic development spend and activity locally – and act with speed.
- Direct accountability to ratepayer.

Disadvantages for this option:

- Central Hawke's Bay would not have an active voice or advocate at the regional table, resulting in less say or input with regards to regional priority areas.
- Our local economy is significantly representative of primary sector and food production activity, and impacted by related sector challenges such as water security. These areas have already been highlighted as regional priorities and will be a strategic focus for the new

entity. We would miss the opportunity to provide local insights, direct or guide activity and leverage value that could drive local economic growth.

- Many of our businesses operate regionally and rely on the connectivity outside of Central Hawke's Bay – i.e. the airport and port. These businesses and sector organisations have championed a unified and cohesive approach across the region and will be actively involved in the new entity. If we are not a participant or at the table, there may be negative impact for our local businesses or economy.
- Potential to miss out on the full value of future Central Government funding opportunities.
- May be less attractive to future talent and investment considering or approaching Hawke's Bay, given we would not be actively involved in these discussions or strategies.
- Potential negative impact on the relationship and other regional initiatives with partner Hawke's Bay councils.
- The local economy not reaching its potential due to not having the opportunity to share or leverage the regional, collective approach.

Recommended Option

This report recommends option 1 – participate in the regional development entity for addressing the matter.

NEXT STEPS

If the preferred option is endorsed and supported by all councils, a project and transition plan will be developed to facilitate the process over the coming six months. Budgets and funding composition will also be finalised for individual councils.

If the preferred option is not endorsed and supported by all councils, or any recommendations are not jointly agreed - it is likely the approach will need to be re-considered and presented to all councils at the next meeting date.

Council will be provided an update at the Council meeting in February.

RECOMMENDATION

- a) **Receives and considers the report titled Stage 2 Review of Local Government Investment in Business & Industry Support across the Hawke's Bay Region dated 9 December 2021, and accompanying Gus Charteris Consulting report dated November 2021.**
- b) **Agrees that the decisions to be made are not significant under the criteria contained in Council's adopted Significance and Engagement Policy, and that Council can exercise its discretion and make decisions on this issue without conferring directly with the community or persons likely to have an interest in the decision.**
- c) **Supports the Stage 2 Review recommendations for priority activities/services and the focus for ratepayer investment in business and industry support.**
- d) **Supports the establishment of an independent regional development entity in Hawke's Bay.**
- e) **Supports the recommended funding split and notes the financial implications for Central Hawke's Bay District Council.**
- f) **Endorses a partnership approach with Hawke's Bay iwi and hapū**
- g) **Agrees to accommodate Council's funding contribution for the new entity from a combination of additional rates and existing operational budget reallocation.**
- h) **Notes that formal decisions of Council would be subject to the other four councils**

joint support and endorsement.

- i) Notes that Council's participation in the new entity will not impact current committed levels of service or economic and social development activity delivery locally.**



STAGE 2:
REVIEW OF LOCAL
GOVERNMENT INVESTMENT IN
BUSINESS AND INDUSTRY
SUPPORT IN HAWKE'S BAY

Final Report for Hawke's Bay Councils
November 2021



TABLE OF CONTENTS

| | |
|---|-----------|
| LIST OF FIGURES..... | 3 |
| 1.0 EXECUTIVE SUMMARY | 4 |
| 1.1 Key insights, findings and recommendations | 4 |
| 2.0 INTRODUCTION AND PURPOSE OF REVIEW | 9 |
| 2.1 Scope of Review | 10 |
| 3.0 APPROACH..... | 10 |
| 3.1 Process..... | 10 |
| 3.2 Methodology..... | 11 |
| 4.0 BACKGROUND AND CURRENT STATE | 13 |
| 4.1 Rationale for local government activities in economic development and economic wellbeing..... | 13 |
| 4.2 Current funding and current activities | 14 |
| 4.3 Who else is providing services and in which areas..... | 15 |
| 6.0 ENGAGEMENT WITH IWI/HAPŪ | 21 |
| Insights from a Māori economy perspective..... | 21 |
| 7.0 ENGAGEMENT WITH HAWKE’S BAY BUSINESS | 23 |
| 7.1 Business survey and small group discussions | 23 |
| 7.2 Summary of insights from Hawke’s Bay businesses..... | 24 |
| 8.0 OPTIONS FOR DELIVERY | 27 |
| 8.1 Objectives and criteria | 27 |
| 8.2 Options for delivery | 29 |
| 8.3 The recommended option: A Regional Development Entity | 34 |
| 10.0 ESTIMATED COST OF INVESTMENT..... | 35 |
| ANNEX A: RECOMMENDATIONS OF 2020 REVIEW | 40 |
| ANNEX B: ECONOMIC DEVELOPMENT ACTIVITIES AND THE APPROPRIATE ROLE FOR GOVERNMENT | 44 |
| ANNEX C: SURVEY QUESTIONS..... | 47 |

LIST OF TABLES

| | |
|---|----|
| Table 1: Type of economic development activity or service | 17 |
| Table 2: Prioritisation of ratepayer investment in business and industry development activities and services..... | 20 |
| Table 3: Key insights from business survey..... | 25 |
| Table 4: Insights from COVID-19 resurgence check-ins with Hawke's Bay business..... | 26 |
| Table 5: Description of main options | 29 |
| Table 6: Assessment of delivery options | 31 |
| Table 7: Comments on assessment of delivery options | 32 |
| Table 8: Indicative estimate of resources required for Option 2: Regional Development Team (recommended as the minimum option)..... | 35 |
| Table 9: Indicative estimate of resources required for Option 3: Regional Development Entity (preferred option)..... | 37 |
| Table 10: Explanation of types of economic development /economic wellbeing activities and services | 44 |

LIST OF FIGURES

| | |
|--|----|
| Figure 1: Two important lenses when considering economic development efforts | 11 |
| Figure 2: A simplified view of where funding for business and industry support could be directed ... | 12 |
| Figure 3: A simplified view of the macro and micro roles involved in economic development..... | 13 |

1.0 EXECUTIVE SUMMARY

This report summarises the findings and recommendations of the second stage of the review of Hawke's Bay Council funded, non-statutory activities that are focussed on business, industry and sector development.

The second stage of the review has focused on the following areas:

- The priority activities and services for ratepayer investment;
- Options for the most effective way to deliver these for Hawke's Bay; and
- The estimated cost of investment.

1.1 Key insights, findings and recommendations

1.11 The priority activities/services for ratepayer investment

This review finds that:

- It is useful to think about funding for business and industry support in terms of more direct or 'micro' support (direct support for business e.g. training for business owners and employees), versus less direct or more 'macro' support for business (e.g. working with groups of companies or sectors and developing regional strategies to help marshal and direct scarce resources to areas of agreed regional priority).
- The main gap in service delivery relates to more 'macro' support for business – broad types of activities include facilitation and connection, promotion, information provision and addressing collective action issues.
- Given the existing providers of services to small to medium enterprises (SMEs) there is a less compelling case for local government investment in more 'micro' support for business. That said, engagement with providers and Central Government funders of these services note that demand is currently outstripping available supply of funded places. Additional funding could assist with this and involve partnerships between providers, iwi/hapū, and local and central government. Any local government funding assistance to provide these activities would want to target areas where there was a clear gap in service provision or the ability to add value e.g. support for Māori businesses which are currently underrepresented in mainstream services, and be led by providers.
- One area that requires further consideration is support for start-ups. To be fully effective an economic development support system will have appropriate interventions along the spectrum of business needs from start-up through to mature. There appears to be unmet demand in the start-up area and a lack of funding to support existing providers of services. A regional economic development team or entity could help guide investment in this area i.e. develop the strategy in collaboration with partners, but outsource the delivery (with funding) to existing providers of services to SMEs e.g. Hawke's Bay Chamber of Commerce and Te Kahui Ohanga (TKO).
- Key insights from engagement with iwi/hapū are:
 - Delivering effectively for Māori will require a new approach or approaches.

- Cultural differences, familiarity and trust will constrain the reach of mainstream providers and services. This means there needs to be more opportunity for Māori to inform, design, support and deliver activities and services.
- Greater effort is required in helping whānau understand and navigate what is perceived as a cluttered and complex space. This requires effective regional networks and requires going to where Māori are, rather than expecting them to seek things out from central delivery points. Online is not enough.
- Access to capital is more likely to constrain Māori business – both those starting out through to Post-Settlement Governance Entities (PSGEs).
- Councils could use their procurement of services to more effectively support Māori business (this also relates to SMEs in general).
- PSGEs are using their own procurement to support local and Māori capability. They see themselves as part of a social and economic eco-system and are building capability to provide wrap-around support for skill and business development.
- Key insights from engagement with wider business are:
 - Different businesses will need different things based on their size and the sector in which they operate. There is not a single business perspective.
 - Equally, there are a wide range of views on the appropriate role of local government in providing assistance to business and industries. Some think that local government should stick to infrastructure and getting the board regulatory settings right and some believe Councils can play a greater role in increasing funding for small business and/or sector-based support.
 - Smaller businesses are more likely to be looking for assistance with professional development (and access to business support programmes and providers who specialise in this area). They are also much more likely to be seeking meeting spaces and to a lesser extent hot-desking and flexible work options.
 - For some small businesses and people considering a business idea there are a range of existing barriers to accessing business development services – these include awareness (including not knowing who to speak to find out what is available), cost, location, and cultural familiarity.
 - Beyond infrastructure and regulatory settings, larger businesses are likely to be looking for partnerships (with each other and with local government), to do things they might not be able to do alone. This is often because it requires decisions and/or investments in other areas that they do not have control over.
 - Bigger businesses and industry organisations are also more likely to be playing a role in helping to support the region's strategic economic development priorities e.g. building on our regional strengths in food and the eco-system of sophisticated products and services that have grown to support this industry. This means they are more likely to want to understand how the region is

setting and executing its regional economic development priorities and how they fit into the bigger picture.

- It is clear that bigger businesses in Hawke's Bay are frustrated that there is no ongoing coordinated engagement with big business and that there's no clear point of contact on economic development issues. This makes it hard to progress ideas. In the past they have relied on relationships and Hawke's Bay being a small place to propose and pursue ideas but there is a view this has got harder and it's holding the region back.
 - Bigger businesses and industry organisations are seeing opportunities that can only be taken forward as a region and there is a view that Hawke's Bay is missing an opportunity to leverage our strengths and recover strongly from COVID-19.
 - There is acknowledgment that governance and organisational structures can either support or constrain collaboration and there is a view that Hawke's Bay has not yet got this right.
 - There is a perception that there are still unhelpful and competitive behaviours in the system and that this is constraining more effective collaboration. As the 2020 Review found, this is feeding a perception in the business community that the economic development system in Hawke's Bay is fragmented and not particularly transparent.
- **This review recommends that the Hawke's Bay Councils:**
 - Focus ratepayer investment in business and industry development in areas where there is a gap in provision of an activity or service. This will look like working with groups of companies or sectors and developing regional strategies to help marshal and direct scarce resources to areas of agreed regional priority.
 - Support other organisations to lead on support for SMEs and start-ups. This does not need to sit with a regional economic development entity (as envisaged in the 2020 Review Recommendations). To assist with 'lane clarity' and to help support regional collaboration consideration should be given to supporting the HB Chamber of Commerce to take on the Regional Business Partner contract. Separate funding could also be made available to TKO and/or an agreed nominee subject to developing an agreed approach and focus for funding for Māori economic development. Further work may be required with HB iwi/hapū to agree on preferred delivery mechanism for Māori economic development.
 - That the priority activities/services for ratepayer investment should be:
 - HB Business Hub
 - Programme Management support for Matariki RDS
 - Industry and sector development (the Food Industry Programme, the Technology Programme and an additional sector development initiative)
 - Investment and talent attraction
 - HB brand strategy and activation
 - Coordination of skills and employment initiatives – focused on connecting businesses with people and training organisations

- Provision of funding to support a 'by Māori for Māori' approach to regional economic development (delegated to TKO and/or an agreed nominee)
- Additional funding for SME and start-up support - if funding allows and a clear gap or need is identified, but delivered by other providers.

1.12 Options for the most effective way to deliver these for Hawke's Bay

This review finds that:

- The preferred regional economic development delivery platform for Hawke's Bay is still a regional entity that has an appropriate mandate and appropriate resourcing i.e. it can't be set up to fail but not giving it a clear purpose and mandate and inadequate resources.
- A regional entity with the appropriate scale and mandate could guide and direct activity to priority areas/issues; support a culture of sharing, connection and collaboration; and support Hawke's Bay to be greater than the sum of its parts (e.g. by presenting a strong and united voice and vision to external investors, talent and Central Government; and by helping to attracting the resources of others).
- This could take the form of an independent Trust, Incorporated Society or Company - or a Council Controlled Organisation (CCO). An independent form that is not a CCO is more likely to be accepted by iwi/hapū and wider business. Specialist legal and tax advice would be recommended before deciding the preferred legal form.
- All structures would offer an opportunity to embed a tripartite governance partnership between local government, iwi/hapū, and wider business. An independent Board could be made up of 2 representatives from local government, iwi/hapū, and wider business respectively. An independent Chair could complete a 7-person Board.
- This entity would need to be supported by an effective measurement and reporting framework which helps track the relationship between activities, outputs and outcomes i.e. whether ratepayers' money is being invested and used effectively.
- Hawke's Bay may not be able to do this in one step. There is a legacy of mistrust that investment in regional economic development activities yield results and ratepayer funding is constrained. Trust may need to be earned and value delivered in order to motivate additional funding over time.
- If the preferred option is not accepted, then a minimum investment option would focus on a small regional economic team hosted by the Councils. This team would be responsible for – the Business Hub; programme management support for Matariki RDS; industry and sector development (i.e. the Food Industry Programme and the Technology Programme). This option would also provide some funding to support Māori economic development initiatives. This option would lose an opportunity to lead and coordinate activity in relation to investment and talent attraction; HB brand strategy and activation; and skills and employment initiatives.

This review recommends that the Hawke's Bay Councils:

- Consider funding the establishment of a regional development entity that would be responsible for:

- The HB Business Hub
 - Programme Management support for Matariki RDS
 - Industry and sector development
 - Investment and talent attraction
 - HB brand strategy and activation
 - Coordination of skills and employment initiatives – focused on connecting businesses with people and training organisations
 - Provision of funding to support a ‘by Māori for Māori’ approach to regional economic development (delegated to TKO and/or an agreed nominee)
 - Providing additional funding for SME and start-up support to other providers.
- OR Consider funding, at a minimum, the establishment of a regional economic development team that would be hosted by the Councils and would be responsible for:
 - The HB Business Hub
 - Programme Management support for Matariki RDS
 - Industry and sector development
 - Provision of funding to support a ‘by Māori for Māori’ approach to regional economic development (delegated to TKO and/or an agreed nominee).

1.13 The estimated cost of investment

This review finds that:

- The estimated cost of investment in the preferred option (Option 3: A Regional Development Entity) would be around \$1,706,000 per annum plus a \$50,000 investment in CAPEX. This represents an OPEX increase of \$1,193,000 on the existing investment of \$513,000. Note, this does not account for Council resources beyond the budget for the Regional Development Manager and funding contributions to Great Things Grow Here that could be pooled to support this option.
- The estimated cost of investment in a minimum option (Option 2: A Regional Development Team) would be around \$1,050,000 per annum plus a \$50,000 investment in CAPEX. This represents an OPEX increase of \$537,000 on the existing investment of \$513,000/annum. Note, this does not account for Council resources beyond the budget for the Regional Development Manager and funding contributions to Great Things Grow Here that could be pooled to support this option.

2.0 INTRODUCTION AND PURPOSE OF REVIEW

In mid-2020 the 5 Hawke's Bay Councils commissioned a review of local government investment in business and industry support across the Hawke's Bay region¹.

The Review was focused on activities undertaken, and services provided, by Business Hawke's Bay (BHB), Hawke's Bay Tourism (HBTL), and the individual Councils. The Review incorporated perspectives and insights developed in relation to Hawke's Bay's Matariki Regional Development Strategy (Matariki RDS), but it was not a review of Matariki RDS itself.

In commissioning the Review, Council CEs recognised that there might be opportunities to improve regional coherence of economic development investments and wanted a clearer picture of this in order to inform Long Term Plan processes starting from late 2020. This Review also fulfilled a Local Government Act (2002) s.17A requirement to review the cost effectiveness of Council arrangements for delivering services on a periodic basis.

The Review highlighted a range of inefficiencies and missed opportunities with current ratepayer-funded activities and services and found there was an opportunity to do something that better met the region's needs and potential.

The exception to this was Hawke's Bay Tourism Ltd (HBTL). HBTL was supported by its main stakeholders and appeared to be doing a successful job in leveraging ratepayer investment into real value for the Hawke's Bay economy. The Review concluded that there did not appear to be a strong case for change in regard to HBTL, however there is an expectation that HBTL and any future economic development platform would work closer together to complement each other's activity and give greater effect to the region's priority areas. In addition, there may be an opportunity to share overheads or resources where appropriate/of value given both programmes are ratepayer funded.

The recommendations of the 2020 Review can be found in Annex A.

In early 2021 the five Councils endorsed a second stage of the review process which would involve more detailed investigation of the recommendations set out in the Review report. Councils specifically:

- Endorsed engaging with Treaty Partners and other regional stakeholders on the opportunity to create an enduring Economic Development Delivery Platform with the appropriate scale and mandate to better guide and direct economic development activity to priority areas and issues;
- Supported the opportunity to embed a partnership with Māori in a new Economic Development Delivery Platform; and
- Endorsed the five councils' commitment to keeping the Hawke's Bay Business Hub open with the potential assignment of the lease to one of the five councils.

This second stage of the review has sought to further explore options in relation to effective support for business and industry support for Hawke's Bay. This has focused on:

¹ Review of Local Government Investment in Business and Industry Support across the Hawke's Bay Region, December 2020 - <https://www.hbrc.govt.nz/assets/Document-Library/Council-Documents/FINAL-210121-Review-of-local-government-investment-in-business-and-industry-support-across-the-Hawkes-Bay-region-.pdf>

1. The priority activities/services for ratepayer investment;
2. Options for the most effective way to deliver these for Hawke's Bay; and
3. The estimated cost of investment.

2.1 Scope of Review

Councils play a range of important statutory and non-statutory roles that support economic development and economic wellbeing of the Hawke's Bay region. They also work within a broader system of delivery partners, agencies and agents (involving Māori, business, civil society, and Central Government), that provide regional economic development and economic wellbeing services for the region.

It was within this broader context and understanding that Hawke's Bay Councils sought a review of the important, but non-statutory, activities that are focussed on business, industry and sector development i.e. it was not the intention of the scope of the review to capture the full role local authorities play in supporting economic development and economic wellbeing.

The specific activities and services that were in scope of this review are:

- Business development activities, such as business information and referral services and business capability support;
- Skills building, attraction and retention initiatives;
- Innovation, commercialisation and R&D support;
- Investment promotion and attraction;
- Destination marketing and management and events;
- Sector development initiatives and cluster facilitation;
- Economic development and economic wellbeing strategy development, intelligence and monitoring.
- Strategy/action plan programme management, coordination, communications, monitoring and reporting (i.e. largely the activities involved in supporting and implementing Matariki RDS).

3.0 APPROACH

3.1 Process

This part of the review has involved two main stages: 1) engagement to inform views and recommendations on the priority activities and services for ratepayer investment; and 2) desktop analysis to place the insights from engagement in a considered framework; to work through the options for the most effective way to deliver these for Hawke's Bay; and to develop estimated costs of investment.

Engagement has focused on:

- **Hawke's Bay iwi/hapū** through Te Kāhui ōhanga o Takitimu collective (TKO)². TKO was formed to represent Māori economic interests in Hawke's Bay and to help implement Matariki RDS; and

² <https://www.tko.org.nz/>

- **Hawke's Bay businesses** via a survey (see Annex C and separate Annex D attachments) and a small number of small group discussions.
- **Leading providers or funders of support for small business** in Hawke's Bay, via a couple of small workshops.

Insights developed through this process have been used alongside the following sources of information:

- The survey conducted as part of the first stage of the Review;
- A survey Hastings District Council ran in mid-2020 on interest in, and the focus of, the Hastings Business Hub.
- Hawke's Bay business and industry insights from COVID-19 resurgence check-in process led by Hawke's Bay Councils.
- Consultant's own knowledge of working with a range of Hawke's Bay companies, sector groups and iwi interests.

3.2 Methodology

The 2020 Review report used a framework which incorporated the needs of both current and future businesses (see Figure 1 below), alongside considerations relating to the challenges and opportunities facing the Hawke's Bay economy; rationales for local government activities in economic development and economic wellbeing; and central government expectations.

Figure 1: Two important lenses when considering economic development efforts

Current businesses: *Do we know our sectors and businesses well? Do we understand their issues, constraints, opportunities? Have we designed our activities/services around these (taking into account the appropriate role for government)?*

Future businesses/growth: *Do we have a view of what the Hawke's Bay economy could look like by building off regional strengths and adapting to and leveraging off social, cultural, environmental and economic trends? Is there a shared vision? What work are we doing with business and key stakeholders to develop the new platforms for growth?*

This second stage of the review does not repeat this analysis but seeks to draw out the appropriate role for local government given the needs of both current businesses and future businesses.

In terms of the rationale for local government (see next section and Annex B) involvement in supporting business and industry development, ideally any activity would be seeking to fill some sort of gap in provision of an activity or service (where there was a 'market failure'³ to some degree), and/or seeking to add value that was additional to what could be achieved otherwise (the concept of 'additionality'). Any ratepayer investment in these activities/or services would ideally be directly connected to opportunities or constraints identified in Matariki RDS (which, if working well, provides a collective and shared view of regional priorities).

³ https://www.economicsonline.co.uk/Market_failures/Types_of_market_failure.html

Figure 2 below captures a simplified view of where funding for business and industry support could be directed. Activity at the top of the triangle is least likely to happen without some sort of intervention and so there is a strong logic for intervention/regional investment in this area. This will need to be guided by relative costs and benefits of this activity versus funding (or other support) at other levels of the triangle (particularly if ratepayer funding can be used to add value over and above what could otherwise have been achieved).

The final factor for consideration is the potential role of ratepayer funding support to help people and whānau get into business to start with i.e. helping to reduce barriers to building local businesses. The review uses these considerations in assessing the priority activities/services for ratepayer investment.

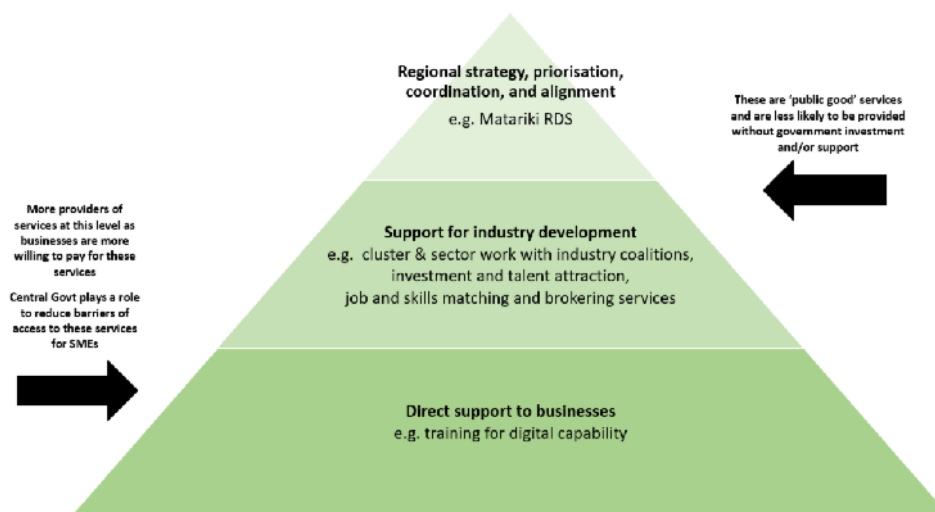
Figure 2: A simplified view of where funding for business and industry support could be directed



Another way of thinking about the where funding for business and industry support could be directed is to consider activities and services in terms of micro support (direct support for business e.g. training for business owners and employees), versus more macro support for business (working with groups of companies or sectors and developing regional strategies to help marshal and direct scarce resources to areas of agreed regional priority).

This is captured in Figure 3 below. As in Figure 2, activity at the top of the triangle represents public good services which are less likely to be provided without government investment and/or support. Conversely there are more providers at the bottom of the triangle where it is more likely that businesses are willing to pay for services. This supports a range of private sector providers. Central Government plays an important funding role in this area (and is likely to continue to do so), to reduce barriers of access to these services for SMEs.

Figure 3: A simplified view of the macro and micro roles involved in economic development



4.0 BACKGROUND AND CURRENT STATE

4.1 Rationale for local government activities in economic development and economic wellbeing

Local authorities have a critical role to play in supporting the economic development and economic wellbeing of their area. They have a range of levers at their disposal which can support, or indeed inhibit, economic development that is consistent with broader wellbeing objectives.

In New Zealand, local government's activities are centred on regulating land use, choosing and funding a set of local amenities, and investing in essential infrastructure for transport and the three waters (drinking water, wastewater and stormwater), with the overall objective of enhancing community wellbeing (NZ Productivity Commission, 2019).

Regional councils are responsible for the physical environment and cross-boundary functions that require an integrated approach, which include regional land transport, flood protection, biosecurity, civil defence and some resource management. The functions of territorial authorities (city and district councils) are broader, encompassing physical infrastructure such as roads, water supply, wastewater and stormwater, recreation and cultural activities, land-use planning, building standards and some public health and safety functions (NZ Productivity Commission, 2019).

But local authorities also play an important role in the provision and funding (either directly or via delivery agents), of support for local people and businesses through:

- Regeneration;
- Business support and employment programmes;

- Working with, and providing a link to, nationally-led programmes;
- Investor and people attraction programmes; and
- Providing a range of high quality services that directly support residents' wellbeing outcomes and business investment confidence.

Local authorities also can also use their community leadership role and planning powers to set out a clear framework for local development. This helps to provide certainty for business and investment, overcome coordination failures, and manage externalities and competing interests.

Annex B provides an overview of the economic development activities and services that are in-scope of this review and the underlying rationale for local government intervention (through the provision of activities or services or, in many cases, the funding for others to provide these activities and services).

The first stage of the Review found that the work programmes and activities/services being provided by the Councils, HBTL and (then) BHB, were broadly based on clear rationales. Councils, for the most part, were focused on facilitation, promotion, information provision and addressing collective action issues (although Hastings District Council was at the time providing some funding for a business capability programme). The work of BHB and HBTL was largely focused on collective action issues (e.g. industry-wide marketing, promotion, attraction); and sectoral connection and coordination issues. BHB was in addition providing some specific business capability and support programmes, alongside a range of other member and/or private sector providers.

The reason this is worth highlighting is that there is often not a clear understanding of the different roles required to support economic development and the appropriate role for government (local and central). The business and wider community also have a very wide range of expectations of Council activity to support regional business and industries (and this is teased out in Section 7).

4.2 Current funding and current activities

The 2020 Review provided a detailed picture of the investment Hawke's Bay Councils were making into business support and industry development across the region. The Review found that in total this funding came to just over \$10m for in-scope activities. Just under half of this funding was directed to the i-Sites, the Napier War Memorial Centre and Toi Toi (as these were captured by the Review's scope).

This second stage of the Review focuses on the funding that was being directed to Business Hawke's Bay (BHB).

At the time the five Hawke's Bay Councils had a "Contract for Service" with BHB to enable BHB "to deliver activities and services to achieve agreed results which will contribute to regional economic development outcomes". This contract provided funding of \$330,000 per annum subject to BHB meeting reporting requirements and key performance indicators (KPIs).

The Hawke's Bay Business Hub operations and staff were formally transitioned to Council oversight on 1 July 2021. This followed BHB's decision to wind down in early 2021 and its formal closure on 30

June 2021. The \$330K joint economic development funding from the five Councils has subsequently been re-directed to fund the following activities over the next 12 months:

- Hawke's Business Hub Business Hub operations (including concierge staff).
- Two sector development initiatives that were developed by BHB:
 - A (scaled back) Food & Fibre Sector Programme that is focused on supporting the region's food industry; and
 - A (scaled back) Hi-tech/Agri-tech Programme that is focused on building an internationally recognised technology sector to support regional productivity and sustainability.

In addition, Councils have been supporting the transition and ongoing delivery of services of the Hawke's Bay Business Hub to Council, and support for Matariki Programme delivery (mainly programme administration, data and insights reporting, and support for 'Pou 4'), via the joint Council funded Regional Development Manager role.

These activities were considered the minimum necessary to:

- Retain the Hawke's Bay Business Hub as an important regional asset. The 2020 Review found that the Hub was playing an important role in bringing together, under one roof, many of the key business support agencies operating in Hawke's Bay;
- Maintain focus on, and support for, two areas of strength and/or emerging strength in Hawke's Bay. These are two areas the region has highlighted as a priority for engagement and partnership with Central Government e.g. to access funding support; and
- Support Matariki RDS while work was underway to – secure additional funding from partners for programme management support and clarify the preferred option/s for the most effective way to deliver support for business and industry in Hawke's Bay (mainly the activities relating to Pou 4).

4.3 Who else is providing services and in which areas

The 2020 Review provided a summary of the activities and services relating to business and industry support provided by the 5 Councils, BHB, and HBTL. Some of the activities of Hawke's Bay iwi/hapū/PSGEs and the Hawke's Bay Chamber of Commerce were also included in the summary because of the important economic development role they play for their members (note, these activities and services were not included in the review itself as they are not funded by regional ratepayers).

This stage of the Review has sought to tease out the providers and funders of economic development services beyond the Councils and their direct agents e.g. BHB before it wound down.

This is important for two key reasons:

1. As outlined in Section 3.2 above, ideally any ratepayer supported activity should be seeking to fill some sort of gap in provision of an activity or service and/or seeking to add value that was additional to what could be achieved otherwise. So having a clear understanding of the landscape of providers, funding and level of demand is important; and

2. One of the key themes that came out of the engagement as part of the first stage of the Review was that there was a lack of role clarity between organisations, agencies and teams. Most stakeholders and those involved in delivery and funding were looking for greater clarity over roles and functions (“what are the lanes”, “who’s swimming in which direction and where are the overlaps that require collaboration and coordination”). Businesses in particular wanted greater clarity over first points of contact and activities and services that were on offer to better support business activity.

Table 1 below captures the key areas of focus for this review and the key providers of the typical activities and services in each area.

Note, activities or services related to destination marketing and management and export and/or offshore investment (both shaded blue) have not been explored in any more detail in this second stage of the review.

The 2020 Review found that local government could not provide significant support (beyond sister-city relationships and providing basic exporting information and referring businesses to other providers of support e.g. ExportNZ and NZTE), for the activities and services captured within the export and/offshore investment category.

The 2020 Review also found that HBTL was supported by its main stakeholders and appeared to be doing a successful job in leveraging ratepayer investment into real value for the Hawke’s Bay economy. There appears to be general agreement on this (although some business stakeholders still feel that too much money is being directed toward tourism-related funding relative to other sectors of the Hawke’s Bay economy).

This part of the review, therefore, focuses on the areas shaded in green in the table below with a particular focus on business development and support as this is the area where there is more private sector, member-based organisation, and Central Government activity e.g. HB Chamber of Commerce, HB Māori Business Hub, along with the important Regional Business Partner Programme (which is funded by Central Government).

Given this existing activity there would need to be evidence of some sort of gap in provision of an activity or service and/or evidence that ratepayer funded activity or direct funding to existing providers could add additional value to what could be achieved otherwise. This would also need to be weighed against the costs and benefits of activity/funding in other areas. This is teased out in the following section.

Table 1: Type of economic development activity or service

| Area | Types of activities or services | Key providers |
|--|--|---|
| Destination marketing and management | <ul style="list-style-type: none"> • Visitor attraction, promotion and marketing • Events /activities promotion, marketing, support and facilitation • Running events | <ul style="list-style-type: none"> • The focus of Hawke's Bay Tourism as the region's Regional Tourism Organisation • Councils run some visitor attraction related events as well |
| Business development and support | <ul style="list-style-type: none"> • Business information and referral services • Events related to business information and support • Business capability support, including training relating to digital capability, HR, finance etc • Support for people looking to start a business i.e. start-ups | <ul style="list-style-type: none"> • HB Chamber of Commerce • HB Māori Business Hub • Regional Business Partner Programme (contract held by HBRC) • A range of private sector organisations that provide business capability support to business e.g. The Icehouse, specialised providers of digital, HR, finance etc advice. |
| Innovation and industry development support | <ul style="list-style-type: none"> • R&D funding /support • Feasibility studies and business cases for sector and investment projects • Cluster & sector work with industry coalitions • Co-investment in major projects | <ul style="list-style-type: none"> • This is a typical area for local or central govt support as the collaboration aspects of this work are not typically funded by the private sector • Industry organisations play an important role but they also need to partner with local and/or central govt and often require assistance • R&D is the focus of Callaghan Innovation (through the RBP programme) • Sector work with industry coalitions is currently being funded by Councils and is focused on food and technology |
| Skills -related support | <ul style="list-style-type: none"> • Support for job matching programmes • Business and training connection services • Promotion of the benefits of upskilling and education and training opportunities • Promotion of job and education opportunities in the region | <ul style="list-style-type: none"> • Job matching and brokering services is a growing area of ED activity across the country given the need for coordination and prioritisation of resources • In HB Councils are involved e.g. Hastings District Council has the Mahi for Youth programme and there is the Mayors Taskforce for Jobs. This activity is supported by Central Government funding. • Iwi/hapū are also active in this space and there are a range of training providers at different levels who provide custodial and work ready-related training and support. • Matariki RDS has a focus on this activity. |
| Investment attraction | <ul style="list-style-type: none"> • Business attraction • Talent attraction • Capital attraction | <ul style="list-style-type: none"> • The Great Things Grow Here platform is the only coordinated activity currently taking place. This is funded by the 5 councils • Investment and talent attraction is a typical area for local govt support |

| | | |
|--|---|--|
| | | <ul style="list-style-type: none"> There is a 'public good' element in coordinating and aligning activity relating to encouraging and promoting inward investment to the region and bridging information gaps and networks between inward investors and key organisations in the local economy. |
| Export and/or offshore investment support | <ul style="list-style-type: none"> This covers support for the provision of information on offshore markets, facilitating trade/diplomatic visits and facilitating connections between local business and offshore networks. | <ul style="list-style-type: none"> Mainly Export NZ and NZTE |
| Strategy development, economic intelligence, monitoring | <ul style="list-style-type: none"> Economic strategy development Economic intelligence and monitoring | <ul style="list-style-type: none"> Economic strategies are more likely to focus on components of the economic development jigsaw e.g. housing strategy, industrial land strategy etc. Matariki RDS is the only regional economic strategy |
| Regional economic development and economic wellbeing implementation support | <ul style="list-style-type: none"> In the Hawke's Bay context this work largely relates to the Matariki Hawke's Bay Regional Development Strategy and Action Plan (Matariki RDS). | <ul style="list-style-type: none"> Joint Iwi and Council partnership with strong support by Central Government agencies |

4.31 Business development and support

As noted above one of the themes that came out of the engagement through the first stage of the Review was that there was a lack of role clarity between organisations, agencies, and teams.

This was most evident in the 'business development and support' area which includes the following activities and services - business information and referral services; events related to business information and support; business capability support, including training relating to digital capability, HR, finance etc; and support for people looking to start a business i.e. start-ups.

Most stakeholders and those involved in delivery and funding were looking for greater clarity over roles and functions ("what are the lanes", "who's swimming in which direction and where are the overlaps that require collaboration and coordination"). Businesses in particular wanted greater clarity over first points of contact and activities and services that were on offer to better support business activity.

The lack of clarity on who was leading in different areas had over time created, what many felt were, unhelpful and competitive behaviours in the system. This was constraining more effective collaboration.

The 'lanes' can be thought of in terms of the activities and services set out in Table 1 above and in terms of the triangles in Section 3. Activity at the top of the triangle represents public good services which are less likely to be provided without government investment and/or support. Conversely there are more providers at the bottom of the triangle where it is more likely that businesses are willing to pay for services. This supports a range of private sector providers. Central Government plays an important funding role in this area (and is likely to continue to do so), to reduce barriers of access to these services for SMEs.

This can also be thought of in terms of more macro support for business (working with groups of companies or sectors and developing regional strategies to help marshal and direct scarce resources to areas of agreed regional priority), versus more micro support (direct support for business e.g. training for business owners and employees).

This review finds the following:

- There is a clear case for local government investment in activities which are more likely to have public good aspects. These activities are likely to have a greater component of – facilitation and connection, promotion, information provision and addressing collective action issues (e.g. working with groups of companies or sectors).
- Given the existing providers of services to SMEs there is a less compelling case for local government investment. That said, engagement with providers and Central Government funders of these services note that demand is currently outstripping available supply of funded places. Additional funding could assist with this and involve partnerships between providers, iwi/hapū, and local and central government. Any local government funding assistance to provide these activities would want to target areas where there was a clear gap in service provision or the ability

to add value e.g. support for Māori businesses which are currently underrepresented in mainstream services.

- The primary 'lead' for SME support services in Hawke's Bay does not need to sit with a regional economic development entity (as envisaged in the 2020 Review Recommendations). To assist with 'lane clarity' and to help support regional collaboration rather than competition, consideration should be given to supporting the HB Chamber of Commerce to take on the Regional Business Partner contract. Separate funding could be made available to TKO and/or an agreed nominee subject to a business case/plan and/or contract of service being negotiated. Further work will be required with HB iwi/hapū to agree on preferred delivery mechanism for Māori economic development.
- One area that requires further consideration is support for start-ups. To be fully effective an economic development support system will have appropriate interventions along the spectrum of business needs from start-up through to mature. There appears to be unmet demand in the start-up area and a lack of funding to support existing providers of services. A regional team or entity could help guide investment in this area i.e. develop the strategy in collaboration with partners, but outsource the delivery (with funding) to existing providers of services to SMEs.

Table 2 below captures a prioritisation of the activities and services relating business and industry development based on the methodology outlined in Section 3. This has helped shape the options for delivery outlined in Section 9.

Table 2: Prioritisation of ratepayer investment in business and industry development activities and services

| Area | Comment | Priority |
|--|--|--|
| Destination marketing and management | <ul style="list-style-type: none"> • Assume no change to existing funding • Not the focus of this assessment | Yes |
| Business development and support | <ul style="list-style-type: none"> • One of the most important areas of support for regional SMEs and start-ups • But given Central Government funding and the role of private sector and/or iwi/hapū groups not an area where a regional ED team/entity should take the lead • Some funding should be made available for areas where there was a clear gap in service provision or there is an ability to add value over and above existing services. But this would be finding for others to deliver. • Consider supporting an organisation with relevant capability in application for RBP contract | Yes (But only as a funder. Others best able to lead and deliver.) |
| Innovation and industry development support | <ul style="list-style-type: none"> • No one else doing this • Central Govt want local govt to assist • Strong case for regional investment | Yes |
| Skills -related support | <ul style="list-style-type: none"> • Needs coordination and is one of the critical connections between the social and economic sides of Matariki | Yes |
| Investment attraction | <ul style="list-style-type: none"> • No one else doing this • HB needs to sing with one voice to be effective in attracting investment and talent | Yes |

| | | |
|--|--|------------|
| Export and/or offshore investment support | <ul style="list-style-type: none"> Not a priority for regional ratepayer investment as this is served better by others | No |
| Strategy development, economic intelligence, monitoring | <ul style="list-style-type: none"> Suggest light touch economic intelligence by maximising the use of subscriptions to professional economic forecasting companies Align this with work of Matariki | No |
| Regional economic development and economic wellbeing implementation support | <ul style="list-style-type: none"> This is priority area for regional funding. To work effectively for HB we need – a clear and agreed strategy; effective relationships; effective programme management; and effective delivery of prioritised actions and work programmes. | Yes |

6.0 ENGAGEMENT WITH IWI/HAPŪ

Hawke's Bay iwi/hapū preference for engagement with this review has been through Te Kāhui ōhanga o Takitimu collective (TKO). TKO is an informal collective that represents Māori economic interests in Hawke's Bay.

TKO is currently focused on:

- *Enabling Industry Growth* – where there is a confirmed intention to partner with Māori through the entire value chain.
- *Working with schools and Rangatahi* - to improve the support offered to Rangatahi so they stay in the education system
- *Getting a better return for Māori Land Owners* - enabling them to create jobs for their own people

Conversations with the Collective and with individual members (who are representatives of Taiwhenua and Post Settlement Governance Entities (PSGEs)), has helped provided critical perspectives on the nature and the needs of the growing Māori economy in Hawke's Bay.

Insights from a Māori economy perspective

Key insights include:

- Delivering effectively for Māori will require a new approach or approaches.
- Cultural differences, familiarity and trust will constrain the reach of mainstream providers and services. This means there needs to be more opportunity for Māori to inform, design, support and deliver activities and services.
- Greater effort is required in helping whānau understand and navigate what is perceived as a cluttered and complex space. This requires effective regional networks and requires going to where Māori are, rather than expecting them to seek things out from central delivery points. Online is not enough.
- Access to capital is more likely to constrain Māori business – both those starting out through to Post Settlement Governance Entities (PSGEs).
- Councils could use their procurement of services to more effectively support Māori business (this also relates to SMEs in general).

- PSGEs are using their own procurement to support local and Māori capability. They see themselves as part of a social and economic eco-system and are building capability to provide wrap-around support for skill and business development.

The key concern held by TKO members was that the approach Hawke's Bay has taken to date in regard to business and industry support has not delivered for Māori. They were concerned that the 2020 Review's recommendation of the establishment of a new regional ED entity would simply result in more of the same and this would not, again, deliver for Māori.

Note, the 2020 Review found there was a case for additional and dedicated resources for Māori economic development as part of a new regional entity and that Māori representation should be a core feature of the governance of the entity.

These comments from the surveys undertaken as part of this review capture consistent sentiments:

"Most business support services do not understand Te Ao Māori frameworks of pakihi (business). Our cultural values are diminished when engaging with non-Māori providers."

"Just having iwi at the table does not mean that Māori necessarily have a voice and we need to be more creative about ensuring services and activities are engaging Māori and are responsive to Māori".

A frustration that existing business support services in Hawke's Bay were not set up to deliver for Māori led Te Taiwhenua o Te Whanganui ā Orotū (the mandated Iwi Authority for Ahuriri Napier), to establish the Hawke's Bay Māori Business Hub in 2020. This Hub focuses on providing assistance, mentoring, advice and leadership for Māori SMEs and is supported through a combination of Taiwhenua resources and a small amount of Central Government funding.

TKO invited the Councils to consider different models, for example, TKO leading business and industry support efforts on behalf of Hawke's Bay. This is considered in the options analysis in Section 8 below.

TKO members also highlighted the role of location (and its relationship to ease of access and trust) in effectively reaching Māori business. This means building local knowledge and networks and delivering in place (*"with a Māori front, if delivering for Māori"*), where possible rather than from far-flung central delivery points. The provision of online information was noted as useful but not enough to overcome barriers to accessing information and knowledge.

Other insights focused on the growing Māori-led economy through iwi and hapū (often via PSGEs), investment.

The Hawke's Bay Māori economy has similarities with, and differences to, the rest of the Hawke's Bay economy. It is similar in that businesses sit along a spectrum ranging from start-ups, to SMEs, to larger organisations and entities that may have a range of assets and business interests e.g. increasingly PSGEs. This means the support required will be different, and need to be tailored, depending on the size and age of the business and often the sector.

A key difference is that Māori businesses are likely, on average, to have greater capital constraints. This is relevant for start-ups (or micro enterprises), and SMEs seeking to access business support services. It is also relevant for larger PSGEs which are seeking to invest in the development of their asset base.

The practical implication for Māori start-ups and SMEs is that they may require additional resources to overcome co-funding or capital related constraints e.g. many business support services require a co-contribution to top up funding from other sources e.g. the RBP programme. This suggests a partnership role for either central or local government to work alongside and co-invest with iwi/hapū to help bridge barriers for Māori start-ups and SMEs.

PSGEs are more likely to be seeking partnerships with local and central government to restore the health of their land e.g. predator and weed control, and enhance the value of their assets e.g. horticultural development across Hawke's Bay⁴. There is a specific role for regional economic development efforts to assist with this work. There may also be an opportunity for existing providers of professional development and business capability training to work alongside PSGEs as they seek to build internal capability to provide effective wrap-around support for skill and business development for their whānau.

7.0 ENGAGEMENT WITH HAWKE'S BAY BUSINESS

7.1 Business survey and small group discussions

Engagement with Hawke's Bay businesses for this part of the review has focused on developing a more detailed understanding of business views on the priority issues and areas of funding assistance needed to support business and industry development in Hawke's Bay. This has taken the form of an online survey and a small number of group discussions.

Annex C contains the survey questions and Annex D (separate PDF attachments) provide a full summary of the survey results and the useful verbatim comments provided by respondents.

The survey ran between 17 August and 13 September and was sent to over 1,000 Hawke's Bay businesses (mainly via the Hawke's Bay Business Hub database and the database of business contacts developed through the first stage of the review). Timing was not ideal with the COVID-19 lockdown but 116 businesses across a broad cross-section of industries completed the survey. The quality of the data is high.

The survey and small group discussions sought to tease out the following business perspectives:

- The most important role Councils can play to support business (across the spectrum of Council responsibilities e.g. infrastructure, regulatory, and business development activities);
- The most important roles that Councils can play in providing *direct support* for business (i.e. not infrastructure, housing, planning or environment-related);
- Whether they had used, or been able to access, services (to help build a picture of demand and any constraints); and

⁴ Central Government funding has sought to address some of the capital related issues relating to the development of Māori land. For example, the Whenua Māori Fund administered by TPK - <https://www.tpk.govt.nz/en/whakamahia/land-and-environment/whenua-maori-fund>, and MPI assistance for Māori agribusiness - <https://www.mpi.govt.nz/funding-rural-support/maori-agribusiness-funding-support/>.

- Views on sector development initiatives and the current priority areas – the Food Industry Programme and the Technology Programme.

This data and information has been used alongside insights from:

- The survey conducted as part of the first stage of the Review;
- A survey Hastings District Council ran in mid-2020 on interest in, and the focus of, the Hastings Business Hub.
- Hawke's Bay business and industry insights from a COVID-19 resurgence check-in process led by Hawke's Bay Councils.
- Consultant's own knowledge of working with a range of Hawke's Bay companies, sector groups and iwi interests.

7.2 Summary of insights from Hawke's Bay businesses

This section of the report provides a summary of the insights from Hawke's Bay businesses.

The critical insights are:

- Different businesses will need different things based on their size and the sector in which they operate. There is not a single business perspective.
- Equally, there are a wide range of views on the appropriate role of local government in providing assistance to business and industries. Some think that local government should stick to infrastructure and getting the board regulatory settings right and some believe Councils can play a greater role in increasing funding for small business and/or sector-based support.
- Smaller businesses are more likely to be looking for assistance with professional development (and access to business support programmes and providers who specialise in this area). They are also much more likely to be seeking meeting spaces and to a lesser extent hot-desking and flexible work options.
- For some small businesses and people considering a business idea there are a range of existing barriers to accessing business development services – these include awareness (including not knowing who to speak to find out what is available), cost, location, and cultural familiarity.
- Beyond infrastructure and regulatory settings, larger businesses are likely to be looking for partnerships (with each other and with local government), to do things they might not be able to do alone. This is often because it requires decisions and/or investments in other areas that they do not have control over.
- Bigger businesses and industry organisations are also more likely to be playing a role in helping to support the region's strategic economic development priorities e.g. building on our regional strengths in food and the eco-system of sophisticated products and services that have grown to support this industry. This means they are more likely to want to understand how the region is setting and executing its regional economic development priorities and how they fit into the bigger picture.

Table 2 below captures the key insights from the business survey and these have been used in forming the recommended approach.

Table 3: Key insights from business survey

| Key questions | Key insights |
|--|--|
| Most important role Councils can play to support business (across the spectrum of Council responsibilities) | <ul style="list-style-type: none"> The provision of infrastructure (e.g. local roads and water), was highlighted by over 50% as the No.1 thing that Councils can do to support business. No.2 was funding for business development activities, such as business information and referral services and business capability support. |
| Most important roles that Councils can play in providing direct support for business i.e. (i.e. not infrastructure, housing, planning or environment-related) | <ul style="list-style-type: none"> In terms of roles that Councils can play in providing direct support for business (i.e. not infrastructure, housing, planning or environment-related), the top 3 areas (in order of priority) were: <ul style="list-style-type: none"> Working with Central Government and other partners on assisting people into training and work Funding for business development activities, such as business information and referral services and business capability support Funding to support sector development initiatives e.g. building on Hawke's Bay strengths. |
| Use of, and access to, services | <ul style="list-style-type: none"> Around 50% of businesses had accessed training and support programmes and around 43% had used business development activities, such as business information and referral services and business capability support. Unsurprisingly other activities that have either a sector or new business attraction focus had lower visibility and use. There were mixed views on support for start-ups. Many thought this was underfunded and a big opportunity. Others didn't think ratepayer funding should be going to this activity. |
| Views on sector development initiatives and the current priority areas | <ul style="list-style-type: none"> Many thought food, tourism and technology were appropriate to focus on given Hawke's Bay strengths and/or opportunities (although a smaller number thought that established sectors should not need assistance) Nearly 77% thought it was either extremely important or very important to have a small number of programmes that are focused on building on Hawke's Bay strengths Around 60% have a favourable view of the current focus on food, technology and tourism A number of areas that were not current priorities were flagged as having potential – logistics and freight; Māori business; creative sectors e.g. art; sustainability; large events In relation to the Food Sector Programme, there was broad support for the current focus and useful suggestions on what the programme should be seeking to achieve: <ul style="list-style-type: none"> 41% thought supporting the development of a food and beverage sector should be the highest priority 35% thought supporting an innovation accelerator programme should be the highest priority The petfood industry did not receive much support as a priority. 40% ranked it as the 4th most important priority. In relation to the Technology Sector Programme, broad support for current focus: <ul style="list-style-type: none"> Nearly 65% thought connecting innovative businesses so that they can collaborate and build off each other's strength and helping to develop a skills and talent pipeline were the highest priority areas About 32% felt connecting HB business with the work underway across Govt and connecting HB technology firms to investment were the highest priority. |

7.2.2 Larger business and sector perspectives

Section 4.3 above explored business development services in more detail. As this area is more relevant for small and medium sized business in Hawke's Bay it is worth reflecting in a bit more detail in this section on the needs and perspectives of bigger businesses (including some PSGEs), and industry organisations in Hawke's Bay.

Table 4 below also provides a snapshot of some of the key business impacts and concerns relating to COVID-19 and border restrictions. Many of these issues, for example labour and skills shortages, require coordinated and enduring partnerships between business, iwi/hapū, local government and central government.

The critical insights are:

- It is clear that bigger businesses in Hawke's Bay are frustrated that there is no ongoing coordinated engagement with big business and that there's no clear point of contact on economic development issues. This makes it hard to progress ideas. In the past they have relied on relationships and Hawke's Bay being a small place to propose and pursue ideas but there is a view this has got harder and it's holding the region back.
- Bigger businesses and industry organisations are seeing opportunities that can only be taken forward as a region and there is a view that Hawke's Bay is missing an opportunity to leverage our strengths and recover strongly from COVID-19.
- There is acknowledgment that governance and organisational structures can either support or constrain collaboration and there is a view that Hawke's Bay has not yet got this right. They would like Hawke's Bay to speak with one voice nationally (be united and be seen to be united).
- There is a perception that there are still unhelpful and competitive behaviours in the system and that this is constraining more effective collaboration. As the 2020 Review found, this is feeding a perception in the business community that the economic development system in Hawke's Bay is fragmented and not particularly transparent.

Table 4: Insights from COVID-19 resurgence check-ins with Hawke's Bay business

| Industry/Sector | Key impacts and concerns |
|-----------------|--|
| Export | <ul style="list-style-type: none"> • Ability to operate in future Level 4 / lockdowns • Essential service / business definition and criteria • International reputation • Shipping disruptions and supply chain issues <ul style="list-style-type: none"> ○ Significant cost and risk to regional economy and businesses ○ Container availability ○ Shipping line unreliability and availability • Vaccinations: <ul style="list-style-type: none"> ○ Support and policing of compulsory vaccination order ○ Legislation conflicts – Health & Safety Act and Employment Law / Privacy Act with regards to employees • Labour and skills shortages • MIQ challenges |
| Primary Sector | <ul style="list-style-type: none"> • Labour and skills shortages and access to seasonal / overseas labour • China market requirements and risks – supply chain recalls and loss of license to export |

| | |
|--|---|
| | <ul style="list-style-type: none"> • Shipping / supply chain disruptions and access to containers to export product • Education with regards to seriousness of Delta and vaccinations |
| Construction & Infrastructure | <ul style="list-style-type: none"> • Critical shortage of building and trade materials <ul style="list-style-type: none"> ○ Impact of sawmills not able to operate in Level 4 adding to this ○ Surge ordering ○ Auckland Level 4 - ability to get product out and manufacturers not operating • Delay in projects • Ability to operate in Level 4 and 3 – essential definition and suppliers / manufacturers • Labour and skills shortages • Business and mental wellbeing support with the flow on effects of job delays and material shortages |
| Tourism | <ul style="list-style-type: none"> • Ability to postpone events / availability of venues leading into summer season • Refunds and resulting cashflow issues • Support for events sector |
| All sectors | <ul style="list-style-type: none"> • Mental health and wellbeing • Legalities around employee vaccination • Cashflow |

Source: Hawke's Bay Councils

8.0 OPTIONS FOR DELIVERY

This section provides an assessment of a range of potential options for future delivery of ratepayer funded investment in business and industry development.

The options have been designed to address the insights (particularly the recommended areas of focus for investment), issues and opportunities that have been identified through both stages of this Review.

In order to guide the assessment of options a set of objectives and criteria were developed in the 2020 Review. They are based on what success (i.e. what kind of delivery could help achieve better outcomes), could look like for Hawke's Bay. A review of these objectives and criteria in light of the additional information and insight developed through the second stage of the Review suggests they are still fit for purpose.

In light of real ratepayer funding constraints it could also be helpful to consider what the region should support in the short-term and what it could work toward over the longer-term. The options below could be final destinations or points along the road as needs evolve, and confidence grows over time that business and industry support activities are delivering value for Hawke's Bay.

8.1 Objectives and criteria

The high-level objectives used to guide the assessment of options are:

1. Hawke's Bay has a cohesive regional approach (with less - real or perceived - fragmentation and patch protection).
2. Hawke's Bay's approach is embedded in a partnership with Māori and is responsive to community needs e.g. Māori; Hawke's Bay districts.
3. There is commitment to appropriate ongoing resourcing to support the approach Hawke's Bay takes.

4. There are clear boundaries around who does what and consistent application and appreciation of roles and responsibilities.
5. There is more effective collaboration so that Hawke's Bay-Inc is greater than the sum of its parts.
6. There is greater clarity around the support that is available to businesses, investors and talent and greater clarity around how to access the support available.
7. There is greater transparency and accountability around activities being undertaken, delivery and evaluation.

In terms of implementation we also need to take into account:

- *Practicality* - will the model be able to be implemented and will the changes be relatively easy to make with minimal disruption to existing services? For example, you would not want critical activities to stall because of a change process;
- *Likely costs of change* – the costs need to be considered relative to likely efficiencies that would be possible and the level of investment in services; and
- *Capacity to deliver services* – will the model ensure that activities are delivered or administered by an entity with the capacity to deliver the required range of services?

Bringing the implementation issues together with the high-level objectives (most of which are elements of effectiveness) we can use the following criteria to assess the different options available:

- **Practicality** – will the model be able to be implemented and will the changes be relatively easy to make with minimal disruption to existing services? For example, you would not want critical activities to stall because of a change process.
- **Effectiveness** – will the model be likely to be effective in delivering the required services and required areas of improvement and in achieving economic development objectives?
- **Representation of, and responsiveness to, economic development needs and communities of interest.** For example, is the model likely to be responsive to the needs of different industries, to Māori/iwi/hapū, to different districts?
- **Likely costs of change** – the costs need to be considered relative to likely efficiencies that would be possible and the level of investment in services.
- **Capacity to deliver services** – will the model ensure that activities are delivered or administered by an entity with the capacity to deliver the required range of services?
- **Accountability to key funders and alignment with funders' priorities** – to what extent is the model likely to ensure accountability to Councils and other funders?
- **Ability to attract/retain the right expertise to deliver the services (at governance and staff levels).** For example, experts might be attracted to a model that has a greater scope of services.
- **Ability to leverage resources of others (e.g., central government funding, private sector funding).** For example, central government agencies are more likely to want to fund a regional partner that has full regional reach rather than a range of agencies.

8.2 Options for delivery

Given the Hawke's Bay context and the Review analysis the Reviewer believes there are 5 main options for consideration. Variations of these options would be possible. Table 5 below provides more detail on these options but they are:

1. **The Status Quo.**
2. **A Regional Development Team.**
3. **A Regional Development Entity.**
4. **A Regional EDA + Tourism (RTO).**
5. **Te Kāhui ōhanga o Takitimu (TKO) collective leads business and industry development on behalf of the region.**

Table 5: Description of main options

| OPTIONS | WHAT THIS INVOLVES |
|--|---|
| Option 1: Status quo | <ul style="list-style-type: none"> Councils: <ul style="list-style-type: none"> Hold lease for HB Business Hub and pay for relevant staff and operations. Provide part of Manager Regional Recovery's time to oversee Hub and provide part-time Programme Support for Matariki. Fund 2 (scaled-back, i.e. around 8-10 hours each per week) strategic initiatives focused on the food industry and technology. Regional Business Partner contract held by HBRC. Hawke's Bay Tourism Ltd leads on visitor attraction and is the region's Regional Tourism Organisation. |
| Option 2: Regional Development Team | <ul style="list-style-type: none"> An enhanced status quo. Dedicated council funding and small number of staff operating across the 5 Councils on behalf of region. Would involve all of Option 1 plus: <ul style="list-style-type: none"> A full-time lead for regional economic development. Additional funding for Matariki Programme Support. Additional funding to scale up strategic initiatives focused on the food industry and technology. Working with larger HB business and sector groups Being the first point of contact with Central Govt for regional economic development Would work closely with providers of business support and professional development services e.g. HB Chamber of Commerce, Māori Business Hub, and holder of RBP contract but would not lead in this area. [Subject to business case and strategic plan]. Provide separate funding to TKO an/or an agreed nominee to support Māori business support programmes. Regional Business Partner contract could be held by HBRC or another organisation with relevant capability. |
| Option 3: Regional Development Entity | <ul style="list-style-type: none"> An independent Trust or Incorporated Society or a Council-Controlled Organisation (CCO), which could be a Trust or Incorporated Society. A CCO was the preferred option in 2020 Review Report on the basis it meant Councils could not 'set and forget', but an independent organisation is preferred by iwi/hapū and business. Would be a formalised version of Option 1 and 2 Would pick up all of Option 2 and take the lead on: <ul style="list-style-type: none"> Regional investment promotion and attraction Brand HB (working closely with HBTL) |

| | |
|--|---|
| | <ul style="list-style-type: none"> ○ Regional talent attraction and retention (including playing a key coordinating role between industry, local and central govt and training providers) • Would work closely with providers of business support and professional development services e.g. Chamber, TKO, Māori Business Hub, and holder of RBP contract but would not lead in this area. Additional business support services could be considered if there was a clear intervention logic, gap in existing services and an accepted case for additional funding. Could provide funding to others to deliver and/or provide top up funding where needed e.g. COVID resurgence support. • Could have a wider remit than business and industry support services i.e. use of procurement to support business, housing etc. But would need probably have to focus on 2-3 areas only otherwise wider remit would result in being overstretched and failure to deliver. |
| Option 4: Regional ED + Tourism | <ul style="list-style-type: none"> • Not the preferred option in 2020 Review Report • Would cover all of Option 3 plus visitor attraction. |
| Option 5: Te Kāhui ōhanga o Takitimu (TKO) collective leads | <ul style="list-style-type: none"> • As proposed by TKO • Councils would provide funding for TKO to lead economic development activities on behalf of the region • This could also involve leading the delivery of business support services. |

An assessment of the seven options against the criteria outlined above is provided in Table 6 below. Options have been rated on a 1-10 scale (with 10 being more attractive).

Table 6: Assessment of delivery options

| <i>Criteria</i> | <i>Weighting</i> | <i>OPTION 1: Status quo</i> | <i>OPTION 2: Regional Development Team</i> | <i>OPTION 3: Regional Development Entity</i> | <i>OPTION 4: Regional ED + Tourism</i> | <i>OPTION 5: Te Kāhui āhanga o Takitimu (TKO) collective leads</i> |
|--|------------------|---------------------------------|--|--|--|--|
| 1. Practicality | 10% | 10 | 9 | 8 | 6 | 6 |
| 2. Effectiveness | 30% | 4 | 7 | 9 | 8 | 7 |
| 3. Representation of and responsiveness | 15% | 4 | 4 | 7 | 5 | 5 |
| 4. Costs of change | 5% | 10 | 9 | 8 | 6 | 7 |
| 5. Capability and Capacity to deliver services | 25% | 4 | 5 | 8 | 8 | 5 |
| 6. Accountability | 10% | 5 | 7 | 9 | 6 | 6 |
| 7. Ability to leverage resources of others | 5% | 5 | 7 | 8 | 9 | 7 |
| Unweighted TOTAL | 100% | 42 | 48 | 57 | 48 | 43 |
| Weighted TOTAL | 100% | 5.05 | 6.35 | 8.25 | 7.1 | 6 |

Table 7: Comments on assessment of delivery options

| Summary advantages / disadvantages | Major advantages | Major disadvantages |
|---|--|--|
| OPTION 1: Status Quo | <ul style="list-style-type: none"> No additional costs involved | <ul style="list-style-type: none"> Current status quo is essentially tying the region over until decisions are made. It's not an ideal model. Would be a lost opportunity to create an effective and enduring platform for Hawke's Bay. |
| OPTION 2: Regional Development Team [MINIMUM OPTION] | <ul style="list-style-type: none"> A useful advance on the status quo and could be considered a step toward a regional entity (as trust that the work is delivering positive outcomes for the region grows and funds become available) Focused on the areas/activities that are not being provided by others so helps provide better role clarity Central Govt would have a clear first point of contact Limited costs of implementation (beyond additional investment in people) | <ul style="list-style-type: none"> Would require additional funding from Councils Would not cover all of the activities where there are gaps in the provision of services e.g. investment and talent attraction Some businesses won't necessarily understand the distinction that is being created between roles i.e. micro vs macro The degree to which this model helps deliver the cohesive regional approach key stakeholders are wanting, will depend on focussed action and ongoing behavioural changes Some businesses may be less willing to engage directly with a Council than an arms-length entity (e.g. businesses may not be prepared to share confidential information with a Council if they are also involved in negotiating terms for consents or services) |
| OPTION 3: Regional Development Entity [PREFERRED OPTION] | <ul style="list-style-type: none"> This model would help to create a cohesive regional approach if it had the mandate, funding, and over time mana to more effectively represent the region Focused on the areas/activities that are not being provided by others so helps provide better role clarity If an independent entity, would be an opportunity to consider a tripartite governance model between local government, iwi/hapū and wider business through the appointment of an independent Board. Councils could guide over priorities (e.g. through yearly Statement of Intent and Service Level Agreement (SLA) / Contract for Service (CfS) setting discussions) Given clear ownership interests it would help ensure HB Councils played a strong, supporting role that helped guide/shift individualistic behaviours that are present (and will always be present as long as HB has 5 Councils) | <ul style="list-style-type: none"> Would require additional funding from Councils Business stakeholders have said that if this is not done well, and funded adequately, then don't bother They have also said they will only support this model if Councils commit to getting behind it and not running parallel strategies or undermining it If this was a CCO and not an independent entity it would likely have less support from iwi/hapū and some businesses |

| | | |
|--|--|---|
| | <ul style="list-style-type: none"> • Would be an opportunity to clarify the support available to businesses, investors and talent and how to access the support • Would increase the ability to attract/retain the right expertise (given stronger mandate) • Would increase the ability to leverage resources of others (given stronger mandate, more effective funding and capability of staff) • Would be an opportunity to provide greater transparency and accountability around activities being undertaken, delivery and evaluation. • 'Ownership' of destination marketing and management would be retained by tourism industry (members of HBTIA). A lack of ownership and ability to direct tourism-related activities has led to disquiet and subsequent structural changes (where these activities had been combined with broader ED activities) in other parts of the country. | |
| OPTION 4: Regional ED + Tourism | <ul style="list-style-type: none"> • Same as Option 3 • This option strengthens the regional remit and mandate of the organisation. This could further enhance the ability to attract/retain the right expertise and leverage the resources of others. • There would likely be some overhead-related savings through shared back office support | <ul style="list-style-type: none"> • Same as Option 3 • The main difference would be the additional costs (including disruption to services) involved in folding in HBTI's tourism activities and services. These costs are real while the benefits of combining activities under one structure are possible (and mainly relate to a reduction in overheads and a strengthening of mandate). It's also possible to avoid these costs and still achieve the objectives relating to regional cohesion, partnership, collaboration, clarity of roles/functions and clarity of support without going to a fully combined model. |
| OPTION 5: Te Kāhui ōhanga o Takitimu (TKO) collective leads | <ul style="list-style-type: none"> • Able to extend reach to Māori business • Would offer an opportunity for Māori to deliver for all rather than the prevailing model of Māori interests being a subset of mainstream interests • Likely to be able to leverage the resources of Central Govt | <ul style="list-style-type: none"> • Would be a major shift in the delivery model for all regional business and industry support • It may not have the support of the wider business community • Not enough evidence that it would have a broad enough scope of interests or expertise to be contracted to deliver all services i.e. micro and macro roles. |

8.3 The recommended option: A Regional Development Entity

Overall, the assessment of the options against the criteria suggests that the best option is a Regional Development Entity (Option 3).

Preference for this model over other options is based on the degree to which this option is most able to create an enduring platform that provides Hawke's Bay with the appropriate scale and mandate to:

- Better guide and direct activity to priority areas/issues;
- Support a culture of sharing, connection and collaboration; and
- Support Hawke's Bay to be greater than the sum of its parts (e.g. by presenting a strong and united voice and vision to external investors, talent and Central Government), and by helping to attracting the resources of others

This model/entity would focus on the areas and activities that are not being provided by others so this would help provide better role clarity for Hawke's Bay regional economic development.

There are a range of options to consider with regard to the entity's legal form. This could include a Trust, Incorporated Society or Company.

Specialist legal and tax advice should be sought to determine what is the best structure for Hawke's Bay based on what is trying to be achieved. Business Hawke's Bay was an Incorporated Society but an alternative structure may have some advantages in relation to ease and speed of establishment (e.g. an Incorporated Society needs a minimum of 15 members, although existing bodies corporate can count as three individual members). There may also be tax implications e.g. it is not clear that an EDA acting on behalf of a region could be a Charitable Trust.

An independent entity versus a Council Controlled Organisation (CCO) is more likely to be supported by iwi/hapū and wider business based on feedback received throughout the Review.

Irrespective of the structure, there would be the opportunity to embed a tripartite governance partnership between local government, iwi/hapū, and wider business.

An independent Board could be made up of 2 representatives from local government, iwi/hapū, and wider business respectively. An independent Chair could complete a 7-person Board.

Whatever legal form is chosen (following legal and tax advice), Councils could guide over priorities through yearly Statement of Intent and Service Level Agreement (SLA)/Contract for Service (CfS) setting discussions. This entity would also need to be supported by an effective measurement and reporting framework which helps track the relationship between activities, outputs, and outcomes. This would help to provide greater transparency and accountability around whether ratepayers' money is being invested and used effectively.

10.0 ESTIMATED COST OF INVESTMENT

This section provides detailed estimated costings for two options – a minimum investment option (Option 2); and the preferred option (Option 3).

The estimated cost of investment in Option 2 would be around \$1,050,000 per annum plus a \$50,000 investment in CAPEX. This represents an OPEX increase of \$537,000 on the existing investment of \$513,000/annum. Note, this does not account for Council resources beyond the budget for the Regional Development Manager and funding contributions to Great Things Grow Here that could be pooled to support this option.

The estimated cost of investment in Option 3 would be around \$1,706,000 per annum plus a \$50,000 investment in CAPEX. This represents an OPEX increase of \$1,193,000 on the existing investment of \$513,000. Note, this does not account for Council resources beyond the budget for the Regional Development Manager and funding contributions to Great Things Grow Here that could be pooled to support this option.

Table 8: Indicative estimate of resources required for Option 2: Regional Development Team (recommended as the minimum option)

| Core roles and suggested areas of focus | Current FTEs | Proposed FTEs/change | Additional funding required |
|--|---|--|---|
| Full time lead for regional economic development | <ul style="list-style-type: none"> 0.25 FTE - Regional Development Manager | <ul style="list-style-type: none"> 1 FTE TOTAL NEW = 0.75 FTE | <ul style="list-style-type: none"> Base salary of approx. \$160,000 Increase on current role's budget = \$20,000 |
| HB Business Hub: Operations and activation | <ul style="list-style-type: none"> 1 FTE - Hub Concierge position 0.7 FTE - Ops and marketing 0.2 FTE - Accounts 0.5 FTE – Regional Development Manager TOTAL = 2.4 FTEs | <ul style="list-style-type: none"> 2 FTEs – Hub Concierge & an overall Hub Ops and marketing role 0.2 Accounts (0.5) Regional Development Manager (covered in full time ED role) TOTAL NEW = 0.3 FTE | <ul style="list-style-type: none"> 0.3 FTE x approx. \$65k salary for operations/activator role = \$19,500 |
| Matariki RDS Programme Management support e.g. coordination, communications, monitoring and reporting | <ul style="list-style-type: none"> 0.15 FTE – Regional Development Manager 0.1 FTE – TKO (funded by Central Govt) TOTAL = 0.25 FTE (only 0.15 FTE funded by Councils) | <ul style="list-style-type: none"> 1 FTE – Programme Manager 1 FTE – Matariki Project Coordination support for Pou Leads (0.15) – Regional Development Manager TOTAL NEW = 2 FTEs | <ul style="list-style-type: none"> 1 FTE x \$130k salary = \$130,000 1 FTE x \$65k salary = \$65,000 Note – Central Govt funding has been secured to fund 1 FTE Programme Manager role for the next two years. This budget builds this in regardless so that this funding is sustainable and not dependent on Central Govt. Some long-term cost-share arrangement should |

| | | | |
|--|--|---|--|
| | | | still be investigated with Central Govt agencies. |
| Māori business development | <ul style="list-style-type: none"> N/A | <ul style="list-style-type: none"> Funding for TKO and/or agreed nominee to help support, tailor, and/or create business support programmes targeted at areas of need for Māori business. Funding would be contingent on a business case/plan and strategy and could start at \$87,500/year | <ul style="list-style-type: none"> \$87,500 Subject to working with TKO and/or agreed nominee to develop an agreed approach and focus for the funding |
| Industry and sector development | <ul style="list-style-type: none"> 0.25 FTE - Food Industry Programme 0.25 FTE - Technology Programme 0.10 FTE – Regional Development Manager TOTAL FTEs = 0.6 | <ul style="list-style-type: none"> 2 FTEs – Programmes (0.10) – Regional Development Manager (covered in full time ED role) TOTAL NEW = 1.5 FTE | <ul style="list-style-type: none"> 1.5 FTE x approx. \$130k salary = \$195,000 |
| TOTAL FTEs | <ul style="list-style-type: none"> TOTAL FTEs = 3.4 | <ul style="list-style-type: none"> TOTAL NEW FTEs = 4.55 | <ul style="list-style-type: none"> TOTAL ADDITIONAL FUNDING FOR NEW FTEs = \$429,500 |
| OPEX, OVERHEADS & OTHER | <ul style="list-style-type: none"> Operating expenditure and overheads for the HB Business Hub and industry & sector development programmes has not been analysed in detail. These costs are included in the joint economic development funding of \$330K. Current funding for HB branding direct costs via GTGH not analysed in detail. Costs are included in the total \$513K current funding from councils. | <ul style="list-style-type: none"> \$20,000/year budgeted change for minimum option. Assumed that operating expenditure will remain consistent with a small increase and councils will continue to pick up and charge overheads internally. GTGH not further analysed. One-off \$50,000 investment to also be considered given base level capital works required at HB Business Hub. | <ul style="list-style-type: none"> Additional OPEX for Hub = \$20,000/yr TOTAL ADDITIONAL FUNDING FOR OPEX = \$20,000 ADDITIONAL (one-off) CAPEX for Hub = \$50,000 |
| TOTAL FUNDING | <ul style="list-style-type: none"> Funding from Councils: \$513,000 This includes the joint economic development funding, budget for the Regional Development Manager and funding for GTGH. | | <ul style="list-style-type: none"> TOTAL ADDITIONAL FUNDING / YEAR = \$537,000 + one-off CAPEX of \$50,000 = \$587,000 Made up of: <ul style="list-style-type: none"> FTEs = \$429,500 TKO/nominee = \$87,500 Hub (OPEX) = \$20,000 Hub (CAPEX) = \$50,000 |

Table 9: Indicative estimate of resources required for Option 3: Regional Development Entity (preferred option)

| Core roles and suggested areas of focus | Current FTEs | Proposed FTEs/change | Additional funding required |
|--|---|--|--|
| Full time lead for regional economic development | <ul style="list-style-type: none"> 0.25 FTE - Regional Recovery Manager | <ul style="list-style-type: none"> 1 FTE TOTAL NEW = 0.75 FTE | <ul style="list-style-type: none"> Base salary of approx. \$220,000 Increase on current role's budget = \$80,000 |
| HB Business Hub: Operations and activation | <ul style="list-style-type: none"> 1 FTE - Hub Concierge position 0.7 FTE - Ops and marketing 0.2 FTE - Accounts 0.5 FTE - Regional Development Manager TOTAL = 2.4 FTEs | <ul style="list-style-type: none"> 2 FTEs - Hub Concierge & an overall Hub Ops and marketing role 0.2 Accounts (0.5) Regional Development Manager (covered in full time ED role) TOTAL NEW = 0.3 FTE | <ul style="list-style-type: none"> 0.3 FTE x approx. \$65k salary for operations/activator role = \$19,500 |
| Matariki RDS Programme Management support e.g. coordination, communications, monitoring and reporting | <ul style="list-style-type: none"> 0.15 FTE - Regional Development Manager 0.1 FTE - TKO (funded by Central Govt) TOTAL = 0.25 FTE (only 0.15 FTE funded by Councils) | <ul style="list-style-type: none"> 1 FTE - Programme Manager 2 FTE - Matariki Project Coordination support for Pou Leads (0.15) - Regional Development Manager TOTAL NEW = 3 FTEs | <ul style="list-style-type: none"> 1 FTE x \$130k salary = \$130,000 2 FTE x \$60k salary = \$120,000 Note - Central Govt funding has been secured to fund 1 FTE Programme Manager role for the next two years. This budget builds this in regardless so that this funding is sustainable and not dependent on Central Govt. Some long-term cost-share arrangement should still be investigated with Central Govt agencies. |
| Māori business development and support | <ul style="list-style-type: none"> N/A | <ul style="list-style-type: none"> Funding for TKO and/or agreed nominee to help support, tailor, and/or create business support programmes targeted at areas of need for Māori business. Funding would be contingent on a business case/plan and strategy and could start at \$100,000/year | <ul style="list-style-type: none"> \$100,000 Subject to working with TKO and/or agreed nominee to develop an agreed approach and focus for the funding |
| Industry and sector development | <ul style="list-style-type: none"> 0.25 FTE - Food Industry Programme 0.25 FTE - Technology Programme 0.10 FTE - Regional Development Manager TOTAL FTEs = 0.6 | <ul style="list-style-type: none"> 2 FTEs - Programmes (0.10) - Regional Development Manager (covered in full time ED role) TOTAL NEW = 1.5 FTE | <ul style="list-style-type: none"> 1.5 FTE x approx. \$130k salary = \$195,000 |

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| Investment and talent attraction, including HB brand strategy and activation | | <ul style="list-style-type: none"> 1 FTE TOTAL NEW = 1 FTE | <ul style="list-style-type: none"> 1 FTE x approx. \$125k salary = \$125,000 It would be worth thinking about endowing the new entity with a pool of funding it could use to investigate opportunities (that are aligned to a strategic view of regional opportunities) as they arise e.g. Eastern Film Alliance OR to help top up funding for business support services that are delivered by others if needed e.g. COVID resurgence. Note – a full Business Case can cost anywhere \$100,000 - \$150,000 depending on complexity Recommend at least \$100,000/year, which would allow a robust investigation of one major opportunity per year. |
| Skills and employment initiatives – focused on connecting businesses with people and training organisations | • N/A | <ul style="list-style-type: none"> 1 FTE TOTAL NEW = 1 FTE | <ul style="list-style-type: none"> 1 FTE x approx. \$125k salary = \$125,000 |
| Corporate/Administration (if a Trust or Incorporated Society) | • N/A | <ul style="list-style-type: none"> 2 FTEs TOTAL NEW = 2 FTEs | <ul style="list-style-type: none"> 2 FTEs x approx. \$75k salary = \$150,000 |
| TOTAL FTEs | • TOTAL FTEs = 3.4 | • TOTAL NEW FTEs = 9.35 | <ul style="list-style-type: none"> TOTAL ADDITIONAL FUNDING FOR NEW FTEs = \$944,500 |
| OPEX, OVERHEADS & OTHER | <ul style="list-style-type: none"> Operating expenditure and overheads for the HB Business Hub and industry & sector development programmes has not been analysed in detail. These costs are included in the joint economic development funding of \$330K. Current funding for HB branding direct costs via GTGH not analysed in detail. Costs are included in the total \$513K current funding from councils. | <ul style="list-style-type: none"> \$50,000/year budgeted change to account for increase in operating expenditure and budget requirements across all areas, and councils no longer covering overheads internally. GTGH not further analysed but assumed current \$43K direct cost funding would be re-directed to support operational costs in HB brand & strategy. | <ul style="list-style-type: none"> Additional OPEX for Hub = \$48,500/yr TOTAL ADDITIONAL FUNDING FOR OPEX = \$48,500 ADDITIONAL (one-off) CAPEX for Hub = \$50,000 |



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| | | <ul style="list-style-type: none"> One-off \$50,000 investment to also be considered given base level capital works required at HB Business Hub. | |
| TOTAL FUNDING | <ul style="list-style-type: none"> Funding from Councils: \$513,000 This includes the joint economic development funding, budget for the Regional Development Manager and funding for GTGH. | | <ul style="list-style-type: none"> TOTAL ADDITIONAL FUNDING / YEAR = \$1,193,000 + one-off CAPEX of \$50,000 = \$1,243,000 Made up of: <ul style="list-style-type: none"> FTEs = \$944,500 TKO/nominee = \$100,000 Hub (OPEX) = \$48,500 Hub (CAPEX) = \$50,000 Regional Opportunities Fund = \$100,000 |

ANNEX A: RECOMMENDATIONS OF 2020 REVIEW

The 2020 Review recommended that the Hawke's Bay Councils:

1. Consult with their Treaty Partners and the wider community on the **opportunity to create an enduring economic development delivery platform** that provides Hawke's Bay with the appropriate scale and mandate to better guide and direct economic development activity to priority areas and issues.
2. Consider consulting on the Review's preferred option to form **a new regional entity to lead (non-tourism) economic development activities**. The recommendation is that this regional entity take the form of a joint Council Controlled Organisation (CCO); a CCO is essentially any company with a majority council shareholding, or a trust or similar organisation with a majority of council-controlled votes or council-appointed trustees, unless designated otherwise. More than one council may be represented in a council-controlled organisation. While the terminology 'CCO' appears exclusionary it is actually quite a flexible organisational form and would provide a strong base for partnering with Hawke's Bay Maori and Hawke's Bay business. This new entity would focus on business development and support; innovation and industry development; skills building, attraction and retention initiatives; investment promotion and attraction; economic development strategy development; and strategy/action plan programme management. This option is most able to provide the Hawke's Bay economic development system with the appropriate scale and mandate to guide and direct activity to priority areas/issues; support a culture of sharing, connection and collaboration; and support Hawke's Bay to be greater than the sum of its parts (e.g. by presenting a strong and united voice and vision to external investors, talent and Central Government, and by helping to attracting the resources of others). This option also avoids creating unnecessary transition costs for areas of support that are currently delivering effectively for Hawke's Bay e.g. destination management and marketing. While other options would solve some of the issues that have presented through this review they would not deliver fully on the effectiveness and efficiency outcomes Councils (and stakeholders) are seeking and solve what is currently missing for Hawke's Bay – a well-supported and funded organisation that has the mandate and backing to be the economic development voice for Hawke's Bay.
3. Engage with the Business Hawke's Bay (BHB) Board and Management to **begin a process of transition from the BHB structure to a new CCO structure**. This would involve BHB de-registering as an incorporated society, (potentially) making the BHB name available for the new entity (to leverage the existing brand in the marketplace and to reduce transition costs), and transferring BHB assets to the new CCO. The transition process would also involve the provision of transitional funding for BHB once current contract funding is exhausted (including funding for Matariki Programme Management which ends in December 2020).
4. **Retain the Hawke's Bay Business Hub** as it is playing an important role in bringing together, under one roof, many of the key business support agencies operating in Hawke's Bay. Co-location of support services/agencies: provides an opportunity to present a united voice for business

regardless of the underlying structures and mechanisms used to provide support services; offers a clear front door for local businesses and external investors and talent to be directed to the right area of support; and aids collaboration by reducing the costs of interaction and increasing the opportunity for important 'water-cooler' conversations. If the Business Hub structure did not exist in Hawke's Bay it would be a key recommendation of this Review to consider supporting something of this nature. The Hub is also clearly filling a need for a meeting and connection space that has a look, feel, and vibe that businesses and organisations will pay to use.

5. **Support the proposed 'Hub and Spoke model' through the new Regional Economic Development Agency (EDA) COO** to strengthen business support across the region i.e. currently businesses in Hastings, Central Hawke's Bay and Wairoa indicate it is harder to access services given the Hub's location in Ahuriri. This would implement a key Matariki action and an identified regional COVID recovery priority. The FTE resources required have been included in the estimated funding needs (see next recommendation).
6. Consult with their communities on **increasing the funding for non-tourism related economic development activities**. It is estimated that around \$1.6m of additional funding per annum would be required to adequately resource a regional EDA CCO that had the scale and mandate to fulfil objectives. This estimate is based on current BHB activities and the likely areas of focus of a new EDA CCO. The exact areas of focus and resourcing would obviously be for a new independent Board to agree upon based on a clear understanding of Council priorities (which would be communicated through a Statement of Intent and/or Service Level Agreement).
7. Consider, as part of the additional \$1.6m funding per annum for non-tourism related economic development activities, to endow in the new EDA CCO **a pool of funds to be used to investigate economic development opportunities** that are aligned with the region's strengths/opportunities/strategy. The region currently lacks a shared pool for funds of this nature which means that opportunities are considered in an ad hoc way and support for any investigation will depend on the degree of funding available to individual Councils at the time and the strength of any advocacy.
8. Consider the **opportunity to embed a partnership with Māori in the new EDA CCO model**. This would start with the composition of the new independent Board. The model would allow for discussions on the level of engagement with Māori business and, potentially, a joint resourcing approach with Hawke's Bay Māori/iwi/hapū for a or organisations. It would also allow a fresh conversation on the appropriate governance model (and levels of governance) needed to support a regional approach (Matariki). Included in the additional resourcing for the EDA CCO is a dedicated FTE focused on Māori business development and support. This role could work with Māori businesses in Hawke's Bay to help support, tailor, and/or create business support programmes targeted at areas of need for Māori business. This role could be shared with HBTL.
9. Consider **embedding the RBP programme in the new EDA CCO**. This would require Central Government agreement via the formal RBP contract procurement process. Embedding the RBP programme in an organisation providing other economic development support services would

allow the insight derived from this 'coal face' activity to be used to better design other offerings for business and guide other strategic economic development work. It is possible the formal RBP contract procurement timeline will not match the transition timeline if Councils agree to the Review recommendations. In this situation HBRC could consider retaining the contract (through the procurement process) with some contractual arrangements formed in time with the new EDA CCO. The position that is currently sub-contracted to the Hawke's Bay Chamber of Commerce should be retained in order to provide a strong link to the Chamber's work and expertise.

10. **Consider investing in the development of a clear 'impact framework' for Matariki** to better articulate the relationship between activities delivered and the desired outcomes for the region over the short, medium, and longer-term. This would help improve current measurement and reporting frameworks which are not effective in tracking the relationship between activities, outputs and outcomes i.e. whether ratepayers' money is being used effectively. A framework like this could also provide greater clarity on the respective roles and responsibilities of organisation and teams that contribute to regional economic development efforts.
11. Consider, as part of the engagement with Māori and Central Government agencies, the opportunities to **streamline Matariki governance** (e.g. by utilising other existing governance forums for some of the conversations that support meaningful collaboration and connection), **and increasing the resources to support the Pou working groups**. Estimated FTE resources have been included in the additional resourcing for the EDA CCO. This would help resolve two of the key issues raised by a large number of key stakeholders (the cumbersome and duplicative governance structure, and lack of resources to support effective programme delivery). Matariki's Pou structure is not unlike the previous Government's Business Growth Agenda (BGA), and the BGA had a part (or full)-time programme support person to support each of the six key areas of the Agenda and the relevant lead agency.
12. **Support work to better understand the influence and impact the Great Things Grow Here (GTGH) brand is having in attracting investor/talent attention.** While a small number of stakeholder interviews in 2019 found GTGH was "a strong brand" there has not been wider, and robust, testing of this so it is hard to make call on the Brand's effectiveness. Ideally Hawke's Bay would have one clear and identifiable 'umbrella' brand that it could use externally with this brand being widely adopted by Hawke's Bay business (to support business to business relationships; talent and skills attraction; and business investment attraction). Business uptake of the GTGH brand, however, appears to be low and there is some confusion about what it is and what it isn't, and a general lack of understanding of what it's trying to achieve. Whatever platform is chosen to promote the region it has to be backed with broad agreement, commitment, and focus. Strong brands need to be developed and maintained. There seems to be general acknowledgment that there is a need for a Search Engine Optimisation (SEO) strategy and an effective marketing strategy and implementation plan if GTGH is going to play a regional platform role.
13. Support work to **investigate the ability to connect to different business, talent and investor support services from www.hawkesbaynz.com**. Many other regional platforms are generally

“location.nz” so they are the first site that pops up on a search. These landing pages can then direct you to different things – tourism; business support etc. HBTL owns and runs www.hawkesbaynz.com, and while it is acknowledged that there are technical SEO reasons for proceeding carefully with changes to successful landing pages (in this case in telling the Hawke’s Bay tourism story) consideration should be given to allowing connection to other services so that external investors and talent are able to quickly find the information and support they might need via a typical ‘front door’.

14. Consider a **separate review of the region’s venue and community facilities** to explore opportunities to improve regional coherence of development and funding given the significant role they play in the visitor economy and the way this influences broader ratepayer funding for regional economic development.

ANNEX B: ECONOMIC DEVELOPMENT ACTIVITIES AND THE APPROPRIATE ROLE FOR GOVERNMENT

Table 10: Explanation of types of economic development /economic wellbeing activities and services

| <i>Type of economic development / economic wellbeing service. NB. These are the 'lanes' people refer to.</i> | <i>Explanation of activity (adapted from Martin Jenkins, 2017)</i> |
|---|---|
| 1. Destination marketing and management | |
| <ul style="list-style-type: none"> • Visitor attraction, promotion, and marketing • Events /activities promotion, marketing, support and facilitation • Running events | <ul style="list-style-type: none"> • This covers activities such as regional promotion and destination marketing. • These activities are often provided because there is a 'public good' element involved with tourism promotion and coordination. For example, individual tourism operators cannot capture all of the benefits of marketing and the diverse nature of the industry makes it difficult to organise a cooperative marketing effort across all relevant businesses. • Similar arguments can also warrant local government involvement in events and conference attraction and investment in events infrastructure (e.g. businesses surrounding an events centre obtain benefits from visitors to events but it could be very difficult to get them all to co-invest in the event). • When "events" is captured as an activity it is referring to larger scale events that typically attract people from outside the district or region. It does not capture business to business and local networking type events. • Local government also has a role as it is often the provider and manager of infrastructure and services used by visitors (such as public spaces, parks, public transport), and hence is already involved in creating an environment that is attractive to visitors. |
| 2. Business development and support | |
| <ul style="list-style-type: none"> • Business information and referral services • Business capability support | <ul style="list-style-type: none"> • This covers activities that provide basic business information and advice (e.g. about relevant local government regulation), referral services, and facilitating access to networks and to other support (e.g. funding and business capability support). • This is to overcome information problems (e.g. about where to find advice, about the quality of available advice or about the benefits that advice will bring), much of which has a particularly local or regional flavour. • Business capability support are the various programmes that have been designed around building business capability in different areas e.g. cashflow management, digital skills, strategy etc. |
| 3. Innovation and industry development support | |

| | |
|--|--|
| <ul style="list-style-type: none"> • R&D funding /support • Feasibility studies and business cases for sector and investment projects • Cluster & sector work with industry coalitions • Co-investment in major projects | <ul style="list-style-type: none"> • Local government agencies can have a role in coordinating activities of business and research organisations, and providing information on research and commercialisation expertise available in the region. • This can be to overcome a lack of awareness of relevant R&D support that exists in the region (i.e. to overcome coordination and information failures) and to leverage the broader benefits associated with innovation activity. • A Council or its key delivery agents may be seen as an impartial broker to help coordinate activity/investment across an industry. Local government can therefore play a role in coordinating and facilitating sector/industry and cluster work (groups of businesses or organisations who have identified an opportunity to collaborate). This can involve assistance with coordinating and aligning local and central govt support, policy and regulatory advice and support, infrastructure planning or feasibility analysis. • Local government may also be involved in related activities, such as regulating the use of, or owning, land or an asset that is sought by a particular industry. If the public benefit case is significant, this role can also involve seed funding or co-investment in major projects. |
| 4. Skills -related support | <ul style="list-style-type: none"> • This covers the promotion of the benefits of upskilling and education and training opportunities, support for job matching programmes and promoting job and education opportunities in the region • It doesn't typically cover the training itself, unless for a limited time (to prove to the private sector that the training works). • Businesses may under-invest in these activities due to a lack of certainty about the benefits that may result (information problems) and due to concerns about trained staff leaving their business (knowledge spill overs). |
| 5. Investment attraction | |
| <ul style="list-style-type: none"> • Business attraction • Talent attraction • Capital attraction | <ul style="list-style-type: none"> • This covers encouraging and promoting inward investment to the region and bridging information gaps and networks between inward investors and key organisations in the local economy. • Potential investors may have limited knowledge about the local economy and investment opportunities that a Council or its agency may be well placed to fill (i.e. to overcome information problems). • It can also cover assisting existing investors to expand or retain their investment in the region by facilitating regulatory approvals, access skilled staff or R&D expertise. • This can also be warranted due to the broader benefits that investment can bring (e.g. new and better jobs). |
| 6. Export and/or offshore investment support | <ul style="list-style-type: none"> • This covers support for the provision of information on offshore markets, facilitating trade/diplomatic visits and facilitating connections between local business and offshore networks. • This can be warranted because local government can have a natural advantage in its knowledge of the regional or local economy and ability to match this to offshore opportunities. • Local government may also have links, networks and relationships with offshore local governments that would be beneficial to firms, over and above firms' own networks (e.g., through city to city relationships). |

| | |
|---|---|
| 7. Strategy development, economic intelligence, monitoring | |
| <ul style="list-style-type: none"> • Economic strategy development • Economic intelligence and monitoring | <ul style="list-style-type: none"> • Local government has a role in providing leadership for the economic development direction of the locality (and region – see below). This provides clarity and certainty for business location and investment decisions. • It also has role in ensuring that robust local economic development data and information is available to inform strategy development and planning and enable decision-making. This includes measuring and evaluating the achievement of strategies, plans and investment to identify where improvements or changes or direction need to be made. This is to overcome information problems and reflects the fact that local government often has better access to relevant information and is an impartial source of that information. |
| 8. Regional economic development and economic wellbeing implementation support [e.g. Matariki Hawke's Bay Regional Development Strategy and Action Plan] | <ul style="list-style-type: none"> • Local government has a role in providing leadership for the economic development direction of the region. • This provides clarity and certainty for business location and investment decision and the focus and priority of public sector investment and activities. • In the Hawke's Bay context this work largely relates to the Matariki Hawke's Bay Regional Development Strategy and Action Plan. |

ANNEX C: SURVEY QUESTIONS

Business views on support for business and industry development in Hawke's Bay

Introduction

This survey is seeking your feedback on the priority issues and areas of funding assistance needed to support business and industry development in Hawke's Bay.

This information will be used to build a more detailed picture of priorities for investment in business and industry support, the funding that might be required, and the best way to deliver these activities and services for Hawke's Bay.

Further context if needed

In mid-2020 the 5 Hawke's Bay Councils commissioned a review of ratepayer-funded investment in business and industry support across the Hawke's Bay region e.g. business development activities, such as business information and referral services, business capability support, and sector development initiatives. This is sub-set of the broad work undertaken to support economic development e.g. it did not capture infrastructure, housing, water, planning etc.

The focus of the Review was activities and services undertaken or provided by Business Hawke's Bay, Hawke's Bay Tourism and the 5 Hawke's Bay Councils. It did not cover activities or services provided by other important organisations that provide support for businesses e.g. the Hawke's Bay Chamber of Commerce, Hawke's Bay Taiwhenua, and private sector companies.

The Review highlighted a range of inefficiencies and missed opportunities with current ratepayer-funded activities and services and found there was an opportunity to do something that better met the region's needs and potential.

The exception to this was Hawke's Bay Tourism Ltd (HBTL). HBTL was supported by its main stakeholders and appeared to be doing a successful job in leveraging ratepayer investment into real value for the Hawke's Bay economy. The Review concluded that there did not appear to be a strong case for change in regard to HBTL.

Earlier this year Councils formally endorsed proceeding to a second phase of this work which involves more detailed investigation of the recommendations set out in the report. Note, this was not endorsement of creating a new economic development agency but endorsement of further exploring the options and activities and services most valued by iwi/hapū partners and the business sector.

Alongside this work Councils have been supporting the wind-up of Business Hawke's Bay and ensuring the region retains the Hawke's Bay Business Hub as an important asset and connecting facility. Councils have committed the rollover of joint economic development funding to support this activity while options for future direction and investment are explored.

Consent

This survey is being conducted by Gus Charteris Consulting on behalf of the 5 Hawke's Bay Councils and should take approximately 10 minutes to complete.

The survey is focused on feedback from Hawke's Bay businesses. Please answer questions from the perspective of your business or the business you work for.

Your participation in this survey is voluntary. You may choose not to participate. If you decide to participate in this survey, you may withdraw at any time.

Your responses to this survey will be confidential and all information gathered will remain anonymous.

1. Which industry is your business most associated with?

| | |
|---|--|
| Horticulture | |
| Agriculture, Forestry and Fishing | |
| Manufacturing | |
| Information Technology | |
| Construction | |
| Professional, Scientific and Technical Services | |
| Retail Trade | |
| Tourism | |
| Transport, Postal and Warehousing | |
| Rental, Hiring and Real Estate Services | |
| Health Care and Social Assistance | |
| Wholesale Trade | |
| Public Administration and Safety | |
| Education and Training | |
| Financial and Insurance Services | |
| Administrative and Support Services | |
| Accommodation and Food Services | |
| Electricity, Gas, Water and Waste Services | |
| Information Media and Telecommunications | |
| Arts and Recreation Services | |
| Mining | |
| Owner-Occupied Property Operation | |
| Other - please specify | |

2. Supporting businesses and industry to be successful in Hawke's Bay

Councils play a range of roles that support economic development and economic wellbeing. They also work within a broader system of delivery partners, agencies and people (involving Māori, business, civil society, and Central Government) that provide regional economic development and economic wellbeing services for the region.

What is the most important role Councils can play to support your business to be successful? [Please rank, where 1 = Most important AND 11 = Least important]

- Provide infrastructure e.g. local roads and water infrastructure
- Facilitate housing development
- Effective planning and consenting services
- Help to improve/maintain the environment, including building resilience to natural disasters/weather events for the region
- Work with Central Government and other partners on assisting people into training and work
- Funding for business development activities, such as business information and referral services and business capability support
- Funding to support sector development initiatives e.g. building on Hawke's Bay expertise in food
- Funding to support attracting talent and investment to the region
- Funding to support attracting visitors to the region
- Funding to support start-ups
- The provision of economic data and insights (including through running events and workshops) to assist business planning and investment

Do you have any further comments you would like to add?

3. Direct support for business and industry development

In relation to the roles that Councils can play in providing *direct support* for your business (i.e. not infrastructure, housing, planning or environment-related), what do you think is most useful in supporting your business to be successful? [Please rank, where 1 = Most useful AND 7 = Least useful]

- Work with Central government and other partners on assisting people into training and work
- Funding for business development activities, such as business information and referral services and business capability support
- Funding to support sector development initiatives e.g. building on Hawke's Bay strengths
- Funding to support attracting talent and investment to the region
- Funding to support attracting visitors to the region (i.e. the work of Hawke's Bay Tourism Ltd)
- Funding to support start-ups
- The provision of economic data and insights (including through running events and workshops) to assist business planning and investment

Do you have any further comments you would like to add?

4. Funding and access to direct support for business and industry development

Which of the following services relating to direct support for businesses and/or industry development have you been able to access and/or use?

Please select all that apply

- Training and work support programmes
- Business development activities, such as business information and referral services and business capability support
- Sector development initiatives
- Talent and investment attraction activities
- Support for start-ups
- The provision of economic data and insights (including through running events and workshops) to assist business planning and investment
- None of the above

For those services that you either have not been able to access and/or have not used could you please indicate a reason for your answer?

- I/We get these services from private sector providers and/or membership organisations like the HB Chamber of Commerce
- Not located/available where I am based
- Haven't been able to work out where to go or who to speak to
- Places were too limited because of available funding
- It has required a co-payment which I haven't been able to afford
- I don't know and/or not applicable
- Other? (Please specify)

5. Funding to support sector development initiatives e.g. building on Hawke's Bay strengths

Hawke's Bay Councils have committed rollover funding to support two sector development initiatives that were developed by Business Hawke's Bay. The initiatives seek to build on two areas of strength and/or emerging strength in Hawke's

One initiative is focused on supporting the region's food industry to develop and innovate. The other initiative is focused on building an internationally recognised technology sector to support regional productivity and sustainability. Hawke's Bay Tourism Ltd is also funded to lead Hawke's Bay work on attracting visitors to the region.

The Hawke's Bay Food Industry Programme is currently focussed on bringing together interested businesses to collaborate on sustainability initiatives. With additional resourcing it could:

- Deliver a series of workshops to offer opportunities for professional development.
- Support the development of a food and beverage cluster.
- Support the development of the regional petfood industry.

- Support an innovation accelerator programme in collaboration with other stakeholders.

The Hawke's Bay Technology Programme is currently focussed on:

- Connecting innovative businesses from start-up through to corporate across the region so that they can collaborate and build off each other's strength.
- Helping to develop a skills and talent pipeline e.g. through linking Hawke's Bay businesses with programmes in academic institutions that place Masters students with businesses to work on specific agreed projects with funding support from Callaghan Innovation.
- Connecting Hawke's Bay business with the work underway on the Government's Digital Technologies and Agri-Tech Industry Transformation Plans (ITPs).
- Connecting Hawke's Bay technology firms to investment.

How important is it to have a small number of programmes that are focused on helping to build on Hawke's Bay's strengths and assisting industries and/or groups of businesses do things that they may not be able to do themselves? e.g. connecting with other businesses that they may not be aware of; connecting with government, R&D providers, and training providers/institutions; and accessing information on support that could be available (particularly across government).

- Extremely important
- Very important
- Moderately important
- Slightly important
- Not at all important
- I don't know and/or not applicable

How satisfied or dissatisfied are you with the current focus on the food, technology and tourism sectors given they represent areas of strength and/or emerging strength for Hawke's Bay?

- Very satisfied
- Satisfied
- Somewhat satisfied
- Neither satisfied nor dissatisfied
- Somewhat dissatisfied
- Dissatisfied
- Very dissatisfied
- I don't know and/or not applicable

Which areas of strength and/or emerging strength are not captured by the food and technology programmes and/or HBTL's tourism work where there is a need for support at the regional level? [Please comment/explain].

The next questions are specific to the Food Industry Programme. Do you have an interest in the Food Industry Programme and wish to answer these questions?

- Yes
- No

Do you think the current focus of the Food Industry Programme is appropriate and relevant? [Please comment/explain].

Considering the other possible deliverables, which would you consider the highest priority? [Please rank, where 1 = highest priority and 4 = Lowest priority].

- Deliver a series of workshops to offer opportunities for professional development.
- Support the development of a food and beverage cluster.
- Support the development of the regional petfood industry.
- Support an innovation accelerator programme in collaboration with other stakeholders.

If the Food Industry Programme was able to deliver three things to benefit the region, what would they be (in priority order)?

The next questions are specific to the Technology Programme. Do you have an interest in the Technology Programme and wish to answer these questions?

- Yes
- No

Do you think the current focus of the Technology Programme is appropriate and relevant? [Please comment/explain].

Considering the current areas of focus, which would you consider the highest priority? [Please rank, where 1 = Highest priority and 4 = Lowest priority].

- Connecting innovative businesses from start-up through to corporate across the region so that they can collaborate and build off each other's strength.
- Helping to develop a skills and talent pipeline e.g. through linking Hawke's Bay businesses with programmes in academic institutions that place Masters students with businesses to work on specific agreed projects with funding support from Callaghan Innovation.
- Connecting Hawke's Bay business with the work underway on the Government's Digital Technologies and Agri-Tech Industry Transformation Plans (ITPs).
- Connecting Hawke's Bay technology firms to investment.

If the Technology Programme was able to deliver three things to benefit the region, what would they be (in priority order)?

Would you like to learn more about the sector development initiatives (indicate which one or both), and/or like to participate in a webinar or workshop to explore each of these areas in more detail? [Please provide contact details – name, email, cell].

6. General comments

Please provide any general comments on what you think should be the priorities for ratepayer funded investment in business and industry support in Hawke's Bay.

7. Next steps

Your insights will be used to inform the 5 Hawke's Bay Councils' consideration of the priority issues and areas of funding assistance needed to support business and industry development in Hawke's Bay.

These insights will also support Council work with their iwi/hapū partners on the best way to deliver these activities and services so that Hawke's Bay needs and potential are most effectively supported.

Thank you for your participation in this survey.



ANNEX D: STAGE 2: REVIEW OF LOCAL GOVERNMENT INVESTMENT IN BUSINESS AND INDUSTRY SUPPORT ACROSS THE HAWKE'S BAY REGION

Summary of survey responses: September 2021

ANNEX D: SURVEY RESULTS

- + High-level survey results
- + Breakdown of survey respondents
- + Responses to each question

HIGH-LEVEL SURVEY RESULTS

- ❑ 116 completed the survey. Good quality data. Reasonable cross-section of industries.
- ❑ Real diversity of views in verbatim comments. Ranging from local government should stick to infrastructure through to calls for ramping up of funding for small business and/or sector-based support.
- ❑ Provision of infrastructure (e.g. local roads and water), highlighted by over 50% as No. 1 thing Councils can do to support business.
- ❑ No.2 was funding for business development activities, such as business information and referral services and business capability support.
- ❑ In terms of roles that Councils can play in providing *direct* support for business (i.e. not infrastructure, housing, planning or environment-related), the top 3 areas (in order of priority) were:
 1. Working with Central Government and other partners on assisting people into training and work
 2. Funding for business development activities, such as business information and referral services and business capability support
 3. Funding to support sector development initiatives e.g. building on Hawke's Bay strengths.
- ❑ Around 50% had accessed training and support programmes and around 43% had used business development activities, such as business information and referral services and business capability support. Unsurprisingly other activities that have either a sector or new business attraction focus had lower visibility and use.
- ❑ Mixed views on support for start-ups. Many thought this was underfunded and a big opportunity. Others didn't think ratepayer funding should be going to this activity.



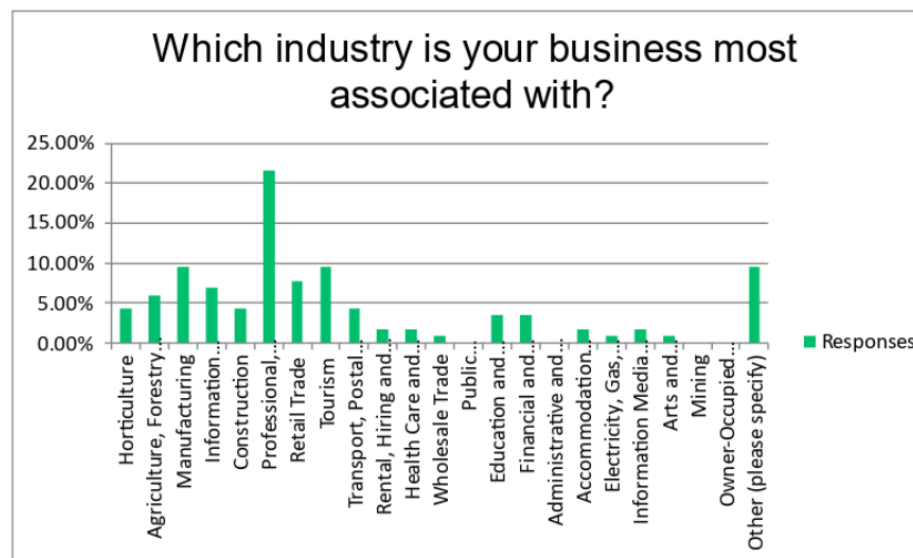
HIGH-LEVEL SURVEY RESULTS: SECTOR POLICY

- ☐ Many thought food, tourism and technology were appropriate to focus on given Hawke's Bay strengths and/or opportunities
- ☐ Many also thought established sectors should not need assistance
- ☐ Nearly 77% thought it was either extremely important or very important to have a small number of programmes that are focused on building on Hawke's Bay strengths
- ☐ Around 60% have a favourable view of the current focus on food, technology and tourism
- ☐ A number of areas were flagged as having potential – logistics and freight; Māori business; creative sectors e.g. art; sustainability; large events.
- ☐ In relation to the Food Sector Programme, broad support for current focus and useful suggestions on what the programme should be seeking to achieve:
 - 41% thought supporting the development of a food and beverage sector should be the highest priority
 - 35% thought supporting an innovation accelerator programme should be the highest priority
 - The petfood industry did not receive much support as a priority. 40% ranked it as the 4th most important priority.
- ☐ In relation to the Technology Sector Programme, broad support for current focus:
 - Nearly 65% thought connecting innovative businesses so that they can collaborate and build off each other's strength and helping to develop a skills and talent pipeline were the highest priority areas
 - About 32% felt connecting HB business with the work underway across Govt and connecting HB technology firms to investment were the highest priority.



BREAKDOWN OF SURVEY RESPONDENTS

| Which industry is your business most associated with? | | |
|---|-----------|------------|
| Answer Choices | Responses | |
| Horticulture | 4.31% | 5 |
| Agriculture, Forestry and Fishing | 6.03% | 7 |
| Manufacturing | 9.48% | 11 |
| Information Technology | 6.90% | 8 |
| Construction | 4.31% | 5 |
| Professional, Scientific and Technical Services | 21.55% | 25 |
| Retail Trade | 7.76% | 9 |
| Tourism | 9.48% | 11 |
| Transport, Postal and Warehousing | 4.31% | 5 |
| Rental, Hiring and Real Estate Services | 1.72% | 2 |
| Health Care and Social Assistance | 1.72% | 2 |
| Wholesale Trade | 0.86% | 1 |
| Public Administration and Safety | 0.00% | 0 |
| Education and Training | 3.45% | 4 |
| Financial and Insurance Services | 3.45% | 4 |
| Administrative and Support Services | 0.00% | 0 |
| Accommodation and Food Services | 1.72% | 2 |
| Electricity, Gas, Water and Waste Services | 0.86% | 1 |
| Information Media and Telecommunications | 1.72% | 2 |
| Arts and Recreational Services | 0.86% | 1 |
| Mining | 0.00% | 0 |
| Owner-Occupied Property Operation | 0.00% | 0 |
| Other (please specify) | 9.48% | 11 |
| Answered | | 116 |

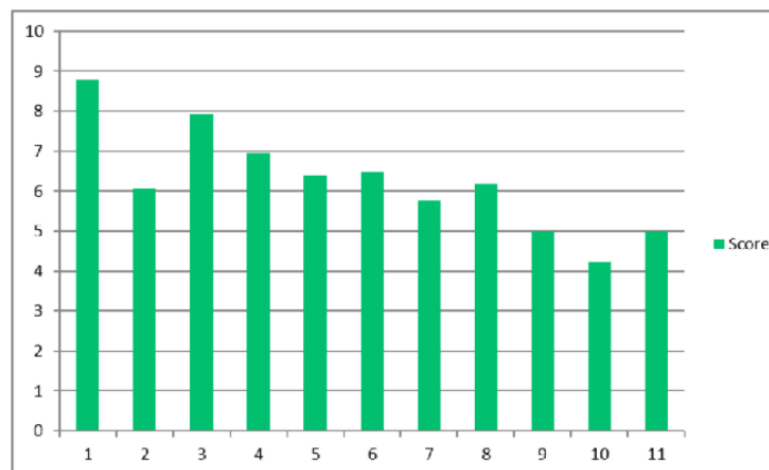


ROLE OF COUNCILS

- ☐ 44% thought providing infrastructure was most important
- ☐ 13% thought funding for business development activities was most important
- ☐ Other roles seen as less important
- ☐ 28% thought effective planning and consenting services was the 2nd most important role
- ☐ 12% and 10% thought providing infrastructure and business development activities respectively was 2nd most important role
- ☐ Again other roles seen as less important

What is the most important role Councils can play to support your business to be successful?

1. Provide infrastructure e.g. local roads and water infrastructure
2. Facilitate housing development
3. Effective planning and consenting services
4. Help to improve/maintain the environment, including building resilience to natural disasters/weather events for the region
5. Work with Central Government and other partners on assisting people into training and work
6. Funding for business development activities, such as business information and referral services and business capability support
7. Funding to support sector development initiatives e.g. building on Hawke's Bay expertise in food
8. Funding to support attracting talent and investment to the region
9. Funding to support attracting visitors to the region
10. Funding to support start-ups
11. The provision of economic data and insights (including through running events and workshops) to assist business planning and investment



ROLE OF COUNCILS: COMMENTS

Representative/interesting responses:

- ❑ Stay focused on infrastructure. Focus on reducing costs of doing business and regulation
- ❑ Business likes clarity and long-term certainty particularly when it comes to making large investments for the future
- ❑ Consolidated Economic Support for Air Travel & Air Freight Development to support the region
- ❑ There is a big gap in terms of appropriate support mechanisms for the Māori Eco-system. The Māori eco-system is a valuable contributor to the regions wider economy. Mechanisms to support Māori enterprise is a huge gap regionally.
- ❑ Councils should not be playing a role in most of the above - these should be the role of an independent economic development agency. Councils should focus on delivering their core business.
- ❑ Council needs to support physical building growth
- ❑ Ideally if infrastructure is good and the environment is managed well, businesses have a good framework within which to attract talent and operate optimally
- ❑ Support local government funding of business support activities - however, not to deliver internally
- ❑ Local infrastructure and regulation requiring a knowledge of the community it serves is the core function of councils.
- ❑ Supporting small business with their growth by providing support as required
- ❑ Need to make it easier for the smaller companies to tender. Small business can't grow if it's not supported by council and given opportunities
- ❑ Key area missed out is managing policy around population vs productivity for the region
- ❑ As an external stakeholder that is not headquartered in HB, but with a significant stake in the region's success, it can be frustrating and time-consuming dealing with multiple Councils and economic entities that are not always aligned. This is more than a matter of being an inefficient allocation of resources, it puts HB at a disadvantage compared with other regions. HB will better project itself and engage in partnerships when it can better sing with one voice
- ❑ Councils can play a role as business concierge - allowing for a welcoming and smooth approach to appropriate and positive business development and attraction to and within a region. ("red carpet - not red tape"). Economic "development" could well be the incorrect term. Regions need economic "concierges" - meaning a coordinated eco-system of support for wherever a business is at - whether start-up or mature, and a clear definition of what "support" actually is - because some businesses and start-ups consider "support" to mean funding
- ❑ The "business hub"/incubator idea has HUGE potential, ideally in conjunction with EIT
- ❑ Helping attract talent to Hawke's Bay and providing housing options is HUGE for us this year. The border being shut to non-NZ citizens and residents is really hurting our recruitment.
- ❑ Become more involved in the employment sector



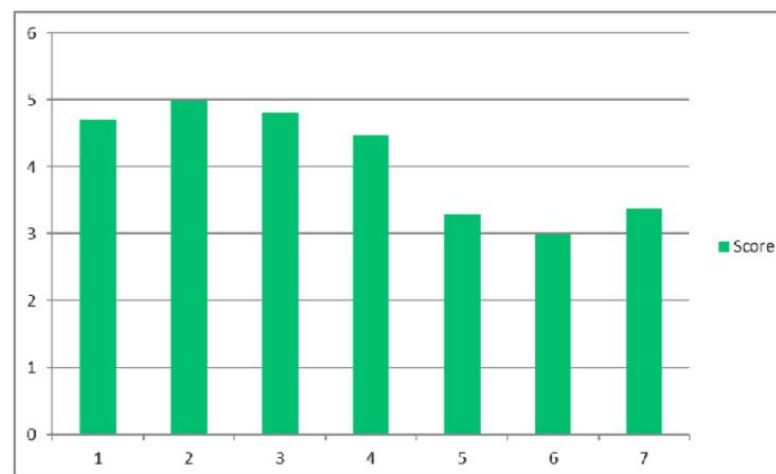
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CONSULTING

ROLE OF COUNCILS: DIRECT SUPPORT

- ❑ Nearly 60% indicated that the first 3 roles were the most important (each role had around the same amount of support for being most important)
- ❑ Other roles seen as less important. About the same level of support across these roles.
- ❑ This is not surprising. Activities that have either a sector or new business attraction focus will be less relevant for businesses not in focus sectors or who are already operating in Hawke's Bay.

In relation to the roles that Councils can play in providing **direct support** for your business (i.e. not infrastructure, housing, planning or environment-related), what do you think is most useful in supporting your business to be successful?

1. Work with Central Government and other partners on assisting people into training and work
2. Funding for business development activities, such as business information and referral services and business capability support
3. Funding to support sector development initiatives e.g. building on Hawke's Bay strengths
4. Funding to support attracting talent and investment to the region
5. Funding to support attracting visitors to the region (i.e. the work of Hawke's Bay Tourism Ltd)
6. Funding to support start-ups
7. The provision of economic data and insights (including through running events and workshops) to assist business planning and investment



ROLE OF COUNCILS: DIRECT SUPPORT: COMMENTS

Selection of responses: NB: Those who provided comments were more likely to be questioning the roles highlighted in the question

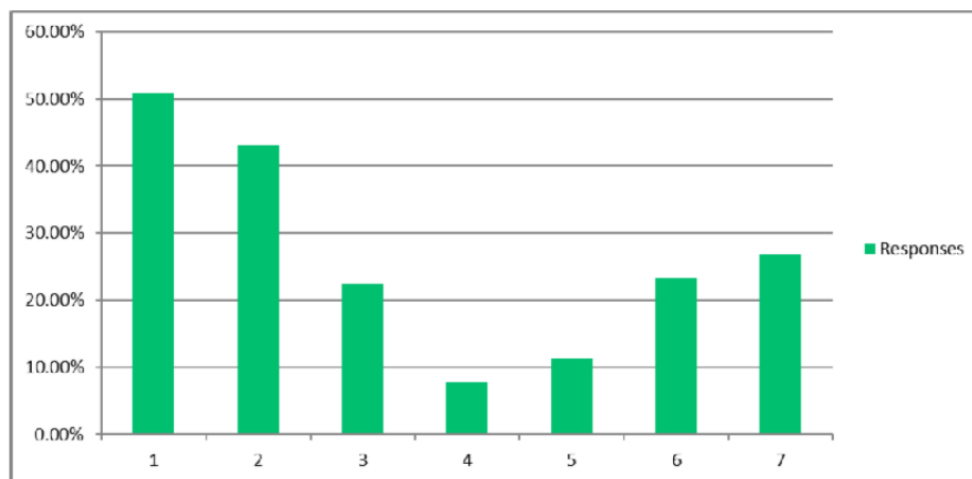
- ☐ If this is viewed through the lens of direct support for my business many of the above do not apply, however they are fundamental to supporting business in Hawke's Bay
- ☐ Talent and investment should naturally flow into the region if the rest are done well. I don't see funding to support start-ups as a council activity.
- ☐ I think for being a relatively small region, we are well equipped for support and funding. Many small businesses may not be aware of it or capitalise on it as much as they should be
- ☐ The above functions are really those of central govt not local. All require a degree of expertise in the field and duplication by all the regions councils is wasteful and counterproductive
- ☐ Councils should not attempt to replicate work already done by the Chamber of Commerce e.g., business advice, networking and advocacy. Councils should also not attempt to fund start-ups. There are other opportunities for start-up funding, and it takes significant expertise to 'back the right horse', which councils or a council-controlled entity would not have.
- ☐ I feel we have too high a reliance on councils to lead this sort of stuff. I think councils ought to be involved in visitor, talent and investment attraction, using temporary and permanent population growth as a way to ensure a healthy economy - but I don't think they ought to use ratepayer money to support start-ups (unless council invests in or owns the land and plant in order to make it easier for the start-up). I'm not sure that councils should be directly responsible for helping people into work - seems like a bit of duplication.
- ☐ Government's job is supporting not doing, making it possible to do but that means making hard decisions for the betterment of the region



ACCESS TO, AND USE OF, SERVICES

Which of the following services relating to direct support for businesses and/or industry development have you been able to access and/or use? Please select all that apply

1. Training and support programmes
2. Business development activities, such as business information and referral services and business capability support
3. Sector development initiatives
4. Talent and investment attraction activities
5. Support for start-ups
6. The provision of economic data and insights (including through running events and workshops) to assist business planning and investment
7. None of the above



- ☐ Around 50% had accessed training and support programmes
- ☐ Around 43% had used business development activities, such as business information and referral services and business capability support.
- ☐ Unsurprisingly other activities that have either a sector or new business attraction focus had lower visibility and use.

ACCESS TO, AND USE OF, SERVICES: COMMENTS

For those services that you either have not been able to access and/or have not used could you please indicate a reason for your answer?

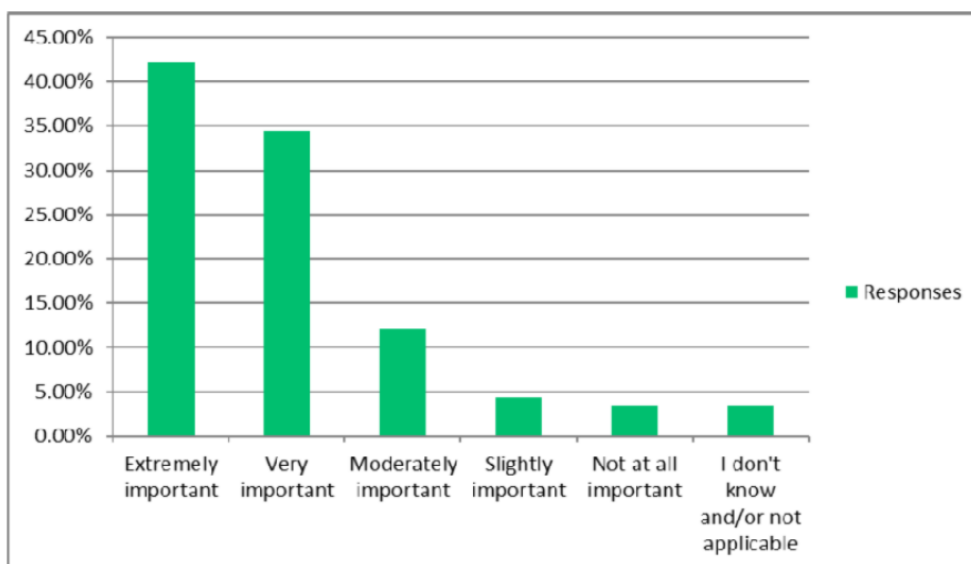
Representative/interesting responses. NB: A broad cross-section of responses.

- ☐ Not relevant
- ☐ Not needed
- ☐ Wasn't aware
- ☐ Don't know where to go to or who to speak to
- ☐ Get these services from private sector providers and/or membership orgs
- ☐ Most Business support services do not understand Te Ao Māori frameworks of pakihi (business). Our cultural values are diminished when engaging with non-Maori providers.
- ☐ It's not that some of those haven't been accessible - its that none of them have been relevant. I've been in business here for over 2.5 years and have not found a reason to find the services you list here of use to my business and sector. We rely more on our own national industry association, national sector associations, and government departments. Therefore, offerings locally related to business development have completely missed the mark and been irrelevant.



BUILDING ON HAWKE'S BAY'S STRENGTHS

How important is it to have a small number of programmes that are focused on helping to build on Hawke's Bay's strengths and assisting industries and/or groups of businesses do things that they may not be able to do themselves? For example, connecting with other businesses that they may not be aware of; connecting with government, R&D providers, and training providers/institutions; and accessing information on support that could be available (particularly across government)



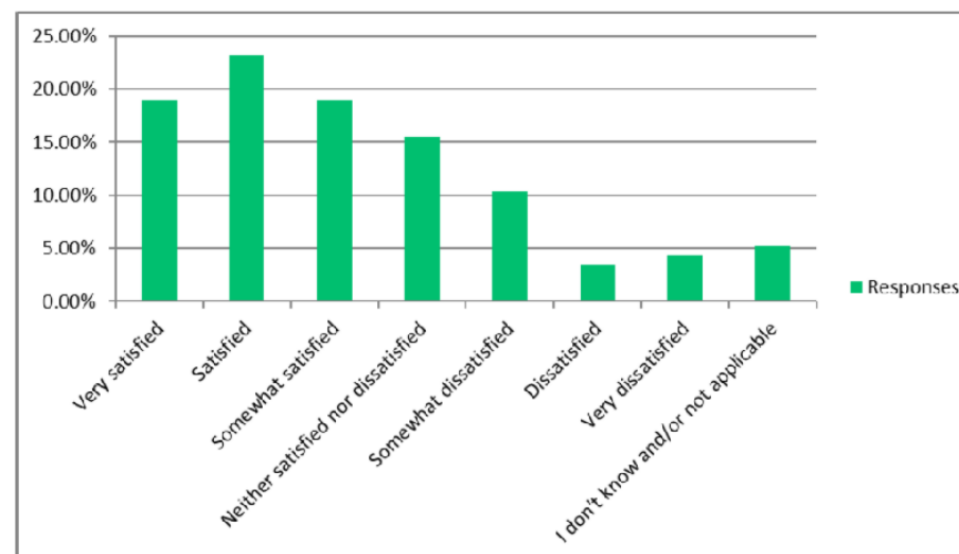
- Nearly 77% think it's either extremely important or very important to have a small number of programmes that are focused on building on Hawke's Bay strengths

FOCUS ON THE FOOD, TECHNOLOGY AND TOURISM SECTORS

How satisfied or dissatisfied are you with the current focus on the food, technology and tourism sectors given they represent areas of strength and/or emerging strength for Hawke's Bay?

- ☐ Around 60% have a favourable view of the current focus on food, technology and tourism

| | | |
|------------------------------------|--------|------------|
| Very satisfied | 18.97% | 22 |
| Satisfied | 23.28% | 27 |
| Somewhat satisfied | 18.97% | 22 |
| Neither satisfied nor dissatisfied | 15.52% | 18 |
| Somewhat dissatisfied | 10.34% | 12 |
| Dissatisfied | 3.45% | 4 |
| Very dissatisfied | 4.31% | 5 |
| I don't know and/or not applicable | 5.17% | 6 |
| Answered | | 116 |

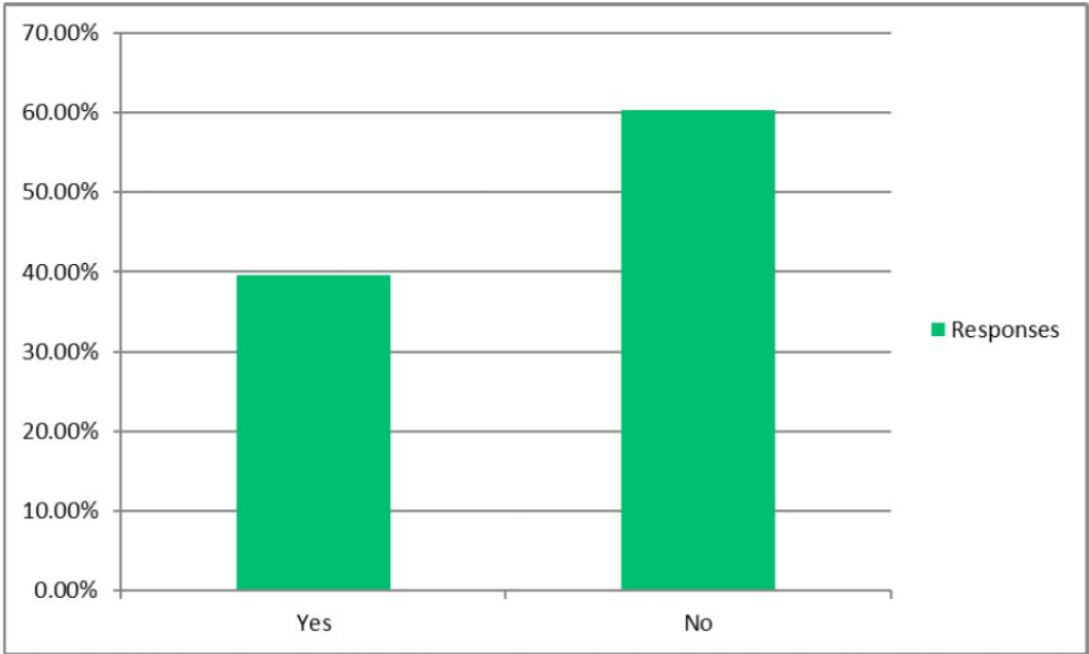


AREAS OF STRENGTH AND/OR EMERGING STRENGTH NOT CAPTURED: COMMENTS

Representative/interesting responses:

- ❑ There are significant food and tourism opportunities in Northern Hawkes Bay.
- ❑ Strategic support for the likes of the RSE programs - so central to HB economy. EG accommodation options, lobbying our MP etc.
- ❑ Art
- ❑ Need more support for creative agencies to get talent and training for talent so we can support these businesses on a local level.
- ❑ The advancement of a unified Regional Aeronautical Development strategy would help deliver greater connectivity with other regions, greater significant economic impact to HB and increased capacity for travel and freight as well as support for key industries.
- ❑ LARGE scale events
- ❑ Start ups are poorly supported, risk adverse strategies rule the day
- ❑ More support with sector resourcing (people) and training/upskilling programmes
- ❑ We still need to find the best way of utilizing our water so that stakeholders can gain the benefits sustainably.
- ❑ Sustainability - both food waste & sustainable packaging
- ❑ Maori businesses. There is a large Maori population in HB and there is HUGE capability here. Anything that can be done to promote, harness and enhance this capability will have direct impact on the overall health, vitality and happiness of our province.
- ❑ Given the commitment to climate change, further R&D needs to be placed on turning waste products into something more useful and sustainable - forestry slash, plastic by products, environmentally safer commercial cleaning products for industrial use, marketing/ consumer development to fix the gap in our recycling
- ❑ Engineering and Manufacturing
- ❑ Sectors identified are already up and running and self sufficient. There is no expertise or assistance that the councils (or a CCE) can offer that these sectors cannot already provide themselves. The opportunity for Hawkes Bay is in logistics/supply chain services and this sector deserves more attention.
- ❑ Housing is the issue. We are trying to attract talent to the region, but they can't find a reasonable place to live. By the time the accommodation is designed, consented and built, the opportunity has passed.
- ❑ There is a lack of small-scale testing facilities in Hawkes Bay which make it even more expensive for businesses to be able to achieve good quality product development.

INTEREST IN THE FOOD INDUSTRY PROGRAMME



FOCUS OF THE FOOD INDUSTRY PROGRAMME

Do you think the current focus of the Food Industry Programme is appropriate and relevant?

Representative responses from those with an interest in the Food Industry Programme:

- ☐ 18 respondents said "yes"
- ☐ The Wine industry could have much bigger support as costs for FAWC and such are quite high
- ☐ Somewhat but needs a clear set of priorities that does not duplicate what maybe already being developed by private industry or the sector in general
- ☐ Petfood industry - no
- ☐ Cluster development needs to be industry lead - possibly with funding support for FTE reporting to industry
- ☐ Seems to be a good focus as the pressure around sustainability will continue to rise and businesses will benefit from support.
- ☐ Its okay - but I'd like to see more around identifying talent, career pathways, better support for schools and education providers to link education to work
- ☐ Yes, except the focus of the FIP should not be to create a property for the cluster, rather to build the businesses that might create a cluster themselves. Hastings is small enough that it is already a cluster!
- ☐ All the objectives talk about "deliver" or "support". Are there any firmer KPI's that would demonstrate the expected success of them?
- ☐ These developments need to be focusing on produce quality that will stand above any other produces in the world.
- ☐ Sustainable to produce in volumes with minimal impact on the natural resources.
- ☐ I think the support needs to shift towards helping out the many small and very small businesses that play critical roles in supporting the food industry. This means the smart firms and startups that are providing new thinking and tools and technologies to transform how we have done things for decades.
- ☐ It is a start, but if the focus is to bring business together to collaborate on sustainability initiatives, it needs to spread the net wider and look at the entire food chain and include the producer to the waste management service.
- ☐ Misses skills and talent and innovation pipelines.
- ☐ This sector is well-established and does not need proactive support from councils. It's already growing - don't mess with it.
- ☐ It might be, BUT, we need to avoid unnecessary duplication with existing facilities - such as Massey Uni / EIT / etc.

FOOD INDUSTRY PROGRAMME

| Benefit 1 | Benefit 2 | Benefit 3 |
|--|---|--|
| Food strategy for HB - innovation and growth! Scale up the advantage we have. | Bringing together a network - sharing, collaboration, advocacy around priorities or challenges | Sustainability - from an obvious sense, but also sustainability for our economy and food producers |
| Strategic alignment with regional priorities | Create innovation | Create employment |
| Enabling collaboration and cohesion between businesses and other stakeholders, as appropriate | Identifying gaps in expertise and/or equipment that, if filled, would enable business to progress and innovate (and working to fill these gaps) | Identifying areas of focus to ensure a future-proof food industry |
| Incentives to relocate existing food businesses to HB | Training workshops for relevant skills | Several start-ups |
| Focus on supporting less conventional producers | Create and facilitate a more dynamic network for Food Industry related people to talk, share ideas and learn | Prioritise extra support for sustainable and ethical practice |
| Diversification of primary sector | Higher value products | Less reliance on manual labour |
| Acceleration of local scale to national or export ready | Hands on start-up incubation | Greater interaction with entrepreneurs and investors in guiding focus on the regions key focuses |
| More focus on the gate to plate concept | Better use of regional centres | Better transport links to the regions |
| Providing interpersonal connection opportunities so people become known faces and real colleagues. | Provide coordination for regional initiatives wanting to grow excellence in the horticultural (and agriculture and forestry) support technology space | Connecting HB industry/firms/people with the national and global communities |
| Kaitiakitanga - sustainability | Outward focused view of innovation | Capability development - local/global context |
| Initiatives to train and attract workers | Support for better supply chain resilience | Support for more cool stores |
| Marketable IP | Environmentally sustainable improvements to food growing practices | Climate Change readiness |

If the Food Programme was able to deliver 3 things to benefit the region, what would they be (in priority order)?

Representative responses from those with an interest in the Food Industry Programme

FOOD INDUSTRY PROGRAMME

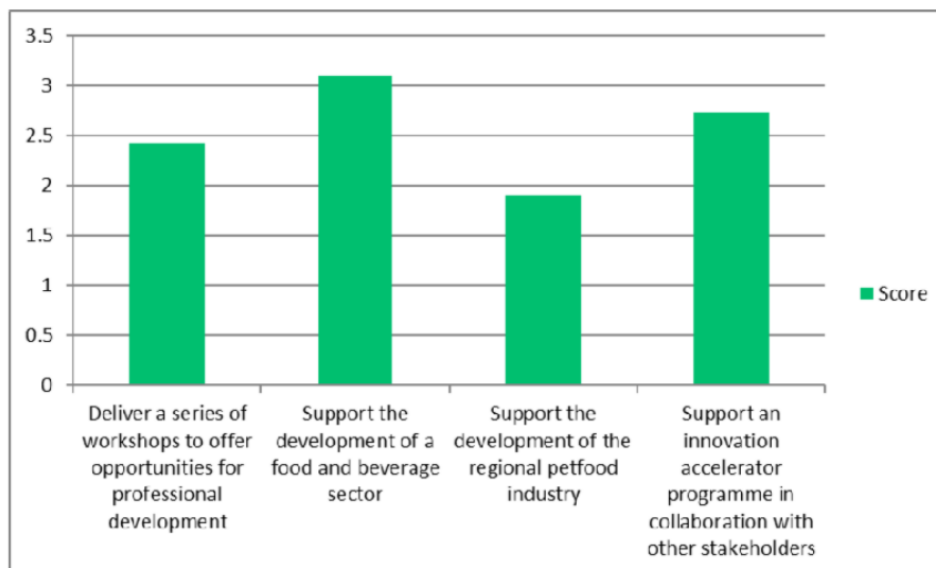
Considering possible deliverables, which would you consider the highest priority?

Deliver a series of workshops to offer opportunities for professional development

Support the development of a food and beverage sector

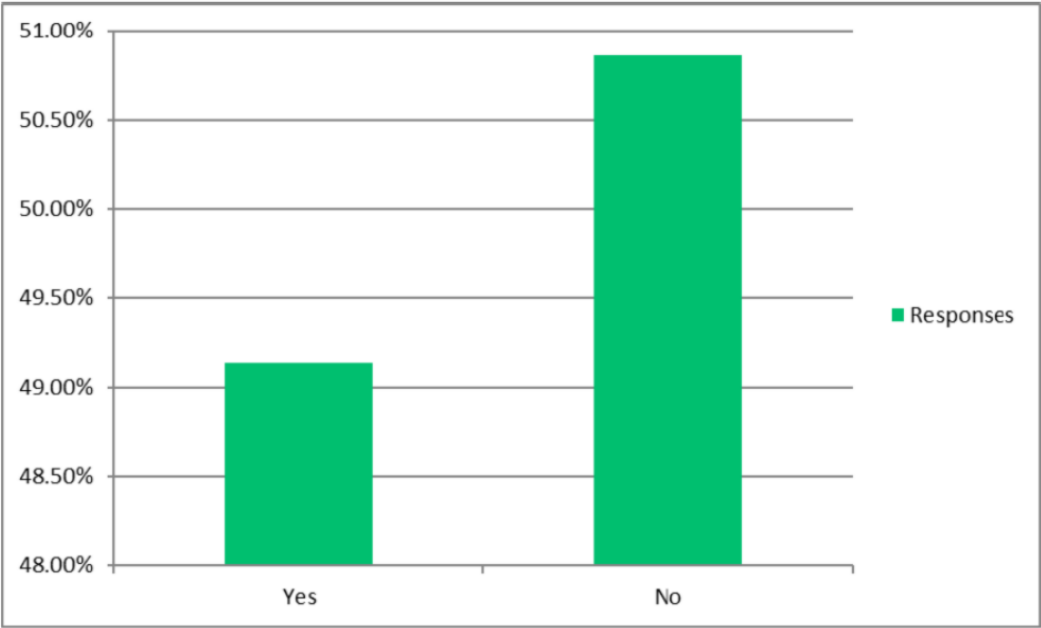
Support the development of the regional petfood industry

Support an innovation accelerator programme in collaboration with other stakeholders



- ❑ 41% thought supporting the development of a food and beverage sector should be the highest priority
- ❑ 35% thought supporting an innovation accelerator programme should be the highest priority
- ❑ The petfood industry did not receive much support as a priority. 40% ranked it as the 4th most important priority.

INTEREST IN THE TECHNOLOGY PROGRAMME



FOCUS OF THE TECHNOLOGY PROGRAMME

Do you think the current focus of the Technology Programme is appropriate and relevant?

Representative responses from those with an interest in the Technology Programme:

- ☐ 38 respondents said "yes"
- ☐ Yes absolutely, it is the market of the future and bringing the world to HB and HB to the world
- ☐ Basic level, too superficial.
- ☐ More collaboration is needed between key parties
- ☐ Looks pretty good - just want to see more evidence of results - especially in Talent pipeline and investment
- ☐ We have not been able to access the connect to investment, the only relevant segment for us. What we require in development and expertise is simply not available in Hawke's Bay, too much focus on Ag businesses and not enough on R&D capability
- ☐ Yes but aspects of 'tech' sector touch so many businesses so shouldn't be too narrow a focus.
- ☐ Not focused enough on the role of technology in primary sector
- ☐ Given the drive for higher wage rates, the focus needs to be on process automation across the substantial food growing and processing industry that we have in Hawkes Bay
- ☐ Yes its appropriate and relevant.. but seriously underfunded
- ☐ Leave it Rod Drury, this is his specialty
- ☐ Leave it to organisations like The Icehouse they've been doing this for years"
- ☐ This sector is relatively new to the region so these basic initiatives can be useful.
- ☐ Could there be a stronger link-up with the food and beverage sector here - thereby building and supporting two industries at the same time. There must be linkages. Otherwise, difficult to comment as I'm not in this sector.
- ☐ Yes, but it would be great to see how we could access funding to develop technology to support industries that are not currently supported by technology or funding for development.
- ☐ Absolutely - it is the future and we need to be thinking how we integrate old school and new school in a productive way
- ☐ Yes. It is a high skilled job which has the ability to keep or return younger people to HB. We are in a digital age and HB needs to be in the waka, or get left behind

TECHNOLOGY PROGRAMME

| Benefit 1 | Benefit 2 | Benefit 3 |
|--|---|---|
| Funding to support new initiatives-Callaghan and other R&D funding is too limited in scope | Support to upskill staff technically | Programmes to connect ideas with investors |
| Growth of good talent | new Start ups | large firms with satellite offices in HB |
| Upskill staff to utilise new and emerging technology. | Courses to make HB Businesses aware of what technology could be of benefit to them. | Funding for adoption of new technology. |
| Clustering and collaboration | Raising the profile of HB as a key region for tech businesses to be in order to create critical mass and attract talent | Continue to develop connections with universities with strong tech expertise to encourage graduates and associated entrepreneurs to take root in HB |
| More nuanced support options | Create ways (and business support) to attract more talent from outside region | Find our own unique take on the tech sector and don't get caught up in tech sector 'Silicon Valley' jargon |
| Less reliance on manual labour in primary sector | QR product tracing for HB brands | More high value products |
| Stewardship of start-ups as a connector to angle investment and resources | Support of collaboration hubs (either physical or virtual) for start-ups | Acceleration of connection for innovative start-up services to customers and stakeholders in the community (i.e. council endorsed, marketed) |
| Helping develop collaborative approach | Know what resources were outside HB that could be drawn on | Able to assist in capital raising |
| Attract and keep talent | Connect tech businesses with investors | Build the HB reputation for being a Tech hub |
| More start ups | More angel networks/members to assist start up | Better training/education for technology students going through academic organisations which is relevant and connected to industry |
| Ensuring air links to main centres remain cost effective | Supporting improved broadband coverage into the rural areas | supporting a replacement for business HB. which coordinates all 5 Council spending on business development |
| Connect tech firms to investment. This is the single most difficult issue we have faced. It's ongoing and soul destroying. | More high value business moving into district | Attract high value remote workers. Live in HB. Work anywhere |

If the Technology Programme was able to deliver 3 things to benefit the region, what would they be (in priority order)?

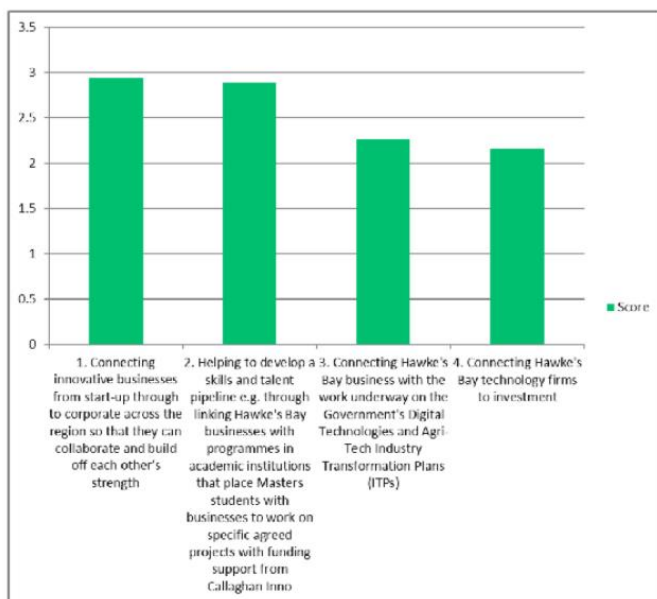
Representative responses from those with an interest in the Technology Programme

TECHNOLOGY PROGRAMME

Considering the current areas of focus, which would you consider the highest priority?

Current Areas of Focus

1. Connecting innovative businesses from start-up through to corporate across the region so that they can collaborate and build off each other's strength
2. Helping to develop a skills and talent pipeline e.g. through linking Hawke's Bay businesses with programmes in academic institutions that place Masters students with businesses to work on specific agreed projects with funding support from Callaghan Innovation
3. Connecting Hawke's Bay business with the work underway on the Government's Digital Technologies and Agri-Tech Industry Transformation Plans (ITPs)
4. Connecting Hawke's Bay technology firms to investment



- Nearly 65% felt focus areas 1 and 2 were the highest priority (each area scored about the same)
- About 32% felt focus areas 2 and 4 were the highest priority (each area scored about the same)

ANNEX D:**STAGE 2: REVIEW OF LOCAL GOVERNMENT INVESTMENT IN BUSINESS AND INDUSTRY SUPPORT ACROSS THE HAWKE'S BAY REGION****SURVEY RESPONSES: VERBATIM COMMENTS****QUESTION 2: What is the most important role Councils can play to support your business to be successful?**

- I struggle to answer this as by definition we are a charitable NGO not a 'business' e.g. we do not do what we do to generate profit. So my disclaimer is that I am looking at this through my lens of being an NGO ...These are all very economic specific and don't really address the broader wellbeings as part of the LGA requirements and how this links into economic success - which arguably is out of scope for this survey. A part of bringing Matariki REDs and social inclusion together was recognising we need both to thrive as a region - yes you need to economic horse to pull the cart so to speak but I still think the list is too exclusive. It also depends on what Council you are referring to given the different legislative requirements (regional vs district/city as we're not unitary). I also see that the relationship building and working in partnership with mana whenua and enabling views of mana whenua in local government decisions is also lacking as a priority to comment on
- Reject Centralisation of our "3 waters". Stay focused on Infrastructure, enable the private sector to develop Napier's housing & businesses le Streamline RMA, land development & building permits
- Business likes clarity and long-term certainty particularly when it comes to making large investments for the future.
- Consolidated Economic Support for Air Travel & Air Freight Development to support the region
- Councils should not be playing a role in most of the above - these should be the role of an independent economic development agency. Councils should focus on delivering their core business.
- Growing deeper understanding between partners and the relationships with each other is key to the success of any future planning.
- "Council needs to support physical building growth, I have built businesses in different councils across NZ and HDC is by far the hardest council to get consents from. slowing progress and costing extra money. I won't develop or invest in the Hastings area again"
- Ideally if infrastructure is good and the environment is managed well, businesses have a good framework within which to attract talent and operate optimally.
- Hard to answer this question as really depends on what is meant by the word 'funding'. If it is funding as part of their wider ED fund - to enable another (appropriate entity) to get on with a programme or plan to execute - rather than being actively involved themselves as councils. Want to be clear that I do support local government funding this activity - however, not to deliver internally.
- "Everyone's needs are different. the food sector needs to look after itself, and as a region, we need to be mindful of changes to the meat and dairy sector and shifting to non-animal products to benefit the environment etc.
- some concerns currently about the investment in the port when over 50% of port space is taken up with forestry - most of which is simply a buffer zone for volume."
- We need more of this in CHB

- New Zealand has "too many cooks in the kitchen" with respect to business development support - between Central and Local Govt funded initiatives - not efficient. Needs to be streamlined
- Taking on central Govt burdens isn't what I expect my rates to fund. I pay a large amount of tax for that. Local infrastructure and regulation requiring a knowledge of the community it serves is the core function of councils.
- Nothing about social services and planning for the future
- Supporting Small Business with their growth by providing support as required.
- Become more involved in the employment sector
- Some of these points, I would value and prioritise the same if this survey gave us this option.
- Providing a platform for services such as mine for other industries to access in a complete list would be good
- There is a huge untapped potential in using the DoC estate in Hawkes Bay. There is potential for domestic and overseas tourism, adventure activities, work for hands on youth as well as skilled guides and the infrastructure that goes with that. It is an avenue for economic growth that gets way from the boom and bust event structure Hawkes Bay currently relies on. Currently access to all DoC estate is abysm. The DoC estate itself has been run down from their own head office. Lets star talks and open up this valuable asset. I understand the government gave regions finance to do just this - diversify.
- "In order for councils to support local and small business they need to make it easier for the smaller companies to tender and be given a fair shot at contracts when places against the bigger and more experienced companies. Small
- Business can't grow if it's not supported by council and given opportunities "
- There is nothing in here about roading funding. It is a joke that we have a two-line road connecting Napier and Hastings. Trapped with wire, how does a ambulance get from Napier to the Hospital quickly?
- The HB Cycle Trails are unfinished - funding to develop the 'missing bits' (Havlk Nth to Bridge Pa and Fernhill to Taradale) are where we can see major economic benefits. We can then have a 3 day cycle tour predominantly off-road which will attract cycle tourists - a huge opportunity
- The funding available needs to be larger. If you are the sort of business that needs just \$1,000 then your business is too small for the council to be interest in. Funding needs to be at the \$10,000-100,000 range to make any sort of difference.
- Key area missed out is managing policy around population vs productivity for the region.
- As an external stakeholder that is not headquartered in HB, but with a significant stake in the region's success, it can be frustrating and time consuming dealing with multiple Councils and economic entities that are not always aligned. This is more than a matter of being an inefficient allocation of resources, it puts HB at a disadvantage compared with other regions. HB will better project itself and engage in partnerships when it can better sing with one voice
- Councils should provide direct financial incentives to businesses looking to establish an operation in Hawkes Bay, such as rate relief.
- I believe that councils can play a role as business concierge - allowing for a welcoming and smooth approach to appropriate and positive business development and attraction to and within a region. ("red carpet - not red tape"). Councils ought not be coming up with business solutions nor development - that's what entrepreneurs do. Councils and communities need to create the (attractive/conducive) environment and framework for growth - if that is what the community desires. Economic "development" could well be the incorrect term. Regions need economic "concierges" -

meaning a coordinated eco-system of support for wherever a business is at - whether start-up or mature, and a clear definition of what "support" actually is - because some businesses and start-ups consider "support" to mean funding.

- There have been varying funded projects in the past set up that compete with private business and provide an unfair platform, however private business has still thrived. Collaborate instead of compete?
- There is a scheme where kiwis under 30 can get a work visa for Israel which employers can use to increase the skills and knowledge of their staff. This is set up under a Govt to Govt agreement made in 2011. I encourage and can provide support for startups from Israel.
- I particularly love the Hawkes Bay Business Hub - ExportNZ & NZTE being there
- Have an easy to find pool of technically smart people at low cost, to support Creatives who are not good at online stuff.
- It is time Hawkes Bay utilised the vast array of the DoC estate and made it more accessible with decent facilities. All the roads to the Do estate are atrocious.
- The "business hub"/incubator idea has HUGE potential in this area, ideally in conjunction with EIT. I am keen to support any such initiative to move this region away from its image of the place that old, washed-up Kiwis go to die (sorry). There is immense talent and experience in the area: please don't let it go to waste.
- There is a big gap in terms of appropriate support mechanisms for the Māori Eco-system. The Māori eco-system is a valuable contributor to the regions wider economy. However the support mechanism to support Māori enterprise is a huge gap regionally.
- Helping attract talent to Hawkes Bay and providing housing options is HUGE for us this year. The border being shut to non NZ citizens and residents is really hurting our recruitment.
- Focus on reducing costs of doing business and regulation. Support water storage and effective utilization.

QUESTION 4: What do you think is most useful in supporting your business to be successful?

- I honestly think funding towards helping take a 'hat' from a business owner is the most useful - the digital boost is ineffective as they need to put considerable time into learning new skills that they don't have the time for.
- If this is viewed through the lens of direct support for my business many of the above do not apply, however they are fundamental to supporting business in Hawke's Bay.
- Please see previous comment
- Talent and investment should naturally flow into the region if the rest are done well. I don't see funding to support start-ups as a council activity.
- First we need to know what HB's strengths are - not as they are today but what they will need to be in 10-15 years time. And that is not an answer I have seen anyone give.
- The above functions are really those of central govt not local. All require a degree of expertise in the field and duplication by all the regions councils is wasteful and counterproductive.
- Where did the \$ 1,000,00 go that HB tourism got to pivot and diversify?

- visitors come to the region because there are things to do, not because you put up a poster asking them to. if you want to attract visitors then host events.
- As an external stakeholder, a business that is not headquartered in HB but which has a strong interest in the region's success, it can be frustrating dealing with multiple Councils and entities in order to partner with the region. This puts a promising region at a disadvantage compared with other region. The duplication of economic development resources across the region is inefficient and the region needs to better sing with one voice
- Councils should not attempt to replicate work already done by the Chamber of Commerce e.g. business advice, networking and advocacy. Councils should also not attempt to fund start-ups. There are other opportunities for start-up funding and it takes significant expertise to 'back the right horse', which councils or a council controlled entity would not have.
- I feel we have too high a reliance on councils to lead this sort of stuff. I think councils ought to be involved in visitor, talent and investment attraction, using temporary and permanent population growth as a way to ensure a healthy economy - but I don't think they ought to use ratepayer money to support start-ups (unless council invests in or owns the land and plant in order to make it easier for the start-up). I'm not sure that councils should be directly responsible for helping people into work - seems like a bit of duplication.
- This page won't let me answer questions the way i want to, eg start-ups are important and I can help with support and Introductions in Israel
- I think for being a relatively small region, we are well equipped for support and funding. Many small businesses may not be aware of it, or capitalise on it as much as they should be
- The provision of low cost technical, planning, video and management online services for creatives of online educational courses would be a huge benefit to all.
- My micro-business relies on the same services as local residents - nothing special required. What I *need* is support for business initiatives in the area - startups and innovation generally, the kinds of organization that I can support/enable through my services. Otherwise, all my potential clients are in the main cities ... and abroad.
- What is Hawkes Bay doing to respond to the current surge of interest in virtual, cloud-based business? Does anyone on the council even have a clue what I'm on about?
- Governments job is supporting not doing, making it possible to do but that means making hard decisions for the betterment of the region

QUESTION 7: For those services that you either have not been able to access and/or have not used could you please indicate a reason for your answer?

- We get these services from private sector providers and/or membership organisations like the HB Chamber of Commerce
- funding or allocation of resource is always expired for Wairoa out of the Hawkes Bay area
- not relevant for an NGO and not something Council have provided for NGOs e.g. we use private people such as Icehouse or other training establishments
- not relevant to my business
- We get these services from private sector providers and/or membership organisations like the HB Chamber of Commerce

- i havent tried
- Not sure of the value to my business so not worth investing in time and travel to take part
- There has been a cost to all the services that i have gone for and then they refer you to another service, which has a costs.
- We get these services from private sector providers and/or membership organisations like the HB Chamber of Commerce
- Not really relevant to a small B&B operation
- Co payment
- I didn't realise that support for start ups was available. Also, the RDP funding ran out and I was only allowed to use half my allocation.
- I haven't accessed them as I have needed them just as yet.
- use of private providers who understood my sector
- Have not required those services
- Haven't been able to work out where to go or who to speak to
- We get economic data through other sources
- I wasn't aware they were available
- Haven't been able to work out where to go or who to speak to
- Previously accessed through Business HB
- We get these services from private sector providers and/or membership organisations like the HB Chamber of Commerce
- We are in an early stage of building the capacity within our organisation/s. We are still identifying where best to allocate our investments
- Limited funding availability
- not needed
- Haven't been able to work out where to go or who to speak to
- The others haven't been relevant to me
- CHB council seems to be out of touch with topics they offer in there after 5 program.
- 1,2 and 5 haven't been relevant for my business. Economic data and insights would be useful - but haven't seen this or been aware of any dashboards or regular economic reporting for our region / narrowed down to sectors or useful, real time information or insights.
- Apparently, we don't qualify for support, either too small (!!!) or more specifically those we apply to simply don't understand what we do. The lack of broad understanding within Council(s) of business is astoundingly poor. We were once told we couldn't get funding as our name was meaningless to them.
- Services provided by Regional Business Partner Programme or Chamber of Commerce
- Not really interested - I rely on other sources for my data and market insights
- It's unclear what level of expertise is held within any of the connected bodies. We service clients across NZ in a sector that is rapidly changing, who could offer insight other than someone involved in this sector? We work with industry groups and the only other player in this market in HB.
- Either not aware of them, or don't see how they can help

- Often lack relevance or haven't had the capacity to adapt to younger businesses with less traditional business models.
- Not available in CHB and not much that is relevant to my Ag business
- I have not yet seen or be made aware of services that link startups directly with funding or local angle investor programs.
- Haven't been able to work out where and how to access these types of assistance
- I am not aware of them
- I/We get these services from private sector providers and/or membership organisations like the HB Chamber of Commerce
- haven't needed these services
- Employment law restrictions (Training support)
- Timeline restrictions - Development funding"
- Haven't been able to work out where to go or who to speak to
- Have not required this assistance
- I get the expertise from private sector providers.
- Not located/available where I am based
- We get support and advice from private sector, HBCC, Icehouse, and Grow HR. These are all expensive to business but some may be out of reach to most businesses.
- Haven't been able to work out where to go or who to speak to
- Haven't been able to work out where to go or speak to.
- Business After 5
- I have not looked for support
- Not applicable to my business
- Haven't been able to afford
- Not sure that I know all the available services
- Not applicable
- No need
- Not aware of all services offered
- have not taken up the opportunity
- Have not required these services.
- Too expensive
- None of the above means the others have been accessed!
- Not available where I am based
- most require payment which I cannot afford
- haven't seen anything that would be of use to me

- didn't know programs were available at time needed
- I'm not aware of any that were relevant
- The banks would not support the government guarantee scheme. They would not support the scheme - probably because of political bias. Such schemes should have been funded through a special entity setup to do so. It wasted all the money the government poured into our due diligence and and our and government advisors
- Not applicable
- The funding is not well known and feels like it goes into more traditional industries like food..Not any other
- "Not in CHB. Business HB and chamber of commerce are bit fairly represented in Hawkes bay. They are not active enough in CHB or Wairoa. They rely on council to support being in these places rather than making an effort to support business.
- Also programmes and expensive and only run in Hastings or Napier. Small business don't have time to travel and attend programmes.
- They need to be more accessible and affordable and also based on need. Listen to what business are asking for and provide support.
- Haven't been able to work out where to go or who to speak to
- Limited spaces n no funding
- Haven't been able to secure funding support
- I haven't seen any of them available
- I get services from HB Tourism
- Get this info elsewhere
- I/We get these services from private sector providers and/or membership organisations like the HB Chamber of Commerce
- "Services were targeted too low for me.
- For example, available funding was too low, or advice given was at a very basic level only."
- Not been specific enough for the area we work in
- na
- didn't know anything about them. Had we known or been advised about them we probably would have taken advantage. Even some of the workshops we have been made aware of have been too expensive so we haven't take up those either even though some where of interest
- Not appropriate at the time for our business
- Previously BusinessHB. Now nothing
- have not had the capital to invest.
- not required
- I/We get these services from private sector providers and/or membership organisations like the HB Chamber of Commerce
- Our business is still in its infancy. Of those services selected there hasn't been a great deal out outcomes or output from them. The unselected ones just haven't been required or investigated yet.
- N/A

- Not applicable
- Not relevant for my business
- It's not that some of those haven't been accessible - its that none of them have been relevant. I've been in business here for over 2.5 years, and have not found a reason to find the services you list here of use to my business and sector. We rely more on our own national industry association, national sector associations, and government departments. Therefore, offerings locally related to business development have completely missed the mark and been irrelevant.
- the funding application process was harder than the actual R&D and the process slowed me up too much
- Didn't know where to go or who to speak to
- N /A
- We use Icehouse
- NZTE & ExportNZ help us a lot with information for our overseas markets. We are in talks with HB business hub about personal development courses for many of our employees
- Haven't seen the need to
- services not relevant to my industry - we are quite niche..
- Not located/available where I am based
- We get these services from associations we belong to, private sector, or local chamber of commerce.
- Not available as far as I am aware
- We use Callaghan grants. We belong to the HiTech group. We support EIT IT Internship programme.
- Unsure where to get these
- Haven't been able to work out where to go or who to speak to
- usually not relevant at the time. We usually do not tick all the boxes required
- Haven't sought
- Not interested/not relevant to my business. Business mentoring was helpful.
- No information on such initiatives
- Most Business support services do not understand Te Ao Māori frameworks of pakihi (business). Our cultural values are diminished when engaging with non-Maori providers.
- Not needed
- Haven't been able to work out where to go or who to speak to
- Not required
- Councils are too slow and difficult to deal with so have avoided using them
- More because I haven't really need to look into these options.

QUESTION 10: Which areas of strength and/or emerging strength are not captured by the food and technology programmes and/or HBTL's tourism work where there is a need for support at the regional level? Please comment/explain

- Wine Tourism
- The beautiful rivers, oceans and lake Waikaremoana that are never showcased within Hawke's Bay
- The link of broader wellbeings and support our whanau and the social needs specific to Hawke's bay
- Tech
- It can be too Napier, Hastings, CHB centric. There are significant food and tourism opportunities in Northern Hawkes Bay.
- Don't know
- Not sure
- N/A
- Strategic support for the likes of the RSE programs - so central to HB economy. EG Accommodation options, lobbying our MP etc
- Art
- Don't know
- Hawkes Bay with a port has a prime opportunity to be a leading region in NZ (not that we aren't already). It would be good to diversify away a small bit from food production as an adverse weather event can severely hamper the region's growth. I.e. drought
- food mass production concept (how to scale up) we have Watties, and frozen food folk here doing it, perhaps they could mentor others on how to, for a fee....
- Nothing I can think of
- Need more support for creative agencies to get talent and training for talent so we can support these businesses on a local level. For example - would love to have the capabilities to take someone on and train them but that all takes time. Would love to work with Taiwhenua and intro more Maori into the creative space but again, need support to do this. We are busy but not necessarily profitable.
- Like to see programmes for upskilling of staff across all industries, particularly as it is getting very difficult to recruit staff.
- Balancing this with population growth here
- The advancement of a unified Regional Aeronautical Development strategy would help deliver greater connectivity with other regions, greater significant economic impact to HB and increased capacity for travel and freight as well as support for key industries.
- Startup business
- Are there other areas or sectors that we should be supporting focusing upon outside of Food but longer term maybe a complementary to the sector
- LARGE scale events
- it is ok - tourism

- tech
- Lack of transparency around identifying and building talent, ensuring effective training is in place to grow talent for all ages - that will lead to meaningful work in Hawkes Bay
- Can't think of anything
- Our CHB council seem to never change the conversation or explore new ideas
- It is not so much about the focus area, but the amount of investment or work for that area. For example - the food programme. We define ourselves as a food and fibre region. Primary sector makes up a huge proportion of our regional economy. Many regions would kill to have the foot in the door that we already have as being recognised as a region that is about food and wine. We are not capitalising on this position at all - and prior economic development agencies haven't got this right. We should have a fully funded, full time programme and strategy in this space with regional buy in. There is a huge missed opportunity. Cannot speak for technology.
- Start ups are poorly supported, risk adverse strategies rule the day
- Needs more coordination
- More support with sector resourcing (people) and training/upskilling programmes
- These three are the three important ones
- Is tourism really a strength in the current environment? Our strength should be in the infrastructure and support to attract people to the region in general. Our challenge is that we are small and isolated geographically and many of the jobs in the food sector are low skilled. It's very unclear what our sector strength needs to be but for sure our talent 'attractiveness' needs to improve.
- I don't know
- Still feels like HB rests on its laurels in the food sector with the more established and traditional entities being the most celebrated e.g Something that Craggy Range is doing VS something that Halcyon Days is doing. The tech sector needs to rely less on the Silicon Valley analogy and work more towards celebrating the unique opportunities that can come with working in that industry here. There are plenty of great tech related things happening and these businesses have dynamic needs in terms of support that don't often fit within a cookie-cutter 'Silicon Valley' style approach to funding and support. More nuance to support programmes in the tech sector are required.
- Practical farming work
- None that I am concerned about at a top level
- Hard to answer as nothing filters out to the country. All centralised into Waipukurau/Takapau and Otane
- I am unsure
- With the problems that the horticultural sector is facing due to Covid, it would be great to see more support from Local Government in some way. All of our hospitality/tourism suppliers could do with positive support after the year we have had.
- HBTL needs to focus more on opportunities in CHB
- Technology that supports - eg blockchain
- Support for small business that is relevant and actually gets things to happen

- I have limited knowledge of these sectors
- Too much focus on Napier & Hastings and not enough in the regions
- I think that facilitated networking between businesses within HB and their respective councils would be a great idea
- industry
- nothing to add here.
- don't know
- We still need to find the best way of utilizing our water so that stakeholders can gain the benefits sustainably.
- Skills and work ethics for fruitpickers
- unsure
- Don't understand the question
- Unsure
- unsure sorry
- Awareness in sector that support is available
- Education on using and enhancing the quality to create maximin revenue from the product that is grown in HB
- sorry don't know enough about these sectors
- Wool
- My interest in in food and technology, not tourism which I think is an entirely separate discussion. I think we need to learn to collaborate better locally to get the attention of Wellington and pull in support such as from the Agritech ITP to support expansion based on our history of smart but needing to get smarter still firms supporting local sectors, and expanding to export the technology globally. Tauranga does it well, we are way behind.
- "Given the commitment to climate change, further research and development needs to be placed on turning waste products into something more useful and sustainable forestry slash, plastic by products, environmentally safer commercial cleaning products for industrial use, marketing/ consumer development to fix the gap in our recycling services - apples with biodegradable stickers, further developing the good product packaging systems like Bostocks maize/chicken packaging, biodegradable plastics, coffee cups that are supposed to be compostable etc and putting in systems (at the landfills/recycling services) so they are actually composted correctly. Plenty of support needs to be given here to the companies that are dealing with waste products and given innovation/research investment to develop. Food companies have the ability and a responsibility to develop responsible consumer behaviour through their marketing techniques and seeing HB lead this way would be an exciting development."
- I cannot comment due to lack of expertise. However, I would say that services such as proofreading could be part of the final collaboration to ensure what's offered looks professional and seamless. Too often what's put out is marred by basic language mistakes which can be jarring to read.
- providing information to the ratepayers on the wealth of businesses in the area
- Sustainability - both food waste & sustainable packaging
- I know nothing about the food sector but do see some diversity and initiatives.

- I am in the tourism sector and see no innovation or attempts to pivot to any other initiatives. This is probably driven by their reliance on the tried and true and predominantly domestic travel. However they forget that other regions will be targeting Hawke's Bay strengths that have brought success in the past. HB Tourism will stagnate.. They have wasted a simple opportunity."
- Councils need to know when to transition to the private sector, who should have better commercial disciplines in place
- Technology...
- These areas will be focused in Hastings and Napier and not the wider Hawke's Bay! From what has been seen in the past!
- This does not relate to my business
- Engineering and Manufacturing
- Not sure but need more help and support for that sector
- HB Cycle Trail development. Fund the missing bits so there is a 3 day Cycle Tour that the region can offer to cycle tourists
- Connecting Hawke's Bay technology firms to investment.
- It all looks good to me
- Sustainable plant food production
- I don't know
- My business grows pyrethrum plants. This is a green product and involves complex technology to formulate but there is no help for me as I do not fit into the narrowly defined subset of food. Why can't it be any horticulture venture? I would benefit greatly from the networking this affords but I am not allowed in the clubhouse.
- Not 100% sure around the Technology side
- I used to work the Hawke's Bay Economic Development Agency between 2000 and 2012 and THIS WAS THE FOCUS BACK THEN.... seems like you're not future along now than you were then. Total waste of money. You keep doing the same thing and getting the same result. More surveys more of the same old same old and NO ACTION. Seriously
- Playing to HB strengths with these initiatives
- Innovation and Entrepreneurship, Skills and Talent pipeline, funding streams, mentors, early-stage business support,
- Less reliance on China and more focus on marketing not trading
- none I am aware of
- Q 9 assumes all the strengths mentioned are equal. I disagree. HBTL for me is very satisfied. The others are consuming ratepayer funds that need to be channelled into Flood protection etc.
- The arts
- Leverage FoodEast
- Development of stronger food business networks
- Those sectors are already up and running and self sufficient. There is no expertise or assistance that the councils (or a CCE) can offer that these sectors cannot already provide themselves. The opportunity for Hawke's Bay is in logistics/supply chain services and this sector deserves more attention.

- Would be interested in understanding what the food & technology business plans/offering are and how that may be useful to the community. HBTL has a clear mandate, prospectus, plan, and KPIs.
- practical assistance to access funding for R&D (but note that covid support and business coaching last year was awesome, thank you).
- I think they should be proactive in approaching business rather than reactive. if you don't reach out, or know how to reach out you never get the help.
- no comment
- I previously worked for a local winery and worked with Hawkes Bay wine, HB chamber of commerce & Hawkes Bay tourism. I thought they were all doing a great job to keep the industry updated. Now I am working for a manufacturing company in the horticulture/viticulture sector. So we do a lot more with NZTE, Hawkes Bay fruitgrowers association, etc. And I think you just need to keep up to date with all the different organisations and what they can provide you with
- I probably don't know enough about the programmes to comment with any authority. Given I regularly interact with the Ag sector then perhaps it is not as visible as it could be or I'm simply not mixing in the right circles.
- I can't think of any
- No idea
- Unsure
- Housing is the issue. We are trying to attract talent to the region, but they can't find a reasonable place to live. By the time the accommodation is designed, consented and built, the opportunity has passed.
- Maori businesses. There is a large Maori population in HB and there is HUGE capability here. Anything that can be done to promote, harness and enhance this capability will have direct impact on the overall health, vitality and happiness of our province.
- Unsure
- World wide Online educational courses as pioneers to make the changes needed in the current educational focus.
- There is a whole; worker seated, and business related, and tourism related sector wasted by ignoring our DoC estate. I know such things are driven by head office who prefer to plough money into the Tourist centres. This needs to change. Hawkes Bay is missing out big time.
- Not nearly enough emphasis on innovation, across the board. NZ could/should be a world leader in that domain. Why not put HB right up there in lights???
- Not relevant to our sector
- Māori economy
- A safe connected community
- Drop the focus on tourism - it's low level, low pay work. Put more into technology. attract high value business rather than low tech, low pay employers.
- manufacturers
- I think there is a lack of small scale testing facilities in Hawkes Bay which make it even more expensive for businesses to be able to achieve good quality product development.

QUESTION 12: Do you think the current focus of the Food Industry Programme is appropriate and relevant? Please comment/explain

- The Wine industry could have much bigger support as costs for FAWC and such are quite high
- Yes - have explained in prior.
- yes
- yes i think its a great initiative and very exciting -
- not sure
- somewhat but needs a clear set of priorities that does not duplicate what maybe already being developed by private industry or the sector in general
- Petfood industry - no
- Other areas - yes, especially professional development
- Cluster development needs to be industry lead - possibly with funding support for FTE reporting to industry
- Seems to be a good focus as the pressure around sustainability will continue to rise and businesses will benefit from support.
- Its okay - but I'd like to see more around identifying talent, career pathways, better support for schools and education providers to link education to work
- Yes, except the focus of the FIP should not be to create a property for the cluster, rather to build the businesses that might create a cluster themselves. Hastings is small enough that it is already a cluster!
- Yes it is appropriate as HB is a significant food producer.
- Yes. Primary sector is backbone of HB
- Yes
- This is the first time I have heard of this programme so cannot comment
- It might be, BUT, we need to avoid unnecessary duplication with existing facilities - such as Massey Uni / EIT / etc.
- Duplication is VERY wasteful of public funds, and then can only detract from funding of specific projects.
- Ultimately, progress is only made if commercial entities go ahead and implement something. Funding can make this happen faster.
- Therefore, it would be a negative result if funding a generic Food Industry Development programme significantly reduced the support funding available for specific projects"
- no
- Have not really seen any evidence of this
- too disjointed
- Yes. The food industry is a strength of our region due to our natural agricultural resources. our challenge is to utilize our strengths sustainably.
- More on Agriculture

- Yes
- These developments need to be focusing on produce quality that will stand above any other produces in the world.
- sustainable to produce in volumes with minimal impact on the natural resources
- I think the support needs to shift towards helping out the many small and very small businesses that play critical roles in supporting the food industry. This means the smart firms and startups that are providing new thinking and tools and technologies to transform how we have done things for decades.
- It is a start, but if the focus is to bring business together to collaborate on sustainability initiatives, it needs to spread the net wider and look at the entire food chain and include the producer to the waste management service.
- I'm not over the specific detail- but professional development & petfood are relevant.
- Yes it is - it is complimentary to what we do but it needs an injection of capital and ideas to get into the 2020's
- It is if it supports commercialisation
- How does it link to areas of comparative advantage
- Yes
- misses skills and talent and innovation pipelines.
- Extremely relevant and needs buy in from all stakeholders
- Yes I do. HB is well known as a agri area, and I think we need to support and grow the non-commodity growers, producers and market participants in the area.
- Very relevant
- This sector is well-established and does not need proactive support from councils. It's already growing - don't mess with it.
- It depends. What would be the purpose of a food and beverage cluster? What gaps are there in workshops that are not able to be offered by EIT (thereby growing and supporting our tertiary institution)? What would an innovation accelerator programme look like and how much would it cost? I don't think there is enough info here to be able to comment knowledgeably.
- Yes but we had all this years ago with the group called Food Hawkes Bay which operated from an office at EIT and was an amazing asset to the HB food processing community it feels a little like the wheel is being reinvented here
- yes, we are well known region for this
- not sure
- All the objectives talk about " deliver" or "support". Are there any firmer KPI's that would demonstrate the expected success of them?
- Yes
- yes. We are a food producing province.
- yes .. if we harvest our water better we will have a massive food industry
- I think there is a good amount of support for emerging businesses.

QUESTION 16: Do you think the current focus of the Technology Programme is appropriate and relevant? Please comment/explain

- Yes
- Yes
- Yes but please be inclusive and focus on All ethnic races not only Maori
- Absolutely
- Yes absolutely, it is the market of the future and bringing the world to HB and HB to the world
- Yes
- don't know anything about it.
- Yes
- Basic level, too superficial.
- More collaboration is needed between key parties
- Yes
- looks pretty good - just want to see more evidence of results - especially in Talent pipeline and investment
- We have not been able to access the connect to investment, the only relevant segment for us. What we require in development and expertise is simply not available in Hawke's Bay, too much focus on Ag businesses and not enough on R&D capability
- Yes but aspects of 'tech' sector touch so many businesses so shouldn't be too narrow a focus.
- Not focussed enough on the role of technology in primary sector
- Yes
- Seems ok
- Given the drive for higher wage rates, the focus needs to be on process automation across the substantial food growing and processing industry that we have in Hawkes Bay
- yes
- yes
- I know a couple but not all that is offered at the moment so maybe need more information
- yes it has been good so far
- Yes - I act as an advisor for 2 companies in this tech space & have associations with a couple of others - it is vital that there is a central coordinator to help people move outside their silos
- Yes greater dependence on tech
- YEs
- Yes
- yes, could do with training on offer for those already working in the business

- YES
- Absolutely - it is the future and we need to be thinking how we integrate old school and new school in a productive way
- yes its appropriate and relevant.. but seriously underfunded
- Yes
- yes
- Yes
- yes
- Yes
- Leave it Rod Drury, this is his speciality
- Leave it to organisations like The Icehouse they've been doing this for years"
- yes just totally underfunded
- Relevant
- Yes. This sector is relatively new to the region so these basic initiatives can be useful.
- Could there be a stronger link-up with the food and beverage sector here - thereby building and supporting two industries at the same time. There must be linkages. Otherwise, difficult to comment as I'm not in this sector.
- yes
- yes, attract higher paid people to the bay
- Yes opportunities to bring in tech help from Israel are available for interested businesses
- Yes. We have a SaaS as part of our physical product and are working alongside Callaghan Innovation. Myself as an employee am not the decision-maker in this realm.
- Yes, but it would be great to see how we could access funding to develop technology to support industries that are not currently supported by technology or funding for development.
- Yes. It is a high skilled job which has the ability to keep or return younger people to HB. We are in a digital age and HB needs to be in the waka, or get left behind
- I need someone to manage, video and take over my unique and sought after 'Creativity from the inside-out' course for online sales and presentation."
- Yes ... but there's *much* more to do!
- Need more stable networks and less outage
- Yes
- yes.. its a key to taking advantage of our food growing capability
- Yes

QUESTION 13: If the Food Industry Programme was able to deliver three things to benefit the region, what would they be (in priority order)?

| Benefit 1 | Benefit 2 | Benefit 3 |
|---|---|---|
| Training | Targeting users | Advertising |
| Food strategy for HB - innovation and growth! Scale up the advantage we have. | Bringing together a network - sharing, collaboration, advocacy around priorities or challenges | Sustainability - from an obvious sense, but also sustainability for our economy and food producers |
| use of locally grown produce for low budgets | teach students how to grow - sustainability | international pet food production from off cuts etc |
| more business | more jobs | more opportunities for agencies/ other businesses |
| Strategic Alignment with regional priorities | Create Innovation | Create employment |
| Clear program of work & outcomes in relation to sustainability for HB | Clear program of work & outcomes in relation to sustainability for HB | Sharing of key economic data that benefits the business community |
| incubator, accelerator | professional dev workshops | cluster? |
| Collaboration | Competition | Logistics/transport |
| Enabling collaboration and cohesion between businesses and other stakeholders, as appropriate | Identifying gaps in expertise and/or equipment that, if filled, would enable business to progress and innovate (and working to fill these gaps) | Identifying areas of focus to ensure a future-proof food industry (in the face of e.g. climate change, cost of carbon etc) and developing initiatives to ensure that we are well-placed to respond to challenges and opportunities, as a region |
| Attracting and building a sustainable talent pool | Small businesses in the sector supported to be sustainable | |
| incentives to relocate existing food businesses to HB | training workshops for relevant skills | several startups |
| Focus on supporting less conventional producers. | Create and facilitate a more dynamic network for Food Industry related people to talk, share ideas and learn. | Prioritise extra support for sustainable and ethical practice |
| Diversification of primary sector | Higher value products | Less reliance on manual labour |
| Acceleration of local scale to national or export ready | Hands on startup incubation | Greater interaction with entrepreneurs and investors in guiding focus on the regions key focuses |
| Food and Beverage Clusters | Sustainable and renewable resources/suppliers | Workshops to help develop clusters to help with economy of scale |
| Commercially beneficial development loans | Regulatory alignment | Cost efficiencies |
| efficiency | productivity | technology |
| support in marketing | support to ensure that there is a variety of retail outlets not all the same | provide more opportunity to talk with council |

| | | |
|--|---|---|
| more focus on the gate to plate concept | better use of regional centers | better transport links to the regions |
| sustainable economic benefit | Environmentally sustainable | Make Hawkes bay a great place to live |
| Identify waste stream product opportunities | Coordinate brand marketing/origin story | Identify market opportunities |
| Quality | sustainability | increase revenue |
| Providing interpersonal connection opportunities so people become known faces and real colleagues. | Provide coordination for regional initiatives wanting to grow excellence in the horticultural (and agriculture and forestry) support technology space | Connecting HB industry/firms/people with the national and global communities in a personal way, such as by bringing in influencers from outside, and making them understand how much we have to offer |
| Responsible consumer and marketing behaviour | Further Innovation, development and collaboration as a regional approach | Supporting the waste management services from the Food industry |
| Collaboration on sustainability | Pet food collaboration | Professional training |
| Recognition as a hub of science | Create better paying jobs | Ensure we drive sustainable practices |
| Commercial opportunities | Sustainable opportunities | Economies of scale |
| Kaitiakitanga - sustainability | Outward focused view of innovation | Capability development - local/global context |
| collaboration | leadership | support around compliance |
| Building innovation | virtual university of expertise and academia | funding for deep tech solutions |
| Better funding to create sustainability in Hawkes Bay | Attract better talent to the area | Create better returns for Businesses in the Hawkes Bay |
| Distribute grants to proven businesses to assist with growth. | Create and facilitate a collective group of like minded businesses to encourage collaboration. | Represent HB nationally and globally, and act as a market maker/facilitator. |
| Skills | Collaboration | Investment funding |
| Product innovation | promotion | training |
| Initiatives to train and attract workers | Support for better supply chain resilience | Support for more coolstores |
| Align to a regional brand/notion that Hawke's Bay is a sustainable, regenerative leader in food and beverage growth and production | Feed our own first - ensuring the byproduct of success leads to healthy fed citizens | Protection of the land best suited to growing (build housing on the drought-stricken hills) |
| enthusiastic engaged reliable trustworthy staff | accessible affordable freight options | unity in what Hawkes Bay represents - one message and stop rebranding it every few years |
| more tourists | fairer funding scheme, not first in first served | skill shortage answers |
| export products | local NZ market | no third option |
| Secure market outlets into premium markets | Secure water supply | Secure, appropriately skilled, labour. |
| Sales | Jobs | Skills |
| Marketable IP | Environmentally sustainable improvements to food growing practices | Climate Change readiness |

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| water storage and efficient use | technology to reduce low end labour | shifting infrastructure development to less productive land |
| Ability to help with scale up to commercialisation | Provide links to technical support within the region | Promote sustainability and link into council initiatives |

QUESTION 17: If the Technology Programme was able to deliver three things to benefit the region, what would they be (in priority order)?

| Benefit 1 | Benefit 2 | Benefit 3 |
|--|---|---|
| Relocate businesses from outside of the region here | Grow an industry which will bring new people to the bay | Support and grow other industries in the bay |
| Improved internet and cellphone coverage | Development of IT systems for business | |
| Mentors | Cheaper access | Ongoing support |
| Funding to support new initiatives-Callaghan and other R&D funding is too limited in scope | Support to upskill staff technically | Programmes to connect ideas with investors |
| Growth of good talent | new Start ups | large firms with satellite offices in HB |
| Provide tech support from trainees to businesses at low cost | Not sure | Not sure |
| Upskill staff to utilise new and emerging technology. | Courses to make HB Businessesees aware of what technology could be of benefit to them. | Funding for adoption of new technology. |
| Innovation & Tech Development | Employment & Talent Development | Investment attraction |
| Skills pipeline | Incubator, accelerator | Regional Tech profile |
| Partners working together towards a shared goal/outcome | Data which provides full and complete picture | Diversity of technology programmes |
| Clustering and collaboration | Raising the profile of HB as a key region for tech businesses to be in order to create critical mass and attract talent | Continue to develop connections with universities with strong tech expertise to encourage graduates and associated entrepreneurs to take root in HB |
| Talent | Innovation | Investment |
| Required IT skills | R&D capability for tech start ups | Funding without the need for 000's of pages of documentation |
| More nuanced support options | Create ways (and business support) to attract more talent from outside region. | Find our own unique take on the tech sector and don't get caught up in tech sector 'Silicon Valley' jargon. |
| Less reliance on manual labour in primary sector | QR product tracing for HB brands | More high value products |

| | | |
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| Stewardship of startups as a connector to angel investment and resources | Support of collaboration hubs (either physical or virtual) for startups | Acceleration of connection for innovative startup services to customers and stakeholders in the community (ie council endorsed, marketed) |
| Connecting like businesses for support | Ensuring Technology infrastructure is up to date | getting information out to all businesses so we all know whats going on |
| Commercially advantageous development loans | Automation forums in H Bay for local businesses | |
| new career ops | technology hubs | collaboration |
| help with web sites | help with online selling | help with social media |
| Future Planning | Regular Updates & growth | Hands on training |
| more trained graduates | assistance for clean tech / renewables | conferences |
| Helping develop collaborative approach | Know what resources were outside HB that could be drawn on | Able to assist in capital raising |
| Jobs | Efficiencies | Greater quantities |
| Connecting innovative businesses from start-up through to corporate across the region so that they can collaborate and build off each other's strength | Connecting Hawke's Bay business with the work underway on the G | Helping to develop a skills and talent pipeline e.g. through linking Hawke's Bay businesses with programmes in academic institutions that place Masters students with businesses to work on specific agreed projects with funding support from Callaghan Innovation. |
| Developing the skills and talent pipeline | Connect with Governments digital technology plans | Connecting HB businesses (and Farmers) with Agri-tech Industry planning |
| developing skills and the pool of skills in the region | attracting investment and range of industries | support new businesses to grow |
| MORE SME TECH COMPANIES | TRAIN LOCAL TALENT | BUILD A BETTER ECOSYSTEM |
| Be recognised as a hub that attracts talent | Local business see it as a go to resource | Employment |
| More startups | Better educational courses assisting the talent pool | Better investment community.. |
| Supporting apprentices to succeed, we need to get them through the talent pipeline | Ensure talent pipeline is regional wide and it for all not just those in areas with easy access | Giving employers the tools to succeed |
| Attract and keep talent | Connect tech businesses with investors | Build the HB reputation for being a Tech hub |

| | | |
|---|--|--|
| Skilled labour | Innovative thinking | Commercial opportunities |
| skills and knowledge | global perspective | foundations in regional competitive advantages |
| New Talent | New Technology | increased investment in businesses |
| more start ups | more angel networks/members to assist start up | better training/education for technology students going through academic organisations which is relevant and connected to industry |
| Skills and talent pipeline | Connecting businesses and expertise | supporting innovation and entrepreneurship |
| Create better collaboration | Introduce more investment into the region | Attract better talent |
| Scale | Training | Investment funding |
| Attract and train talent | Attract and train talent | Attract and train talent |
| staff | easier IT | cell phone coverage over the whole of the Bay |
| higher population | higher pay | more jobs |
| export products | Local market products | no third option |
| Higher wage jobs | More younger families | Not sure |
| Funding for personal development | Funding for bringing talent in the region | |
| Connectivity | Efficiency | Information |
| Marketable IP | R&D | Interconnectivity within the sector |
| Affordable expertise in using mailchimp. for online | Easily accessible pool of affordable, local, specific resources. | Realise that education in 'Inside-out Creativity' is the top priority for the world. |
| Easier use of technology in regards to key services i.e. land and housing development | | |
| Provide realistic business opportunities for local tech businesses | Support and enable local techs to make the best of the opportunities | Actively collaborate with other regions in this area: HB is not alone or unique! |
| Stable affordable fibre | Support services affordable | |
| Train future talent | Support start ups | Showcase the epic businesses in the Hawkes Bay on a national level |
| ensuring air links to main centers remain cost effective | supporting improved broadband coverage into the rural areas | supporting a replacement for business HB. which coordinates all 5 council spending on business development |

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| Connect tech firms to investment. This is the single most difficult issue we have faced. It's ongoing and soul destroying. | More high value business moving into district | Attract high value remote workers. Live in HB. Work anywhere |
|--|---|--|

6.3 COUNCIL APPOINTED TRUSTEE VACANCY - CENTRAL HAWKE'S BAY DISTRICT COMMUNITY TRUST

File Number: COU1-1400

Author: Bridget Gibson, Governance and Support Officer

Authoriser: Monique Davidson, Chief Executive

Attachments: 1. Appointment of Council Representation Policy - Adopted 14 November 2019  

PURPOSE

The matter for consideration of the Council is the appointment of a Trustee to the Central Hawke's Bay District Community Trust (the Trust) due to a recent vacancy. Officers seek Council's direction as to whether the Council prefers to appoint a Trustee via nomination either of members of the public and/or elected members or to seek expressions of interest from the Central Hawke's Bay community through the process set out in the attached Appointment of Council Representation Policy.

RECOMMENDATION FOR CONSIDERATION

That having considered all matters raised in the report that:

1. OPTION 1

The Council nominate and appoint by way of resolution Councillor (X) of the Central Hawke's Bay District Council as Trustee of the Central Hawke's Bay District Community Trust.

2. OPTION 2

- (a) In accordance with the *Appointment of Council Representation Policy*, expressions of interest are publicly sought for the role of Council appointed Trustee to the Central Hawke's Bay District Community Trust.
- (b) That Councillor (X), Councillor (Y) and Councillor (Z) form a subcommittee to consider applicants for appointment to the Central Hawke's Bay District Community Trust.
- (c) That following their deliberations the Selection Panel recommend a preferred candidate to the Council for appointment to the Central Hawke's Bay District Community Trust.

EXECUTIVE SUMMARY

Following notification that Libby Toss will has stood down from her role as one of two Council appointed Trustees to the Trust, the Council need to appoint a Trustee to fill the vacancy.

The Council may opt to either:

- 1. seek expressions of interest from the public via the process outlined in the Council Representation Policy (attached to this report)
- 2. or nominate and appoint by way of resolution an elected member of the Central Hawke's Bay District Council or other person directly as their representative to the Central Hawke's Bay Community Trust.

If expressions of interest are sought it is recommended that the Council form a subcommittee of three elected members to interview applicants. Following the interview process, the subcommittee would recommend a preferred candidate to the Council for appointment to the Trust.

BACKGROUND

The Central Hawkes Bay District Community Trust was established in 1994 and is the owner and operator of the indoor heated pool at Russell Park, Waipukurau. Council provides funding to the Trust under a Service Contract to enable the Trust to provide community access to modern recreational swimming and fitness facilities.

The Trust Deed provides that:

- there shall be no more than 10 Trustees, nor less than 6.
- the Trustees shall include two (2) Trustees appointed by the Central Hawke's Bay District Council.
- Elections are held three (3) yearly.
- Trustees appointed by the Central Hawke's Bay District Council may have their appointment revoked by giving written notice to the Trust Secretary.
- Council review appointments to the Trust after each triennial election.

Councillor Pip Burne is currently appointed by Council as one of the two Council appointees Trustees of the Trust. One vacancy requires filling.

DISCUSSION

Councillor Pip Burne is currently appointed by Council as Trustee of the Central Hawke's Bay Community Trust. Her appointment as a Trustee predates her election to the Central Hawke's Bay District Council.

The Council may appoint an elected member or member of the public to represent Council as Trustee of the Trust directly or alternatively, the Council may opt to publicly call for expressions of interest for appointment as Council's representative (Trustee) to the Trust. The *Appointment of Council Representation Policy* adopted on 14 November 2019 outlines the Council representative to Council-Community organisations appointment process and is attached to this report for reference.

The Policy critically sets out that Council ensures any person appointed to a Council-Community organisation possesses the knowledge, skills, and experience relevant to the activities of the organisation, and that they are familiar with the Council policy, programmes, and activities relevant to the organisation.

If the Council opts to seek expressions of interest from the community, interest would be sought via public advertising outlining those applicants possess:

- An understanding of governance issues
- Either business experience or other experience that is relevant to the activities of the organisation
- Sound judgement
- A high standard of personal integrity
- The ability to work as a member of a team
- Experience or knowledge directly relevant to the diverse range of functions required of the specific organisation of which they would represent Council.
- Business acumen backed up by enthusiasm, energy, and new ideas.
- A demonstrated commitment to the Central Hawke's Bay District.

It is further proposed that a subcommittee consisting of 3 elected members form to consider candidates for the current vacancy and subsequently recommend a preferred candidate to the Council for appointment.

If the Council chooses to appoint an elected member as Trustee of the Trust, this could be confirmed by way of Council resolution.

RISK ASSESSMENT AND MITIGATION

There is no obvious risks associated with this matter.

FOUR WELLBEINGS

An appointment to the Trust will enhance the work of the Trust and ultimately the value they add to the Central Hawke's Bay District, recognising the Trusts assets contribute to the four wellbeings of Local Government in its widest sense.

DELEGATIONS OR AUTHORITY

Council have delegation to make this decision.

SIGNIFICANCE AND ENGAGEMENT

In accordance with the Council's Significance and Engagement Policy, this matter has been assessed as of low significance, therefore, community engagement is not required.

Options

There are primarily two options available to Council, being:

Option 1 – to not follow the Representation Policy and directly Appoint

That the Council seek expressions of interest from the public via the process outlined in the *Appointment of Council Representation Policy* and form a subcommittee to consider applicants before recommending a preferred candidate to the Council for appointment

Option 2 – follow the Appointment of Council Representation Policy and seek expressions of interest

Council nominate and appoint by way of resolution an elected member of the Central Hawke's Bay District Council as their representative to the Central Hawke's Bay Community Trust.

Recommended Option

Officers recommend that Council deliberate and resolve in favour of Option 2 - being to follow the Appointment of Council Representation Policy and seek expressions of interest

NEXT STEPS

Should Council resolve that Officers seek expressions of interest for the vacancy on the Trust, Officers will arrange public advertisement seeking expressions of interest. In this eventuality, Officers have been approached by the newly appointed Chair of the Trust Claire Murphy, to jointly advertise for the appointment of Trustees, however individually shortlist and appoint them.

The Elected Members appointed to the selection panel will meet to interview applicants with the intent of recommending a preferred candidate to Council for appointment to the Trust.

Should Council nominate and appoint an elected member to the Trust, public notification of the appointment will be issued, and the Trust Chairperson and their members appropriately notified.

RECOMMENDATION

That having considered all matters raised in the report that:

OPTION 1

- 1. The Council nominate and appoint by way of resolution Councillor (X) of the Central Hawke's Bay District Council as Trustee of the Central Hawke's Bay District Community Trust.**

2. OPTION 2

- (a) In accordance with the *Appointment of Council Representation Policy*, expressions of interest are publicly sought for the role of Council appointed Trustee to the Central Hawke's Bay District Community Trust.**
- (b) That Councillor (X), Councillor (Y) and Councillor (Z) form a subcommittee to consider applicants for appointment to the Central Hawke's Bay District Community Trust.**
- (c) That following their deliberations the Selection Panel recommend a preferred candidate to the Council for appointment to the Central Hawke's Bay District Community Trust.**



**CENTRAL
HAWKE'S BAY**
DISTRICT COUNCIL

Appointment of Council Representation Policy

Adopted: 14 November 2019

Review Date: November 2022

Together we Thrive! E ora ngātahi ana!

INTRODUCTION

In instances where an Elected Member is unable to represent Council on a Council-Community Organisation, the Council will endeavour to where practically possible call for public expressions of interest from suitably experienced candidates to be Council's representatives on those organisations identified and listed in the Council Committee and Community representation policy.

The Council will ensure that any person that it appoints a director of a Council-community organisation will have the knowledge, skills and experience relevant to the activities of the organisation and be familiar with the Council policy, programmes and activities relevant to the organisation.

TIMEFRAME

The Council will generally make appointments at the beginning of the triennium although vacancies and new Council-Council-community organisations may be considered during the triennium.

REMUNERATION

The Council does not remunerate the directors it appoints to Council-community organisations and the remuneration of the directors by the Council-community organisation is a matter for the organisation concerned.

SELECTION AND CRITERIA

Council will seek to appoint representatives that have:

- An understanding of governance issues;
- either business experience or other experience that is relevant to the activities of the organisation;
- sound judgement;
- a high standard of personal integrity;
- Ability to work as a member of a team.
- Experience or knowledge directly relevant to the diverse range of functions required of the specific organisation they would be representing Council on.
- Business acumen backed up by enthusiasm, energy and new ideas
- A demonstrated commitment to the Central Hawke's Bay District.

Expressions of Interest would be called for publicly, via usual Communications Channels. A subcommittee of Council (to be appointed on a need by need basis) would then consider the Expressions of Interest, meet with suitable candidates and make appropriate recommendations to Council for consideration.

The selection process will remain public excluded until the public announcement of the appointment, to ensure the protection and confidentiality of candidates is maintained.

Any future appointments made by the Council will have regard to the criteria specified in this policy.

6.4 RECYCLING DROP OFF CENTRES

File Number: COU1-1400

Author: Josh Lloyd, Group Manager - Community Infrastructure and Development

Authoriser: Monique Davidson, Chief Executive

Attachments: Nil

PURPOSE

The matter for consideration by the Council is the decision to remove or retain the recycling drop off centres in the townships of Otane, Takapau, Tikokino and Ongaonga.

RECOMMENDATION FOR CONSIDERATION

That having considered all matters raised in the report:

- a) **That Council retain the DOCs in Otane, Takapau, Tikokino and Ongaonga and alter the rural recycling trailer schedule to focus on those communities without DOCs and kerbside services**

BACKGROUND

As part of the 2021 Long Term Plan (LTP), Council resolved to remove the recycling drop off centres (DOCs) in the townships of Otane, Takapau, Tikokino and Ongaonga and replace them instead with weekly kerbside recycling collections in these townships as well as a newly built and customised rural recycling service offered through the provision of two portable recycling trailers to visit these communities (and others) on fixed schedules.

Reasons behind the decision to remove the DOCs and replace them with the kerbside collection method and rural recycling trailer scheme included:

- Known high contamination rates in the DOCs causing whole contaminated loads of recycling to be taken to landfill
- The costs of maintaining DOCs, while providing the new kerbside collection and the trailer scheme would have resulted in higher rates
- The trailer scheme was seen to be able to target more rural areas that did not currently have easy access to a service
- There was considered to be duplication between services if kerbside, trailers and DOCs were all to remain in a single township

Council received a number of submissions on the wider topics of solid waste, with some submissions specific to the use of DOCs vs kerbside collections. There was general support among submitters for a kerbside option when given the choice of DOCs or kerbside with a 56% - 44% comparison of submissions.

Following the adoption of the LTP, and the resolution referred to above, Council have since rolled out the kerbside recycling service and the rural trailer service and are now in an informed position to make a final decision about removing the DOCs.



DISCUSSION

While it was intended to remove the DOCs in Otane, Takapau, Tikokino and Ongaonga following the roll out of the kerbside collection service and rural trailer scheme, Officers have learned more about community demand and about the benefits and costs of various service offerings during the past 12 weeks. Officers now wish to present a recommendation to retain the DOCs for the reasons described below.

Strategic Alignment – Objectives of the WMMP

Councils over-arching and directional document for the management of waste services for the District is the Waste Management and Minimisation Plan 2019 (WMMP). The WMMP provides a range of actions and initiatives that together seek to achieve listed objectives/targets. These objectives/targets are:

- Increase diversion from landfill to 70% by 2040
- Increase diversion from landfill to 48% for 2025
- Increase participation in kerbside recycling services to 60% by 2025 (as measured through set-out rates).

Diversion from landfill was most recently measured at 42% across the district in September 2021.

As the objectives listed above are fundamental to the design and provision of waste and recycling services in the District, they have guided much of the recent LTP discussions/decisions and are used now to test the effectiveness of current service offerings.

Officers consider that based on the reasons provided below, the recommendation of this report (to retain DOCs) is most likely to directly align with the objectives of the WMMP above. Specifically, it is considered that retaining the DOCs will ensure more people recycle in total, thereby increasing diversion from landfill.

Demand for services. Over recent weeks where kerbside services have been rolled out and the trailer scheme has been utilised alongside the existing DOCs, Officers have monitored continued high demand for the DOCs. Along with the evidenced demand at the DOCs, measured through tonnages and emptying rates, Officers have also heard consistent feedback from community members about a need to retain the DOCs. Key messages from those requesting retention of the DOCs include:

- The kerbside collection scheme is not available to those living outside of the townships
- The trailer scheme is only available for limited days/hours and places an inconvenience on those families with busy routines

- The trailer scheme does not cater for large loads of recycling (particularly cardboard and plastics) that may have been stored at home by a family for some time

The feedback received is strongly in support of the voice heard from those in rural communities during the Long Term Plan engagement process that a fixed Drop off Centre has advantages over a mobile scheme with limited availability.

Officers have also recorded varying uptake of the rural trailers with relatively low uptake in those communities that receive a kerbside collection service.

Contamination. A key part of the reasoning for removing DOCs was the high and increasing contamination rates meaning loads were needing to be taken direct to landfill and not recycled. Over recent months, Officers and our contracting partner Smart Environmental have noted lower contamination at DOCs and in kerbside collections. This is ideally attributable to continued efforts on education and awareness and has perhaps been reinforced via recent messaging through the LTP engagement campaign that contamination can/will lead to removal of the DOCs. Further to the reduction in contamination occurrences, Councils contractor Smart Environmental have also implemented new sorting systems and processes which allow contaminated DOC bins to be manually sorted (safely) via a cost-effective means so that whole DOC loads are not taken to landfill and instead can be sorted and recycled even if contaminated (to a point).

Cost. The implementation of new services over the past 12 weeks has allowed Council to more fully understand the true cost of new service offerings. At the same time, Council and its Contractor Smart Environmental have been able to review previous pricing assumptions and methodologies and look to squeeze out further efficiencies in approach to reduce costs. The summary of the above learnings and realised savings is:

- The cost of running the trailer scheme is lower than originally anticipated
- The true cost of the new kerbside services is lower than budgeted
- A means of lowering DOC costs has been identified should they be retained by optimising the servicing schedules
- Demand for trailers in the rural townships is very low. Should the DOCs be retained and the trailers used then to only focus on remote communities excluding those with DOCs, significant cost savings could be found

With the above factors taken into consideration, while some detail is still to be worked through with contractors and schedules, Officers are now confident that DOCs can be retained with additional measures in place to separate out contamination within existing budgets.

RISK ASSESSMENT AND MITIGATION

This report seeks to make a final decision about removing or retaining DOCs. There are no significant risks considered with retaining the DOCs as these are proven to be able to be retained within budget and within the current capacity and capability of Councils operational teams.

The key risk considered with removing the DOCs is the potential misalignment with WMMP outcomes/strategic direction as feedback has been provided loudly and consistently that the trailer scheme, while excellent for many, is not appropriate for some and will likely lead to a number in the community not recycling and instead sending additional product to landfill.

FOUR WELLBEINGS

This report deals primarily with a decision rooted in environmental outcomes but one that is also being driven by community needs and social outcomes. Officers consider that the recommendation provides the best available approach to managing environmental well-beings by providing a full range of services that will maximise recycling uptake within the district. Officers have heard loudly about communities social connection to recycling centres and perceived, real or otherwise ability to use alternate services.

Economic impacts/outcomes are considered minor and there are no specifically considered cultural implications either positively or negatively.

DELEGATIONS OR AUTHORITY

A decision of Council is required as the recommendation seeks to alter a previous decision of Council.

SIGNIFICANCE AND ENGAGEMENT

In accordance with the Council's Significance and Engagement Policy, this matter has been assessed as being of some importance.

OPTIONS ANALYSIS

| | <u>Option 1</u> | <u>Option 2</u> |
|---|---|--|
| | Council retain the DOCs in Otane, Takapau, Tikokino and Ongaonga and alter the rural recycling trailer schedule to focus on those communities without DOCs and kerbside services | Council remove the DOCs from Otane, Takapau, Tikokino and Ongaonga |
| Financial and Operational Implications | <p>Operationally these can be serviced within existing contracts and contractors. Schedules have been optimised to reduce cost and increase efficiency.</p> <p>Cost savings have been found across a range of solid waste activities meaning that the DOCs can be retained within existing budgets set in the LTP. There is no rating increase overall from retaining the DOCs.</p> | Removing the DOCs will afford Council the ability to make further savings beyond those that were budgeted for the LTP. |
| Long Term Plan and Annual Plan Implications | This option is considered to be consistent with the LTP as it does not represent a change in levels of service or costs and instead represents a nuanced approach to achieve set levels of service within budgets. | This option is in line with the LTP. |
| Promotion or Achievement of Community Outcomes | This option is considered most likely to achieve community outcomes/expectations as they relate to the provision of effective recycling services. This option also considered to be most aligned with the objectives of the WMMP and CHBDCs wider aspirations for waste management in the District. | This option is considered likely to be misaligned with community outcomes as targeted by the WMMP. |

| | | |
|--|--|---|
| Statutory Requirements | NA | NA |
| Consistency with Policies and Plans | This option is most consistent with relevant Council policies and plans, specifically the WMMP as it is considered most likely to achieve the greatest waste diversion / reduction measures. | This option is considered to be misaligned with the landfill diversion targets of the WMMP. |

Recommended Option

This report recommends **Option 1, Council retain the DOCs in Otane, Takapau, Tikokino and Ongaonga and alter the rural recycling trailer schedule to focus on those communities without DOCs and kerbside services**, for addressing the matter.

NEXT STEPS

Following direction from Council, Officers will take necessary steps to operationalise the measures. Should a decision be made to remove the DOCs, it is considered preferable that this happen after the busy Christmas holiday period where recycling facilities are typically highly utilised.

RECOMMENDATION

- a) **That Council retain the DOCs in Otane, Takapau, Tikokino and Ongaonga and alter the rural recycling trailer schedule to focus on those communities without DOCs and kerbside services**

6.5 PROGRESS REPORT AND DIRECTION OF DRAFT ANNUAL PLAN 2022 - 2023**File Number:** COU1-1400**Author:** Brent Chamberlain, Chief Financial Officer**Authoriser:** Monique Davidson, Chief Executive**Attachments:** Nil**RECOMMENDATION****That, having considered all matters raised in the report, the report be noted.****PURPOSE**

The purpose of this report is to provide an update on the progress and direction of travel of the Draft Annual Plan 2022 – 2023.

SIGNIFICANCE AND ENGAGEMENT

This report is provided for information purposes only and has been assessed as not significant, however it should be noted that the Draft Annual Plan 2022 – 2023 does trigger significance, and when Officers present a report for the adoption of the Draft Annual Plan 2022 – 2023 in June 2022, the item will be identified as significant.

BACKGROUND

All Councils are required by section 95 of the Local Government Act 2002 (LGA) to adopt an Annual Plan each financial year.

Local government exists to meet community needs and wants effectively, efficiently and in a way that meets those needs and wants now and in the future. If done properly, annual planning helps make the present and future consequences of decisions and trade-offs clear to all – for example that this decision to defer maintenance reduces the rate requirement now, but at a loss of service potential long-term.

The Annual Plan pairs the Council's vision and ambition for the future and the status quo, and articulates how we bridge the gap in between. This is done by setting out Council's assets, activities, plans, budgets and policies. It must be adopted before the beginning of the year it relates to.

Central Hawke's Bay District Council has an already established vision that was first articulated through Project Thrive in 2017. This vision and comprehensive community engagement and feedback formed the basis of both the 2018-2028 LTP and 2021-2031 LTP. The draft annual plan has been prepared on the basis of year 2 of the 2021-2031 LTP.

DISCUSSION

Preparing for the adoption of an Annual Plan is a long and complex process, and for Central Hawke's Bay District Council preparation for the Annual Plan began in October 2021. Successful delivery of an Annual Plan relies on many moving parts working together and lining up to tell a coherent story to the community about how Council is going to deliver its vision for the future.

Progress to date

At the time of writing this report, Council has made significant progress on the Draft Annual Plan 2022-2023. Throughout the year Council have had a number of workshops, as well as discussions and at times decisions in Council, achieving key milestones that have allowed the development of the Draft Annual Plan 2022-2023.

The starting point for developing the Annual Plan was what Council had already signalled in Year 2 of the Long Term Plan 2021-2031, that was an average rate increase of 6.8%.

Since the LTP was developed a number of risks have developed, namely supply chain issues, rising inflation, tight labour market, rising interest rates, and a change in assumptions around the receipt of Development Contribution revenues.

In addition a number of changes to our business have occurred:

- There has been a review of the delivery of Economic Development across the entire Hawkes Bay Region (impacts all 5 Hawkes Bay Councils)
- The Government has disbanded the District Health Board structure which impacts our Local Election Cost Sharing model (impacts CHBDC and HBRC)
- We have been successful in getting a MfE grant for 50% of the construction of a Weighbridge at our Waipukurau Transfer Station which has necessitated bringing our 50% share forward from year 4 of the Long Term Plan
- Growth in the District has required the establishment of a satellite administration office in Waipukurau
- The change to Solid Waste Services (particularly the recycling drop off centres) signalled in the Long Term Plan is being rethought

These changes, when layered on top of the original 6.8% increase saw the average rate increase lift to 7.4%.

Through previous Council workshops 3 main concerns have been raised:

1. Concern that a 7.4% rate increase is too much
2. Concern that the way rates are collected, the burden falls too heavily on the rural sector (they make up 19% of our ratepayers but pay 43% of our rates)
3. Concern what impact the 3 yearly Quotable Value District revaluation will have (it won't impact the quantum of rates collected but might impact who pays what if the revaluation increase isn't evenly spread across the district).

The Quotable Value impact is out of the control of Council, and won't be known until February 2022, so officers have been concentrating on the first two items.

The obvious answer to the second concern is by adjusting the split between what is rated as a Uniform Annual Charge (fixed charge per property) and what is rated for as a General Rate (based on a properties capital value). A number of items in Councils budget are currently split between the two rates types and these splits can be amended without changing Councils existing Revenue and Financing Policy. This doesn't decrease the amount of rates required, but does change the split between urban and rural slightly.

To reduce rates, one of two things needs to occur – first is a reduction in the levels of services (ie do less), the second is use alternative funding mechanisms (such as 3rd party funding or the use of debt). A number of options have been considered such as delaying asset replacements for a year, or debt fund rather than rate fund their replacement (which was consulted on and agreed to as part of the Long Term Plan particularly for water assets).

Through the careful selection of options Officers are able to get the average rate increase back to 6.8% (the same increase as signalled in the original Long Term Plan). This is dependent on the outcome of decisions made at the Council meeting to be held post writing this report on the 9th December.

Impact of the Draft Annual Plan 2022-2023

At the time of writing this report, the Draft Annual Plan 2022-23, presents a proposed average rates increase of 6.8% (the same increase as signalled in year two of the Long Term Plan).

| | 2021/22 Budget | 2022/23 LTP Budget | 2022/23 Annual Plan | Change \$ LTP>AP |
|---|--------------------|-----------------------|------------------------|---------------------|
| Sources of Operating | -32,039,551 | -34,371,953 | -35,071,100 | -699,146 |
| General rates and rates penalties | -13,565,140 | -14,157,047 | -13,972,633 | 184,414 |
| Uniform annual general charges | -1,848,324 | -2,079,566 | -2,217,123 | -137,557 |
| Targeted rates | -7,929,034 | -8,690,484 | -8,737,341 | -46,857 |
| Subsidies and Grants for Operating Purposes | -3,359,782 | -3,425,775 | -3,425,775 | 0 |
| Fees, charges | -5,042,639 | -5,745,522 | -6,212,657 | -467,135 |
| Interest and dividends from investments | -70,709 | -41,515 | -257,112 | -215,597 |
| Local authorities fuel tax, fines, infringement fees and other income | -223,923 | -232,044 | -248,459 | -16,415 |
| Applications of Operating | 25,962,183 | 27,523,978 | 28,392,925 | 868,946 |
| Payments to staff and suppliers | 26,187,341 | 27,344,342 | 28,975,357 | 1,631,015 |
| Finance costs | 684,616 | 1,013,467 | 898,711 | -114,755 |
| Other operating funding applications | -909,774 | -833,831 | -1,481,144 | -647,313 |
| Sources of Capital | -25,003,184 | -17,149,958 | -20,171,684 | -3,021,726 |
| Subsidies and grants for capital expenditure | -15,577,550 | -4,239,623 | -4,304,292 | -64,669 |
| Gross proceeds from sale of assets | -25,000 | -25,725 | -25,725 | 0 |
| Development and financial contributions | -2,446,500 | -2,133,463 | -2,133,462 | 1 |
| Increase (decrease) in debt | -6,954,134 | -10,751,147 | -13,708,205 | -2,957,058 |
| Applications of Capital | 31,080,555 | 23,997,933 | 26,849,858 | 2,851,925 |
| to meet additional demand | 1,903,500 | 2,645,505 | 2,645,505 | 0 |
| to improve the level of service | 9,463,133 | 7,473,954 | 7,602,384 | 128,430 |
| to replace existing assets | 22,240,015 | 16,053,456 | 16,070,825 | 17,369 |
| Increase (decrease) in reserves | 0 | 0 | 43,704 | 43,704 |
| Increase (decrease) of investments | -2,526,093 | -2,174,982 | 487,440 | 2,662,422 |

| Rate Type | 2021/22 Budget | 2022/23 Long Term Plan | 2022/23 Annual Plan | Annual Change % |
|--|-------------------|------------------------------|------------------------|--------------------|
| General Rate (Includes Portion of Stormwater and Solid Waste) | 6,597,821 | 7,034,552 | 6,848,579 | 3.8% |
| Uniform Annual General Charge | 1,848,324 | 2,079,566 | 2,217,123 | 20.0% |
| 3 Waters (Targeted Portion Only) | 7,530,048 | 8,259,635 | 8,259,456 | 9.7% |
| Land Transport | 6,967,319 | 7,122,495 | 7,124,055 | 2.2% |
| Solid Waste (Kerbside Collection Targeted Portion Only) | 398,986 | 430,849 | 477,885 | 19.8% |
| Total | 23,342,498 | 24,927,097 | 24,927,097 | 6.8% |

The above budgets are subject to decisions on the Regional Economic Development proposal and retention of Drop Off Centres.

Assuming the above budgets are confirmed, below is the expected impacts on four sample rate payers:

1. Urban Resident Connected to Town Water Supplies
2. Urban Resident with no Water Supply
3. Lifestyle Property
4. Farm Property

| Urban Connected Household | 2021/22 | 2022/23 Annual Plan | Var \$ to 21/22 | Var % to 21/22 |
|---------------------------|--------------|---------------------|-----------------|----------------|
| Land Value | 116,000 | | | |
| Capital Value | 455,000 | | | |
| UAGC | 309 | 372 | 63 | 20.0% |
| General | 598 | 621 | 23 | 3.8% |
| Land Transport | 257 | 263 | 6 | 2.2% |
| Refuse/Recycling | 117 | 141 | 23 | 19.8% |
| Sewerage | 837 | 882 | 45 | 5.4% |
| Stormwater | 398 | 480 | 82 | 20.6% |
| Water Supply | 848 | 940 | 92 | 10.8% |
| Total | 3,364 | 3,697 | 333 | 9.9% |

| Urban Non Connected Household | 2021/22 | 2022/23 Annual Plan | Var \$ to 21/22 | Var % to 21/22 |
|-------------------------------|------------|---------------------|-----------------|----------------|
| Land Value | 50,000 | | | |
| Capital Value | 315,000 | | | |
| UAGC | 309 | 372 | 63 | 20.0% |
| General | 414 | 430 | 16 | 3.8% |
| Land Transport | 111 | 113 | 2 | 2.2% |
| Refuse/Recycling | 117 | 141 | 23 | 19.8% |
| Sewerage | - | - | - | - |
| Stormwater | - | - | - | - |
| Water Supply | - | - | - | - |
| Total | 951 | 1,055 | 104 | 10.9% |

| Lifestyle | 2021/22 | 2022/23 Annual Plan | Var \$ to 21/22 | Var % to 21/22 |
|------------------|--------------|---------------------------|--------------------|-------------------|
| Land Value | 205,000 | | | |
| Capital Value | 650,000 | | | |
| UAGC | 309 | 372 | 63 | 20.0% |
| General | 854 | 887 | 32 | 3.8% |
| Land Transport | 455 | 465 | 10 | 2.2% |
| Refuse/Recycling | - | - | - | - |
| Sewerage | - | - | - | - |
| Stormwater | - | - | - | - |
| Water Supply | - | - | - | - |
| Total | 1,618 | 1,723 | 105 | 6.5% |

| Farm | 2021/22 | 2022/23 Annual Plan | Var \$ to 21/22 | Var % to 21/22 |
|------------------|---------------|---------------------------|--------------------|-------------------|
| Land Value | 4,240,000 | | | |
| Capital Value | 4,880,00 | | | |
| UAGC | 309 | 372 | 63 | 20.0% |
| General | 6,413 | 6,656 | 244 | 3.8% |
| Land Transport | 9,401 | 9,608 | 207 | 2.2% |
| Refuse/Recycling | - | - | - | - |
| Sewerage | - | - | - | - |
| Stormwater | - | - | - | - |
| Water Supply | - | - | - | - |
| Total | 16,123 | 16,636 | 513 | 3.2% |

The above rate samples are an estimate only. They are premised on the number of properties across the district remaining unchanged from 2021/2022 and the Quotable Valuation for each property remaining unchanged. However we know that both these premises will change between now and when the rates are struck in June 2023.

Communications and Engagement

It is expected that the 3 yearly property revaluation undertaken by Quotable Value will have a significant impact on Councils Rating Database.

Over April/May 2022 it is proposed that Council will engage with its ratepayers on 3 topics:

1. The basis for the Annual Plan Budget 2022 – what was originally budgeted in year two of the Long Term Plan, and what changes have occurred since then
2. What does the quotable revaluation mean for your properties rates, and why this change has occurred
3. What is the 3 Waters Reform, what does it mean for the region, future rates, asset ownership, existing 3 Waters debt, and future 3 Waters governance.

It is not expected that this engagement be in the form of formal consultation where Council is seeking formal submissions, but rather be an educational process.

IMPLICATIONS ASSESSMENT

This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:

- Council staff have delegated authority for any decisions made;
- Council staff have identified and assessed all reasonably practicable options for addressing the matter and considered the views and preferences of any interested or affected persons (including Māori), in proportion to the significance of the matter;
- Any decisions made will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses;
- Unless stated above, any decisions made can be addressed through current funding under the Annual Plan;
- Any decisions made are consistent with the Council's plans and policies; and
- No decisions have been made that would significantly alter the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or would transfer the ownership or control of a strategic asset to or from the Council.

NEXT STEPS

At present following is the proposed timeline leading up to the adoption of the Annual Term Plan.

| | |
|------------------|---|
| 9 December 2021 | Decisions on Regional Economic Development and Retention of Recycling Drop Off Centre's |
| 10 February 2022 | Council Workshop – Understand Impact of QV Adjustment |
| 2 March 2022 | Council Workshop – Final direction for budget settings |
| 7 April 2022 | Endorse Draft Annual Plan and community engagement plan |
| April/May 2022 | Community Engagement on budgets and 3 Waters |
| 9 June 2022 | Adoption of the Annual Plan and set Rates |

RECOMMENDATION

That, having considered all matters raised in the report, the report be noted.

6.6 MINUTES FROM REGIONAL TRANSPORT COMMITTEE AND HB CDEM GROUP JOINT COMMITTEE**File Number:** COU1-1400**Author:** Alex Walker, Mayor**Authoriser:** Monique Davidson, Chief Executive**Attachments:**

1. 30 August 2021 Confirmed CDEM Group Joint Committee Minutes  [↓](#)
2. 17 September 2021 Confirmed Regional Transport Committee Minutes  [↓](#)

RECOMMENDATION

That the report be received.



Unconfirmed

MINUTES OF A MEETING OF THE HB CIVIL DEFENCE EMERGENCY MANAGEMENT GROUP JOINT COMMITTEE

| | |
|-----------------------|---|
| Date: | 30 Aug 2021 |
| Time: | 2.32pm |
| Venue: | via Zoom |
| Present: | Cr R Barker (HBRC) – Chair Mayor S Hazlehurst (HDC) Mayor C Little (WDC) Mayor A Walker (CHBDC) – Acting Chair Mayor K Wise (NCC) |
| In Attendance: | J Palmer – Chief Executive C Dolley – HBRC Group Manager - Asset Management I Macdonald – CDEM Group Controller M Davidson – CHBDC Chief Executive K Tipuna – WDC Chief Executive N Bickle – HDC Chief Executive E Lennan – CDEM Emergency Management Advisor P Munro – HBRC Te Pou Whakarae Māori Partnerships L Pearse – CDEM Team Leader Hazard Reduction Dr S Rotarangi – NCC Chief Executive Trevor Brown – Fire & Emergency NZ (FENZ) Ian Wilson – National Emergency Management Agency (NEMA) P Martin - Senior Governance Advisor A Roets – Governance Advisor |

1. Welcome/Karakia /Apologies/Notices

Mayor Alex Walker, Acting Chair, welcomed everyone to the meeting and opened with a karakia.

2. Conflict of Interest Declarations

There were no conflicts of interest declared.

3. Confirmation of Minutes of the HB Civil Defence Emergency Management Group Joint Committee meetings held on 22 March 2021 and 28 June 2021**CDE18/21 Resolution**

Minutes of the HB Civil Defence Emergency Management Group Joint Committee meetings held on Monday, 22 March 2021 and Monday, 28 June 2021, copies having been circulated prior to the meeting, were taken as read and confirmed as a true and correct record.

**Hazlehurst/Little
CARRIED**

4. Action Items from previous HB CDEM Group Joint Committee meetings

The item was taken as read.

CDE19/21 Resolution

That the HB CDEM Joint Committee receives the "*Action Items from previous CDEM Group Joint Committee Meetings*" report.

**Walker/Barker
CARRIED**

5. Call for Minor Items not on the Agenda

There were no minor items raised.

6. Election of the Chair of the Hawke's Bay CDEM Group Joint Committee

Acting Chair Alex Walker nominated Rick Barker for the position of Chair and asked Ian Macdonald to call for other nominations and to run the election process.

There were no further nominations.

CDE20/21 Resolutions

That the Hawke's Bay CDEM Group Joint Committee:

1. Agrees that the decisions to be made are not significant under the criteria contained in Council's adopted Significance and Engagement Policy, and that Council can exercise its discretion and make decisions on this issue without conferring directly with the community or persons likely to have an interest in the decision.
2. Agrees to use voting **System A** as provided in Schedule 7, Part 1, Section 25 of the Local Government Act 2002.
3. Rick Barker was nominated by A Walker, seconded by S Hazlehurst
4. No other nominations received
6. Rick Barker was declared Chair of the Hawke's Bay CDEM Group Joint Committee.

**Walker/Hazlehurst
CARRIED**

Rick Barker assumed the Chair at 2.36pm.

7. Amendments to the Hawke's Bay CDEM Group Plan: Controller Appointments

The item was taken as read.

CDE21/21 Resolutions

That the Hawke's Bay CDEM Group Joint Committee:

1. Agrees that the decisions to be made are not significant under the criteria contained in Council's adopted Significance and Engagement Policy, and that Council can exercise its discretion under Sections 79(1)(a) and 82(3) of the Local Government Act 2002 and make decisions on this issue without conferring directly with the community and persons likely to be affected by or to have an interest in the decision.
2. Amends Appendix 5: Key Appointments of the Hawke's Bay CDEM Group Plan pursuant to section 57 of the Civil Defence Emergency Management Act 2002 and make appointments and changes to the roles of Local Controller as follows.
 - 2.1. Add the following to the Local Controller Hawke's Bay CDEM Group list: Mike Hardie
 - 2.2. Remove the following from the Local Controller Hawke's Bay CDEM Group list: Kitea Tipuna

**Little/Walker
CARRIED**

8. Napier Rain Event - Independent Operational Review and Hazard Reports

Lisa Pearce introduced the item and presentation of the Hazard report, a composite record of the facts of the event, prepared by Toa Consulting, Craig Goodier and Lisa Pearce. The report highlighted:

- Up to 250+mm of rain recorded mostly between 2pm and 8pm on 9 November 2020
- worst affected areas were Napier South, Maraenui and Pirimai
- rainfall warnings did not identify specific locations
- drainage scheme performed to its design capacity but was unable to cope with extreme rainfall intensity and volume
- power was disrupted for several days, peaking at 3300 homes being affected
- 600+ properties were assessed with 117 homes deemed to be uninhabitable
- insurance losses for properties and vehicles will exceed \$87M
- report recommendations are:
 1. Warnings received from MetService for severe rainfall should be followed up with a phone call to the duty forecaster to clarify likely locations and potential intensities
 2. Alternative power supplies should be sought for all key flood pumping assets within the Napier City network to ensure that any loss of power is minimal and does not adversely affect the performance of the drainage network
 3. NCC & HBRC should review the existing arrangements for management of the flood scheme and stormwater network to ensure the most effective integration and coordination of assets where possible.
 4. HB local authorities should utilise an independent organisation to review rainfall data and determine the return period of rainfall events in the region.

Craig Goodier delivered a presentation of the technical details of the flood event:

- analysis of and comparisons with historic significant rainfall events in Napier, the last two occurring in 2004 and 1963
- 250mm of rain over a 24 hour period recorded at Nelson Park rain gauge, peaking at 210mm over a 6 hour period.

- rain radar data indicated even higher rain intensities in other areas and the event has been assessed as being a “more than one in a 100 year” event
- an overview of how the Napier drainage system functions

Discussions traversed:

- Suggested the wording about the performance of the drainage scheme could be improved. Report authors will address this in conjunction with NCC and HBRC staff.
- Existing MoU between NCC and HBRC for managing jointly owned assets is outdated (1989) and does not include an emergency response plan. A substantive joint review of these matters is under way.

Trevor Brown from FENZ provided commentary on the Independent Operational Review Napier Floods report highlighting:

- event response considered to be well run
- a common operating platform would be beneficial
- staff CDEM training pathway is in place but not fully supported across the councils
- council staff response fatigue was apparent following lengthy Covid 19 response
- recovery functions should start as early as possible
- iwi engagement was evident; include iwi as an early partner
- establish clear communication channels early on.

CDE22/21 **Resolutions**

That the Hawke's Bay CDEM Group Joint Committee receives and notes the following reports:

1. The “Independent Operational Review Napier Floods”; and
2. The “Napier Rainfall Event November 2020 Hazards Report”
3. Some wording of the Napier Rainfall Event November 2020 Hazards Report is to be amended by the report authors. The alterations are to be jointly considered by officers from Napier City Council and Hawke’s Bay Regional Council, prior to being published.

**Walker/Wise
CARRIED**

9. **Verbal Update from NEMA**

Ian Wilson gave a brief update on matters including that NEMA is seeking feedback on the proposed new Civil Defence Emergency Management Act over the next two months.

CDE23/21 **Resolution**

That the Hawke’s Bay CDEM Group Joint Committee receives and notes the “Verbal update from NEMA” report.

**Barker/Hazlehurst
CARRIED**

10. **Group Manager's Verbal Update**

Ian Macdonald provided a brief update noting:

- tsunami awareness campaign is going well
- Latest COVID 19 resurgence response underway with an emphasis on maintaining welfare coordination. Currently a health led response with limited civil defence responsibilities and MSD directly overseeing the welfare response. NEMA advise no National State of Emergency will be declared unlike first COVID response.

CDE24/21 **Resolution**

That the Hawke's Bay CDEM Joint Committee receives and notes the "Group Manager's Verbal update" report.

**Barker/Hazlehurst
CARRIED**

11. Discussion of Minor Items not on the Agenda

There were no minor items raised.

Alex Walker closed the meeting with a karakia.

Closure:

There being no further business the Chair declared the meeting closed at 3.51pm on 30 August 2021.

Signed as a true and correct record.

DATE:

CHAIR:



Unconfirmed

MINUTES OF A MEETING OF THE REGIONAL TRANSPORT COMMITTEE

Date: Friday 17 September 2021

Time: 10.00am

Venue: Council Chamber
Hawke's Bay Regional Council
159 Dalton Street
NAPIER

Present: Cr M Williams – HBRC – Chair
Cr C Lambert – HBRC – Deputy Chair
Mayor C Little – WDC – *by zoom*
Mayor S Hazlehurst – HDC – *by zoom (joined meeting at 10.13am)*
Cr T Kerr – HDC *by zoom*
Cr K Price – NCC *by zoom*
L Stewart – NZTA *by zoom*
Cr K Taylor – CHBDC *by zoom*

In Attendance: K Brunton – HBRC Group Manager Policy & Regulation
A Palairot – Port of Napier Ltd *by zoom*
I Emmerson – Road Transport Association *by zoom*
Cr J van Beek – HBRC *by zoom*
J Palmer – HBRC CE *by zoom*
R Ashcroft- Cullen – HBRC Communications Advisor
P Martin – Senior Governance Advisor

TAG M Baker – HBRC Senior Policy Planner
S McKinley – CHBDC *by zoom*
M Hardie – WDC *by zoom*
J Hankin – NZTA *by zoom*
T Hughes – NZTA *by zoom*
S Downs – NZTA *by zoom*
J Pannu – HDC *by zoom*

1. Welcome/Karakia /Apologies/Notices

The Chair welcomed everyone to the meeting and Charles Lambert opened with a karakia.

RTC9/21 Resolution

That the apologies for absence from Matthew Broderick and Mayor Alex Walker and for lateness from Sandra Hazlehurst be accepted.

**Price/Lambert
CARRIED**

2. Conflict of Interest Declarations

There were no conflicts of interest declared.

3. Confirmation of Minutes of the Regional Transport Committee meeting held on 14 May 2021**RTC10/21 Resolution**

Minutes of the Regional Transport Committee meeting held on Friday, 14 May 2021, a copy having been circulated prior to the meeting, were taken as read and confirmed as a true and correct record.

**Kerr/Price
CARRIED**

4. Follow-ups from Previous Regional Transport Committee Meetings

The item was taken as read.

- School Bus Routes - Ministry of Transport and Ministry of Education (MoE) liaise with each other about policy matters and bus routes.
- Chair to write to local MoE in relation to rural school bus routes.

RTC11/21 Resolution

That the Regional Transport Committee receives and notes the "*Follow-ups from Previous Regional Transport Committee Meetings*".

**Lambert/Taylor
CARRIED**

5. Call for Minor Items Not on the Agenda

There were no items raised

6. Roadsafe Annual Plan

Mary Anne Baker introduced the item, with discussions covering:

- Delivery of Roadsafe Expo in October 2020 is being evaluated and a copy of the report will be circulated to Committee members
- Driver Licencing Programme (DLP) has been allocated \$90K per year and as the programme is delivered through the Road Safety programme now, the Governance Group will be disestablished and reporting will be directly to RTC

Mayor Hazlehurst joined the meeting at 10.13am

- School based driver training includes cycle safety education and the wider plan could also include road user education with a focus on cycling safety
- The Road to Zero strategy is NZ's pathway to Vision Zero

- Consultation with Ngati Kahungunu will be undertaken before service contracts for delivery of the Driver Licensing programme have been finalised to ensure they meet iwi expectations
- Evaluation of the DLP programme including reach and results to be undertaken.

RTC12/21 **Resolutions**

That the Regional Transport Committee:

1. Receives and considers the “Roadsafe Annual Plan” staff report.
2. Agrees that the decisions to be made are not significant under the criteria contained in Council’s adopted Significance and Engagement Policy, and that Council can exercise its discretion and make decisions on this issue without conferring directly with the community or persons likely to have an interest in the decision.
3. Adopts the Roadsafe Hawke's Bay Work Plan for 2021-22 as proposed subject to the inclusion of a road users education programme regarding cyclist safety.
4. Agrees to disestablish the Driver Licensing Programme Governance Group.
5. Agrees that the funding distribution for the driver licensing providers be as follows.

| Provider | Amount |
|---|----------|
| GOT Drive Community Trust | \$40,000 |
| Connecting Youth and Employment Community Trust | \$10,000 |
| Wairoa College | \$30,000 |

6. Adopts the following reporting and performance measures for the Roadsafe Work Plan.
 - 6.1. Quarterly reporting on the delivery of the Roadsafe Work Plan.
 - 6.2. Evaluation of at least four activity areas in the Roadsafe Work Plan including an evaluation of the Drivers Licencing Programme with reference to which communities, methods and outcomes were involved and achieved
 - 6.3. Reporting on the amount and any trends in the number of Deaths and Serious Injuries
 - 6.4. Survey attendees of the annual Expo with 90% of surveyed students showing an increased level of awareness of road safety messages.

**Williams/Kerr
CARRIED**

7. **Road Safetu S17a Review**

Katrina Brunton introduced the item, which was taken as read. Queries and discussions covered:

- Agreed by RTC on 12 March 2021 that the RTC would assume direct governance oversight and responsibility for the RoadSafe programme
- The review will investigate the effectiveness of the Road Safety programme, including the most effective relationship between governance and programme delivery.

RTC13/21 **Resolution**

That Hawke’s Bay Regional Council:

1. Receives and considers the “Roadsafe s17a Review Outcomes” staff report.
2. Agrees that the decisions to be made are not significant under the criteria contained in Council’s adopted Significance and Engagement Policy, and that Council can exercise its

discretion and make decisions on this issue without conferring directly with the community or persons likely to have an interest in the decision.

3. Approves the engagement of Morrison Low to undertake a Service Delivery Review of the Hawke's Bay Regional Council's Road Safety function.

Hazlehurst/Kerr
CARRIED

8. September 2021 Public Transport Update

Katrina Brunton introduced the item, which was taken as read.

- Passenger numbers adversely affected by Covid and there have been capacity issues on school buses at times
- On Demand Public Transport trial project team has been assembled and contracting process is currently under way
- Regional Sports Park inclusion in the on-demand trial is being discussed however mini buses may not be suitable so investigating alternatives
- Pettigrew Green Arena has plans to expand its facilities and could be considered as part of the trial in due course
- Total Mobility Scheme is currently being reviewed and experience from other Regional Councils is being sought.

RTC14/21 Resolution

That the Regional Transport Committee receives and notes the "*September 2021 Public Transport Update*" report.

Williams/Lambert
CARRIED

9. Transport Manager's September 2021 Report

Mary Anne Baker introduced the item which was taken as read.

- The Wairoa to Gisborne rail link continues to be an issue. It is included in the HB Regional Land Transport Plan but is not in the National Land Transport Plan
- Waka Kotahi is willing to discuss this matter further, following which the rail link will become an agenda item for a future Committee meeting.

RTC15/21 Resolution

That the Regional Transport Committee receives and considers the "*HBRC Transport Manager's September 2021 Report*" staff report.

Hazlehurst/Taylor
CARRIED

10. NZTA Central Region - Regional Relationships Director's September 2021 Report

Linda Stewart provided a presentation. Highlights and Committee feedback included:

- Waka Kotahi is looking to provide the Committee with national information, to cooperate at a high level and to have a stronger connection with HBRC staff
- Driver behaviour is being targeted via a national campaign starting in January 2022
- National Land Transport Programme has recently been approved; total budget over 3 years is \$24.3B including \$376M for HB
- Road funding includes \$42.3M for maintenance and \$43.7M for infrastructure
- Three major HB projects are being assessed, including the future of SH5
- The Committee was disappointed that its proposal for multi-modal transport on the Napier Hastings Expressway was not approved

- Waka Kotahi now considers the sealing of SH38 (Waikaremoana) a “possible” project. This is disappointing after numerous submissions over many years and the Committee will send a letter to the Chair of Waka Kotahi in support of the SH38 project
- SH5 (Napier to Taupo) speed limit review is expected to be available to Councils and Ministers in November 2021.

RTC16/21 Resolution

That the Regional Transport Committee receives and notes the “*NZTA Central Region – Regional Relationships Director’s September 2021 Report*”.

**Williams/Lambert
CARRIED**

11. Verbal Updates by Advisory Representatives

The Chair introduced the item and sought commentary which included:

- HB Cycling Governance group is looking at how they can work more closely with the Committee in future
- Whakatu Inland Freight Hub project is on hold
- Napier Port is working with the logging industry to address logging truck congestion in and around the Port
- KiwiRail will be expanding its Wairoa – Napier service from a weekend only service to a daily Monday through Friday service

RTC17/21 Resolution

That the Regional Transport Committee receives the “*Verbal Updates by Advisory Representatives*”

**Williams/Price
CARRIED**

12. Discussion of Minor Items Not on the Agenda

No items raised

Closure:

There being no further business the Chair declared the meeting closed at 11.53am on 17 September 2021 and led a closing karakia.

Signed as a true and correct record.

DATE:

CHAIRMAN:

7 PUBLIC EXCLUDED BUSINESS

Nil

8 DATE OF NEXT MEETING

RECOMMENDATION

THAT the next meeting of the Central Hawke's Bay District Council be held in 2022.

9 TIME OF CLOSURE