



**CENTRAL
HAWKE'S BAY**
DISTRICT COUNCIL

Council Meeting Agenda

Thursday, 8 May 2025

9.00am

Council Chambers,

28-32 Ruataniwha Street, Waipawa

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- 1 **WELCOME/ KARAKIA/ NOTICES**
- 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.

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.

5 CONFIRMATION OF MINUTES

Ordinary Council Meeting – 10 April 2025.

RECOMMENDATION

That the Minutes of the Ordinary Council Meeting held on 10 April 2025 as circulated, be confirmed as true and correct.

**MINUTES OF CENTRAL HAWKE'S BAY DISTRICT COUNCIL
COUNCIL MEETING
HELD AT THE COUNCIL CHAMBER, 28-32 RUATANIWHA STREET, WAIPAWA
ON THURSDAY, 10 APRIL 2025 AT 9.00AM**

UNCONFIRMED

PRESENT: Mayor Alex Walker
Deputy Mayor Kelly Annand
Cr Tim Aitken
Cr Pip Burne
Cr Gerard Minehan
Cr Brent Muggeridge
Cr Kate Taylor
Cr Exham Wichman
Pou Whirinaki Amiria Nepe-Apatu
Pou Whirinaki Piri Galbraith

IN ATTENDANCE: Doug Tate (Chief Executive)
Brent Chamberlain (Chief Financial Officer)
Mark Kinvig (Group Manager Community Infrastructure and Development)
Nicola Bousfield (Group Manager People and Business Enablement)
Jane Budge (Strategic Governance Manager)
Sophie Elliott (Resource Consents Manager)

1 OPENING KARAKIA

Her Worship, The Mayor Alex Walker opened the meeting and Cr Wichman opened with a karakia.

Her Worship, The Mayor Alex Walker also acknowledged the passing of Jimmy Churchwood and the reinstatement of the Hātuma War Memorial plaque.

2 APOLOGIES: 25.11

Moved: Cr Pip Burne
Seconded: Deputy Mayor Kelly Annand

An apology was received from Cr Jerry Greer and for lateness from Cr Tim Aitken (arriving at 9.29am). Cr Kate Taylor appeared online.

CARRIED

3 DECLARATIONS OF CONFLICTS OF INTEREST

There were no Declarations of Conflict of Interest received.

4 STANDING ORDERS

RESOLUTION: 25.12

Moved: Cr Exham Wichman
Seconded: Cr Gerard Minehan

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 21 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: 25.13

Moved: Cr Gerard Minehan

Seconded: Cr Pip Burne

That the minutes of the Ordinary Council Meeting held on 13 February 2025 as circulated, be confirmed as true and correct.

CARRIED

6 REPORTS FROM COMMITTEES

No reports were received.

7 REPORT SECTION

7.1 RESOLUTION MONITORING REPORT

PURPOSE

The purpose of this report presents the Resolution Monitoring Report. This report seeks to ensure Council has visibility over work that is progressing.

RESOLVED: 25.14

Moved: Deputy Mayor Kelly Annand

Seconded: Cr Exham Wichman

That Council notes the Resolution Monitoring report.

CARRIED

Doug Tate presented the resolution monitoring report as read, noting a HB Community Water Trust paper will be coming following an extension of the advertising period for the Trustee position.

7.2 ANNUAL PLAN 2025/26 - DIRECTION CONFIRMATION

PURPOSE

The purpose of this report is to provide elected members with an update on the progress being made on the draft Annual Plan 2025/26 and to seek confirmation of the direction of the Annual Plan budget to allow for the development of the Annual Plan 2025/26 document, proposed for formal adoption on 8 May 2025.

RESOLUTION: 25.15

Moved: Cr Gerard Minehan

Seconded: Cr Pip Burne

That Council endorses the inputs and draft budget outlined in this report, in order to develop the Draft Annual Plan 2025/26.

CARRIED

Doug Tate noted the proposed average rates increase of 7.9%, down from 14.9%, outlined in the 3-Year Plan. This resulted from a line-by-line review, focusing on infrastructure and right-sizing resourcing. Although still high for urban ratepayers and targeted rates averaging about 11.0%, and acknowledged the difficult financial times.

Questions included:

- Levels of Service – Delivery remains the same, although phasing has been incorporated particularly within three waters. Still have a huge three waters programme, acknowledging at a time of regional water considerations.
- Interest on debt is yet to start, with \$30 million loan funded coming next year, only \$900k is currently rate funded. Water is still vulnerable which is why the second supply is so crucial.
- What about consideration of interest only? – This pushes out the current challenges further. Slowing down will also likely increase costs.
- Any issues related to the new rating valuations? – Valuations only affect how the budget is divided. Overall a potential 4% drop with minor differences between urban and rural, and industrial is seeing a minor increase.
- Adjustments in land transport have been made due to the reduced NZTA FAR.
- The waterfall table needs to be explained for the community.

7.3 FEES AND CHARGES 2025-2026

PURPOSE

The matter for consideration by Council is the adoption of the Fees and Charges for 2025–2026.

RESOLUTION: 25.16

Moved: Deputy Mayor Kelly Annand

Seconded: Cr Pip Burne

That the Council:

1. **Adopts the Fees and Charges, removing the proposed consenting fees and charges, for the financial year dated 2025–2026 as set out in Attachment 1.**
2. **Gives notice pursuant to Section 103 of the Local Government Act 2002 of its intention to prescribe the fees payable for the period 1 July 2025 to 30 June 2026 in respect of certificates, authorities, approvals, consents, and services given or inspections made by the Council under the Local Government Act 2002, ~~the Building Act 2004, the Building (Infringement Offences, Fees, and Forms) Regulations 2007, the Amusement Devices Regulations 1978, the Resource Management Act 1991,~~ Health (Registration of Premises) Regulations 1966, Sale and Supply of Alcohol (Fees) Regulations 2013, the Gambling Act 2003, the Burial and Cremation Act 1964, and the Central Hawke's Bay District Council Bylaws as set out in the Fees and Charges Schedule 2025-2026.**

Division called:

In Favour: Mayor Alex Walker, and Crs Kelly Annand, Pip Burne, Tim Aitken, Gerard Minehan, Kate Taylor, Exham Wichman

Against: Cr Brent Muggeridge

THE SUBSTANTIVE MOTION WAS CARRIED 8/1

Moved: Mayor Alex Walker

Seconded: Cr Gerard Minehan

3. **Delegates to the Finance, Infrastructure and Performance Committee to adopt and approve the consenting fees and charges for the financial year dated 2025–2026.**

CARRIED

Brent Chamberlain presented the paper as read, noting:

- The changes were inflationary and in line with the Revenue and Financing Policy requirements,
- Reflective of what is happening administratively,
- The proposed animal charges allow for an education first visit and greater charges with second visits, and dog fees include administrative cost of the pound, and
- The public notice needs to be made in May at the latest, to meet the 1 month notice period prior to the beginning of the financial year.

Questions were raised associated with the consenting fees and charges, including:

- The proposed concurrent consent – Land use and subdivision, previously was one consent, now proposed a minimum fee to cover both consents.
- General ratepayers were paying more. A lot of administration wasn't being covered and to reflect the user pays model proposed increases are recommended.
- Changes to the public/private split would require amending the policy settings.
- The changes haven't reflected the Smart Growth considerations and cost of development.
- Need more examples from neighbouring councils and what this means for the development community.

- Agreement was reached that further consideration of the consenting fees and charges was needed. A further paper will be brought to the Finance, Infrastructure & Performance Committee on the 24 April 2025.

The Mayor suspended the meeting at 10.22am for further advice.

The meeting resumed at 10.35am.

7.4 ELECTORAL WORKING GROUP REFORM FEEDBACK AND SUBMISSION

PURPOSE

To note Central Hawke's Bay District Council's submission made to Local Government New Zealand's Electoral Reform Working Group and consider a further submission on the working groups draft recommendations for electoral reform in New Zealand.

RESOLUTION: 25.17

Moved: Deputy Mayor Kelly Annand

Seconded: Cr Exham Wichman

That Council notes the submission made to Local Government New Zealand's Electoral Reform Working Group in January 2025 and considers a further submission on its draft recommendations.

CARRIED

Jane Budge presented the paper as read. There was agreement to make a further submission noting At-large areas can be similarly large as Māori wards/constituencies, and incompetency comments from Central Government undermine the good work of local government.

7.5 LOCAL GOVERNMENT NEW ZEALAND (LGNZ) FOUR-MONTHLY REPORT FOR MEMBERS - NOV 2024 - FEB 2025

PURPOSE

To present and note the Local Government New Zealand (LGNZ) Four Monthly Report for Member Councils for the period of November 2024 – February 2025.

RESOLUTION: 25.18

Moved: Cr Gerard Minehan

Seconded: Cr Pip Burne

That Council notes the LGNZ Four-monthly report for members November 2024 – February 2025.

CARRIED

Doug Tate presented the report as read. It was noted seven councils have left and a key priority is seeking these members back.

7.6 MINUTES FROM COMMITTEE MEETINGS MARCH 2025**PURPOSE**

To receive the draft unconfirmed minutes from:

1. **The Chief Executive Performance & Employment Committee meeting held on 6 March 2025; and**
2. **The Risk & Assurance meeting held on the 12 March 2025.**

RESOLUTION: 25.19

Moved: Cr Exham Wichman

Seconded: Deputy Mayor Kelly Annand

That Council receives:

1. **The draft unconfirmed Chief Executive Performance & Employment Committee minutes from the meeting held on 6 March 2025; and**
2. **The draft unconfirmed Risk & Assurance minutes from the meeting held on the 12 March 2025.**

CARRIED

7.7 REPORTS FROM JOINT COMMITTEES JANUARY - MARCH 2025**PURPOSE**

This report presents the confirmed minutes of the Hawke's Bay Civil Defence Emergency Management Group Joint Committee – 27 January 2025 meeting.

RESOLUTION: 25.20

Moved: Cr Gerard Minehan

Seconded: Cr Pip Burne

That the confirmed minutes from the Hawke's Bay Civil Defence Emergency Management Group Joint Committee, 27 January 2025 meeting be received.

CARRIED

8 CHIEF EXECUTIVE REPORT

8.1 THIRD QUARTER ORGANISATION REPORT: 1 JANUARY - 31 MARCH 2025

PURPOSE

The purpose of this report is to present to Council the Third Quarter Organisation report from 1 January - 31 March 2025.

This third quarter report highlights the work programmes, alongside the non-financial Levels of Service adopted through the Three Year Plan on June 30, 2024.

RESOLUTION: 25.21

Moved: Cr Brent Muggeridge

Seconded: Cr Gerard Minehan

That Council notes the Third Quarter Organisation Report (1 January - 31 March 2025).

CARRIED

Doug Tate presented the report as read, noting this quarter was all about delivery. This was commended.

6 DATE OF NEXT MEETING

RESOLUTION: 25.22

Moved: Deputy Mayor Kelly Annand

Seconded: Cr Gerard Minehan

That the next meeting of the Central Hawke's Bay District Council be held on 8 May 2025.

CARRIED

9 PUBLIC EXCLUDED BUSINESS RESOLUTION TO EXCLUDE THE PUBLIC

RESOLUTION: 25.23

Moved: Cr Brent Muggeridge

Seconded: Cr Pip Burne

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
9.1 - PE Council Unconfirmed Minutes 31 October 2024	s6(b) - the making available of the information would be likely to endanger the safety of any person s7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making	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

	<p>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)(f)(i) - free and frank expression of opinions by or between or to members or officers or employees of any local authority</p>	section 6 or section 7
9.2 - Public Excluded Minutes from the Risk & Assurance Committee Meeting held on 12 March 2025	<p>s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p> <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)(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
9.3 - Public Excluded Resolution Monitoring Report	<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
9.4 - Public Excluded CE Employment and Performance Minutes	s7(2)(a) the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons.	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
9.5 - Public Excluded CE Employment and Performance Recommendation	s7(2)(a) the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons.	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

CARRIED

RESOLUTION: 25.24

Moved: Cr Gerard Minehan

Seconded: Deputy Mayor Kelly Annand

That Council moves out of Closed Council into Open Council.

CARRIED

9 TIME OF CLOSURE

The Meeting closed at 12.04pm.

The minutes of this meeting will be confirmed at the next Central Hawke's Bay District Council meeting to be held on 8 May 2025.

.....
CHAIRPERSON

6 REPORTS FROM COMMITTEES

There were no reports received.

7 REPORT SECTION

7.1 ADOPTION OF THE ANNUAL PLAN 2025/26

File Number: COU1-1400

Author: Brent Chamberlain, Chief Financial Officer

Authoriser: Doug Tate, Chief Executive

Attachments: Attachments will follow under separate cover

PURPOSE

To adopt Council's Annual Plan 2025-2026.

RECOMMENDATIONS

That Council:

- 1. Adopts the Annual Plan 2025-2026 in accordance with section 95 of the Local Government Act 2002.**
- 2. Delegates responsibility to the Chief Executive to approve the final edits required to the Annual Plan in order to finalise the documents for printing and distribution.**

EXECUTIVE SUMMARY

As part of the purpose of Local Government, Council prepares an Annual Plan based on the relevant year of the current Long-term Plan (or in this case the Three-Year Plan (3YP)) and following consultation if there are significant or material changes for that year.

In this case, Council has deemed the draft Annual Plan is not substantially different from year two of the 3YP, and a continuation of the Road to Recovery levels of service. As such Council does not need to consult on this plan and has chosen not to.

Balancing affordability with continuing investment in our most urgent priorities has shaped our Annual Plan 2025/2026.

Despite the many challenges we have faced in recent years, there is reason for confidence in our strategy.

In 2024, we prioritised our existing and new expenditure on three key urgent priorities in the Three Year Plan 2024-2027: Land Transport, Critical Three Waters Investment and Recovery.

This prudent and pragmatic approach, coupled with key changes led by the organisation, has set us up for our 2025/26 Annual Plan, with an average rating increase of 7.9 per cent

This year's rates have been complicated by the September 2024 revaluation of the district. Most properties have seen a uniform decline in value of approximately 9% since 2021. However, whilst property values have fallen, the proportionate share of the rates remains unchanged.

BACKGROUND

Under Section 95 of the Local Government Act 2002 (LGA) Council must adopt an Annual Plan in the years between the Long-term Plan, years two and three.

The Annual Plan sets out Council's activities, plans and budgets for the year and must be adopted before the beginning of the financial year it relates to.

If there are significant or material changes to what was signalled in the 3YP then Council is required to consult with the public on those changes. In this case, the levels of service proposed to be delivered in the 3YP will still be delivered - albeit for less money. Therefore, Council has chosen not to formally consult. Although they will engage with community alongside proposed consultation on other matters.

The budget setting process began in October 2024. The 2025-2026 financial year covers Year 2 of the 3YP that proposed a rates increase of 14.9%.

This was on the back of:

- Inflation of 3.5% pa.
- Loan servicing of debt particularly relating to water services at higher interest rates compared to recent years.
- Step change in Land Transport (higher cost of doing business and inflation).
- The expiry of the of Better Off External Funding (one off external funding that was used last year to reduce rate rises relating to stormwater).
- Continuation of Recovery from Cyclone Gabrielle – with a focus on repairing the district's roading network and setting up and equipping community hubs in readiness for the next event. The later of these recovery activities is externally funded through grants.

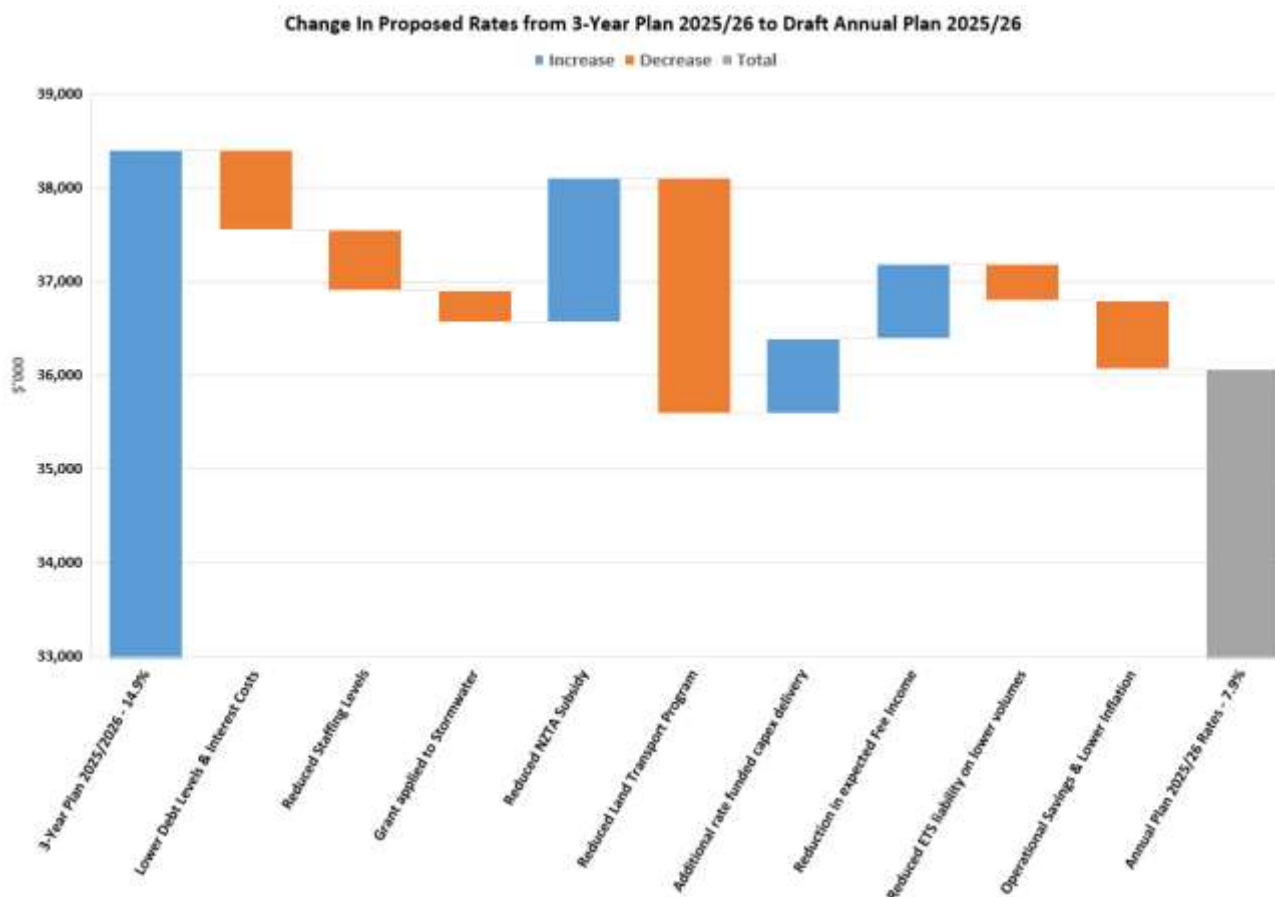
The revised draft Annual Plan 2025-2026 budget now sets out an average rating increase of 7.9%.

This average however remains distorted as outlined in our 3YP, with increases significantly higher in the urban areas as a result of higher increases in the three waters targeted rate and lower impacts to those ratepayers in the rural area. This disproportionate increase continues to reiterate the importance a long-term solution that addresses three waters affordability challenges not just for the district, but across New Zealand.

Council officers have worked to get the average rate increase down from the forecast 14.9% to 7.9% through the following initiatives:

- Reduced inflationary increases from 3.5% down to 2.5% pa.
- Reduced Councils cost of funds from 4.75% down to 4.55% pa.
- Reviewed capital expenditure phasing.
- Completed an organisational restructure to ensure Council Staffing levels align with economic conditions and Council priority areas.
- Undertaken a line-by-line review of all Council costs.
- Pursued external funding where possible to replace lower fees due to economic downturn.
- Confirmed solid waste assumptions relating to the operation of the District Landfill.

This can be seen graphically below moving from the proposed rate under the 3YP on the left across to the newer / lower proposed rate on the right:



What this has meant is the General Rate increase is now down to 4.3%. However, due to the Three Waters capital programme and associated debt levels of that capital programme, the Targeted Rate increase remains at 14.2%. Again, while lower than forecast these will still have a significant impact to households.

This years rates will also be the first year that rates will be based on the September 2024 revaluation of the district. Most properties have seen a uniform decline in value of approximately 9% since 2021 with the exception of industrial properties which have increased slightly, and coastal properties that remain unchanged. Pōrangahau township, at September 2024, was also still impacted by Cyclone Gabrielle's land categorisation status.

DISCUSSION

Adding to the complexity of this years proposed rating calculations is the three-yearly rating valuations that have recently been prepared for all 8,904 properties in the district by independent valuers Quotable Value (QV) on behalf of Central Hawkes Bay District Council. They reflect the likely sale price on 1 September 2024 of the property, not including chattels.

Since the last revaluation in 2021, the value of residential housing has decreased by an average of 9%. The average house value is now at \$585,000, while the corresponding average residential land value has decreased by 19% to \$175,000.

Central Hawkes Bay District Council sets its rates based on a number of factors:

- General Rate and Stormwater Rates – is calculated on capital value.
- Land Transport (Roding) – is calculated on land value.

- Uniform Annual General Charge – based on the number of dwellings per property.
- Targeted Rates (Water, Sewer, Refuse, Recycling) – based on access to service.

While the districts land and capital values have fallen, the cost of operating the Council hasn't. The land and capital values are used to distribute Council's costs on a proportionate basis. In simple terms if your personal properties land value represents 1% of the entire districts land value then your land transport rate will present 1% of Council's Land Transport budget.

Assuming the decline in rateable valuations from 2021 to 2025 has been even across the district a property that was 1% of the district in 2021 will still be 1% of the district in 2024. So, while your property value has fallen, your proportionate share of the rates remains unchanged.

On the whole, most properties have moved in valuation by similar levels with the exception of industrial properties which have increased slightly, and coastal properties that remain unchanged. Pōrangahau township, at September 2024, was also still impacted by Cyclone Gabrielle's land categorisation status.

Below are some sample ratepayers showing the impacts of QV rating valuation change and impacts of rural versus urban properties connected to water services:

Urban Residential	Category	Land Value	Capital Value	QV % Change	Actual Total Rates 2024/25	Proposed Total Rates 2025/26	\$ Change	% Change
Waipukurau	Low	124,000	385,000	-10.5%	4,198	4,622	423	10.1%
Waipukurau	Medium	210,000	540,000	-11.5%	4,712	5,094	382	8.1%
Waipukurau	Medium	200,000	670,000	-13.0%	4,970	5,320	351	7.1%
Waipukurau	High	180,000	850,000	-13.3%	5,255	5,621	366	7.0%
Waipukurau	High	250,000	1,020,000	-13.6%	5,774	6,088	315	5.4%
Waipawa	Low	132,000	520,000	-5.5%	4,409	4,894	485	11.0%
Waipawa	Medium	136,000	500,000	-5.7%	4,386	4,865	479	10.9%
Waipawa	High	155,000	630,000	-7.4%	4,673	5,151	478	10.2%
Waipawa	High	315,000	900,000	-10.0%	5,546	5,995	449	8.1%
Townships	Category	Land Value	Capital Value	QV % Change	Actual Total Rates 2024/25	Proposed Total Rates 2025/26	\$ Change	% Change
Otāne		255,000	560,000	-11.1%	4,673	5,153	480	10.3%
Pōrangahau	Low	135,000	250,000	-31.5%	3,734	4,090	356	9.5%
Pōrangahau	High	125,000	575,000	-22.3%	4,163	4,477	314	7.5%
Takapau		120,000	460,000	-4.2%	4,134	4,637	503	12.2%
Takapau		175,000	550,000	-9.8%	3,164	3,473	309	9.8%
Takapau	Lifestyle	530,000	830,000	-6.7%	3,998	4,347	350	8.7%
Tikokino		170,000	560,000	-5.1%	1,690	1,681	-9	-0.5%
Onga Onga		150,000	580,000	-4.9%	1,651	1,665	14	0.9%
Coastal Residential	Category	Land Value	Capital Value	QV % Change	Actual Total Rates 2024/25	Proposed Total Rates 2025/26	\$ Change	% Change
Blackhead		350,000	690,000	0.0%	1,984	2,081	97	4.9%
Kairakau		340,000	830,000	0.0%	3,412	3,817	405	11.9%
Mangakuri		610,000	1,100,000	-13.4%	3,164	3,134	-30	-1.0%
Te Paerahi	Low	295,000	450,000	0.0%	4,198	4,673	475	11.3%
Te Paerahi	Medium	450,000	810,000	0.0%	4,913	5,445	533	10.8%

Rural	Category	Land Value	Capital Value	QV % Change	Actual Total Rates 2024/25	Proposed Total Rates 2025/26	\$ Change	% Change
District	Lower	322,000	331,000	-10.3%	1,065	1,083	18	1.7%
District	Lower	850,000	1,240,000	-17.3%	4,070	3,770	-300	-7.4%
District	Lower	980,000	1,038,000	-19.2%	4,091	3,786	-305	-7.5%
District	Medium	4,140,000	4,790,000	-8.8%	14,659	15,042	383	2.6%
District	High	8,350,000	9,450,000	-7.4%	28,185	29,614	1,429	5.1%
District	High	7,000,000	8,800,000	-7.1%	25,196	26,001	805	3.2%
Aramoana	High	6,200,000	6,970,000	14.8%	13,049	14,048	998	7.6%
Ruataniwha	High	3,570,000	3,800,000	16.6%	9,582	12,619	3,037	31.7%
Ruahine	High	13,700,000	14,700,000	-9.3%	46,102	47,289	1,186	2.6%
Ruahine	Medium	2,710,000	3,520,000	-7.9%	10,204	10,485	282	2.8%
Commerical/Industrial	Category	Land Value	Capital Value	QV % Change	Actual Total Rates 2024/25	Proposed Total Rates 2025/26	\$ Change	% Change
Waipukurau	Commercial	305,000	760,000	-7.3%	10,898	12,218	1,321	12.1%
Waipawa	Commercial	105,000	143,000	-2.1%	3,726	4,212	486	13.0%
Waipukurau	Industrial	415,000	850,000	18.1%	6,332	7,534	1,201	19.0%

The table below sets the proposed Funding Impact Statement that has led to the proposed 7.9% rates increase.

	Annual Plan 2025 \$0	Three-Year Plan 2026 \$0	Annual Plan 2026 \$0
Revenue			
General Rates	21,335	23,701	22,263
Targeted Rates	12,083	14,705	13,805
Total Rates	33,418	38,407	36,067
Subsidies and grants	7,024	6,478	5,889
Fees and charges	6,151	6,704	5,913
Interest & dividends	181	186	217
Other revenue	336	216	250
Total revenue	47,109	51,990	48,337
Expenditure			
Personnel costs	11,918	12,644	11,993
Suppliers	52,483	55,114	45,452
Finance costs	3,200	3,947	3,090
Other operating expenses	(1,700)	(1,758)	(1,777)
Total operating expenditure	65,901	69,947	58,759
Net Operating Surplus/(Deficit)	(18,792)	(17,957)	(10,421)
Sources of Capital			
Subsidies and grants for capital expenditure	28,151	29,815	22,192
Gross proceeds from sale of assets	60	62	50
Development and financial contributions	2,272	2,570	1,416
Increase (decrease) in debt	16,432	17,543	24,249
Total source of capital	46,914	49,989	47,907
Applications of Capital			
to meet additional demand	1,366	451	901
to improve the level of service	7,970	10,111	14,430
to replace existing assets	19,711	22,095	24,767
Increase (decrease) in reserves	225	375	225
Increase (decrease) of investments	(1,150)	(1,000)	(2,837)
Total applications of capital	28,122	32,032	37,486
Total	(0)	0	0

Council has managed to maintain its 3YP levels of service but intends to deliver them for less (7.9% increase versus 14.9%) through cost savings, use of grants, rephasing its capital expenditure and right sizing services for the prevailing economic conditions at present. This is a good result.

The table below shows the prospective Balance Sheet as at 30 June 2026:

	Annual Report 2024 \$000	Annual Plan 2025 \$000	Three-Year Plan 2026 \$000	Annual Plan 2026 \$000
Assets				
Current assets				
Cash and cash equivalents	6,839	6,444	5,594	7,054
Trade and other receivables	10,280	7,933	7,950	10,315
Prepayments	369	306	306	369
Stock on Hand	25	26	26	25
Current Investments	1,161	843	843	388
Total current assets	18,674	15,552	14,719	18,151
Non-current assets				
Investments	799	752	977	1,515
Property, plant and equipment and Intangibles	1,083,165	1,127,291	1,177,352	1,212,144
Total non-current assets	1,083,964	1,128,043	1,178,329	1,213,659
Total assets	1,102,638	1,143,595	1,193,048	1,231,810
Liabilities				
Current liabilities				
Trade and other payables	15,745	14,155	14,172	15,786
Employee entitlements	827	652	652	793
Current Public Debt	11,530	10,372	12,372	11,530
Total current liabilities	28,102	25,179	27,196	28,108
Non-current liabilities				
Non-Current Public Debt	33,000	55,670	71,210	71,732
Provisions for Landfill Closure & Carbon Credits	4,100	3,055	3,092	3,915
Total non-current liabilities	37,100	58,725	74,302	75,647
Total liabilities	65,202	83,904	101,498	103,756
Equity				
Special & Other Funds	7,097	5,173	4,979	6,336
Trust Funds	189	186	186	189
Revaluation Reserve of Assets	751,589	792,518	826,193	877,918
Ratepayers' Equity	278,561	261,814	260,193	243,611
Total equity	1,037,436	1,059,691	1,091,551	1,128,055
Total Liabilities and Equity	1,102,638	1,143,595	1,193,048	1,231,810

What this shows is that Council continues to invest in its infrastructure assets (Property, Plant, and Equipment) – both roading recovery and water services (adding both resilience and enhanced compliance).

Public Debt (both current and non-current) is forecast to grow to \$83.2m which is in line with the 3YP despite the capital expenditure forecast to exceed the third year (2016) of the 3YP. This is because much of the planned 2025 capital programme has been deferred to 2026 while the new water standards implications are fully understood. A large part of this debt relates to three waters activity, and depending on consultation on Local Water Done Well may or may not be transferred to a new Council Controlled Water Entity in future years.

RISK ASSESSMENT AND MITIGATION

The Annual Plan has been developed in a period of uncertainty regarding the future of Water Services and the future direction of the economy, and stabilising still remains ambiguous.

Council believes the proposed budget reflects the current economic conditions and the likely level of activity and fees and charges that can be expected to be delivered in the coming year.

Council has assumed that Waka Kotahi will continue to pay 89% of roading recovery for another year, and the projects identified will be supported. Should this prove to be incorrect the roading repair programme will need to be scaled back to match the available funding.

The other risk in this budget assumption is the level of debt at year end. Currently, this is under Council's self-imposed debt cap. However, this is helped by higher-than-normal levels of external funding and without this a credit rating may be required.

Affordability of water services for our 4,400 connected properties continues to be a concern and while Local Water Done Well will assist this affordability issue, it will not solve it. Having only 4,400 properties paying for years of deferred maintenance and compliance issues is simply unaffordable long term and will require funding assistance beyond Central Hawkes Bay Districts rate payers.

STRATEGIC ALIGNMENT

This paper considers the financial wellbeing of Central Hawke's Bay residents, while still ensuring it is providing robust, fit for purpose durable infrastructure that the district can be proud of, for the future.

The Annual Plan proposed here seeks to balance the social and economic burden that many of our ratepayers will be experiencing, whilst also as a Council recognising our need to take a leadership role in acting as an economic stimulus and Cyclone recovery agent for the district.

DELEGATIONS OR AUTHORITY

Under the Local Government (Rating) Act 2002 and Local Government Act 2002 Council must adopt their Annual Plan (budget) by the 30 June each year to allow for the "rates strike" to occur before the first rates notices are prepared. It is proposed that Council will strike the rate at its meeting on Thursday, 5 June 2025.

SIGNIFICANCE AND ENGAGEMENT

In accordance with the Council's Significance and Engagement Policy, this matter has been assessed of high significance because it affects the ability of the Council to meet its statutory purpose and is fundamental to how the Council will fund these activities over the next year. This matter impacts all the residents and ratepayers of the Central Hawke's Bay District.

If there are significant or material changes to what was signalled in the 3YP then Council is required to consult with the public on those changes. In this case, Council is not required to consult because the Annual Plan is not materially different from Year two of the 3YP. However, Council will engage with community alongside other engagement matters including Local Water Done Well and Rooding Recovery through May and June.

OPTIONS ANALYSIS

Council has two options:

Option 1 – Adopt the Annual Plan

Adopt the Annual Plan 2025-2026 in accordance with section 95 of the Local Government Act 2002, and delegate responsibility to the Chief Executive to approve the final edits required to the Annual Plan in order to finalise the documents for printing and distribution.

Option 2 – Does not adopt and makes changes

Does not adopt the Annual Plan 2025-2026 and gives officers guidance on which amendments are needed. An amended timeframe will be required for the adoption of the Annual Plan. This option is not recommended.

Recommended Option

This report recommends option number one, Adopt the Annual Plan for addressing the matter.

NEXT STEPS

Following the adoption of the Annual Plan, Council will set the rates for the year of the Annual Plan and this will be brought to Council in June 2025 to approve.

The Chief Financial Controller, in conjunction with the Chief Executive will make any minor amendments and distribute the Annual Plan as required.

Should Council resolve to not adopt the Annual Plan, officers will be requiring guidance on what amendments are needed. An amended timeframe will be required for the adoption of the Annual Plan.

7.2 ADOPTION OF LOCAL WATER DONE WELL CONSULTATION DOCUMENT

File Number:**Author:** Doug Tate, Chief Executive**Authoriser:** Doug Tate, Chief Executive**Attachments:** Attachments will follow under separate cover

PURPOSE

The purpose of this report is to present and seek approval of the Consultation Document (CD) for consultation on Central Hawke's Bay District Council's response to Local Water Done Well (LWDW)

RECOMMENDATION

That Council:

1. **Adopts the Local Water Done Well Consultation Document (attached)**
2. **Notes that the options, along with the preferred option, identified in the Consultation Document were endorsed at the 24 April Finance Infrastructure and Performance Committee meeting**
3. **Delegates to the Chief Executive approval to make minor changes and edits to the consultation document for minor corrections and formatting.**

EXECUTIVE SUMMARY

The Local Government (Water Services Preliminary Arrangements) Act 2024 (the Act) requires councils to produce a Water Services Delivery Plan (WSDP) by 3 September 2025. In accordance with the Act Council must consult with community on at least two options for future delivery of water services.

Council's preferred option is the Regional (Joint) Water Services CCO which aligns with Councils fundamental strategic philosophy of 'Together we Thrive' of durable infrastructure for the long-term benefit of the community. This will play a vital role in having a prosperous and connected community which can embrace growth and prosperity.

This paper seeks the adoption of the Consultation document which has been drafted by Regional Recovery Agency (RRA), with amendments reflecting Central Hawke's Bay's specific focus areas. The consultation will run from Monday, 12 May to Sunday, 15 June 2025 and these dates are consistent across the Hawke's Bay.

Consultation with community is an important first step forward for water delivery in Hawke's Bay. In Central Hawke's Bay, the Government's Local Water Done Well policy is not a silver bullet to reduce costs for connected residents. However, it is a start to reducing the costs our district faces for the major investment required.

BACKGROUND

The Local Government (Water Services Preliminary Arrangements) Act 2024 (the Act) requires councils to produce a Water Services Delivery Plan (WSDP) by 3 September 2025. Part of this requirement is that Council consider and consult with community on at least two options for future delivery of water services.

The Act specifies that consultation is mandatory on the Council's proposed model or arrangement for its water service delivery, but optional on the balance of the WSDP. However, a streamlined

consultation is outlined in the Act, simplifying the process to assist with the preparation, consultation, and adoption of a WSDP. This consultation process replaces the Part 6 of the LGA provisions.

The Act also specifies the information that must be provided about the proposed delivery model during consultation. These include:

1. Specifying the proposed model or arrangements for delivering water services and the reasons for it.
2. An analysis of the advantages and disadvantages of at least two options (including the proposed arrangements/model) that have been considered; one of these is expected to be a status quo approach. Council may decide to include analysis of additional options.
3. Potential impacts of proceeding or not proceeding with the proposal, including on rates, debt, levels of service, and any charges for water services.
4. For a joint model, the implications for communities and accountability arrangements for communities throughout the joint service area.

Council, at its Finance, Infrastructure and Performance 24 April 2025 meeting, endorsed the three options and its preferred option for Water Services delivery for inclusion in the Consultation Document. This report can be found [here](#).

While the resulting regional model still sees significant forecast increases for Central Hawke's Bay residents, it is the most cost effective and beneficial option to the district long term. It also provides the opportunity to explore other opportunities associated with scale, including how costs can be reduced for Central Hawke's Bay residents. This is particularly important, where even with forecast efficiencies, significant increases in water costs are still required to meet the Government's legislation and proposed regulation for water services.

Having confirmed the options, a consultation document has been prepared with the draft being provided in workshop for consideration and feedback.

DISCUSSION

The Consultation Document is based on the regional document that has been prepared by the Regional Recovery Agency (RRA), with amendments being made to reflect the specific focus areas of Central Hawke's Bay.

The consultation will run from Monday, 12 May to Sunday, 15 June 2025. It is intended that these dates will be consistent across the Hawke's Bay.

Dates for public meetings and engagement will shortly be confirmed, with venues being confirmed at the time of writing. The public meetings will be part of a districtwide community conversation roadshow. It also provides the opportunity to connect with community on the Annual Plan 2025/2026, Land Transport Roadway Recovery and Local Water Done Well – each session being tailored to the communities of interest.

The Consultation Document provides background to the LWDW legislation, the three options and the preferred option, along with the next steps for consultation.

RISK ASSESSMENT AND MITIGATION

A key risk is that our Consultation Document does not align with our regional partners that form part of the proposed Water Entity that informs Council's preferred option. The regional Councils will confirm their decisions at a similar time to Council.

STRATEGIC ALIGNMENT

The development of a Regional (Joint) Water Services CCO for the region aligns directly with Council's fundamental strategic philosophy of 'Together we Thrive'. Working together across the

region demonstrates that Central Hawke's Bay and the wider Hawke's Bay region will benefit, based on the financial modelling and non-financial analysis completed.

The adoption of the consultation document is another important step to progress the Local Water Done Well Policy for Council.

DELEGATIONS OR AUTHORITY

Council has the authority to make this decision.

SIGNIFICANCE AND ENGAGEMENT

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

In response to this Council will progress with the mandated consultation process in accordance with the Act.

OPTIONS ANALYSIS

Three possible options available to Council include:

Option 1 – Adopt the Consultation Document

Council adopts the consultation document and its recommendations, noting this provides delegation for minor edits to the Chief Executive.

Option 2 – Adopt the Consultation Document with amendments

Council adopts the Consultation Document with more substantial amendments that may be by way of additional resolutions.

Options 3 – Reject the Consultation Document and request further work from Officers

Council rejects the Consultation Document and requests further work from officers to amend or substantially change the consultation document. Council may choose to make further resolutions on the points to be reworked.

	<u>Option 1</u> Adopt the Consultation Document	<u>Option 2</u> Adopt the Consultation Document with amendments	<u>Option 3</u> Reject the Consultation Document and request further work from Officers
Financial and Operational Implications	There are no new implications from this decision.	Relative to the amendments, there should be no major implications.	This option is likely to have implications, meaning Council could miss consultation timeframes and proposed regional timelines. There is also the resource and cost associated with major rework.
Long Term Plan and Annual Plan Implications	There are no new implications from this decision.	Relative to the amendments, there should be no major implications.	Relative to the further work, there may be no annual plan implications.
Promotion or Achievement of Community Outcomes	This option provides the opportunity to give feedback on progressing this important decision for community.	This option provides the opportunity to give feedback on progressing this important decision for community.	Relative to the further work required, this option could continue to align with Councils

	<u>Option 1</u>	<u>Option 2</u>	<u>Option 3</u>
	Adopt the Consultation Document	Adopt the Consultation Document with amendments	Reject the Consultation Document and request further work from Officers
Statutory Requirements	The LWDW legislative framework has specific requirements and expectations of Council, set out in the report of 24 April 2025.	The LWDW legislative framework has specific requirements and expectations of Council, set out in the report of 24 April 2025.	The LWDW legislative framework has specific requirements and expectations of Council, set out in the report of 24 April 2025.
Consistency with Policies and Plans	This approach supports Councils previous position on water and addresses key issues for Council.	Relative to the changes, this approach supports Councils previous position on water and addresses key issues for Council.	Relative to the further work completed, this approach could be consistent with policies and plans of Council.

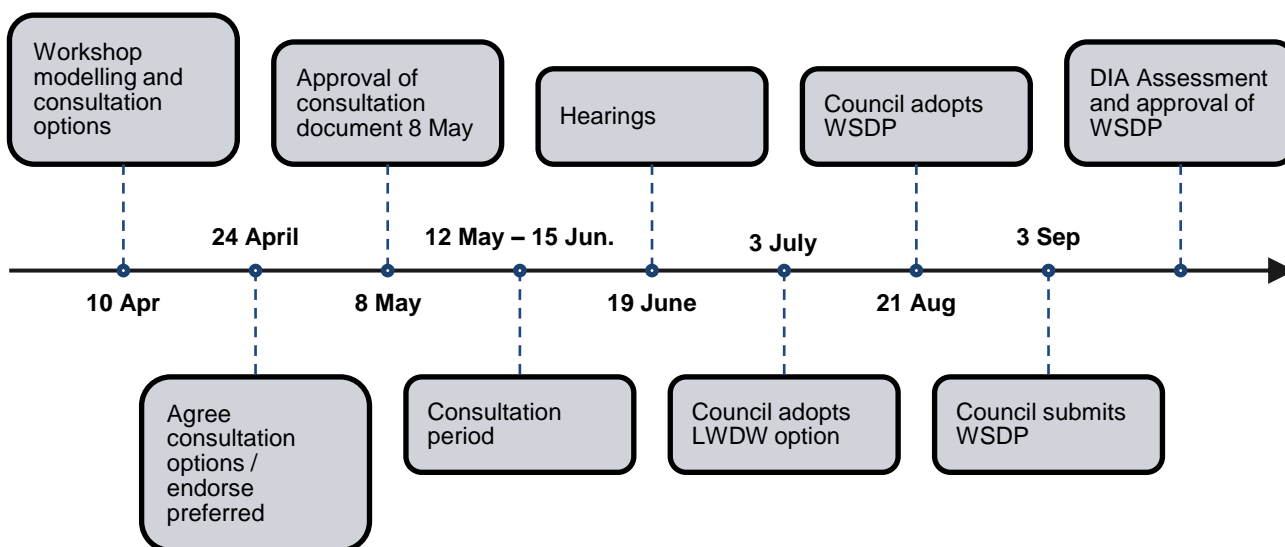
Recommended Option

This report recommends **Option 1 – Adopt the Consultation Document** for addressing the matter. This is an important first step for water delivery in Hawke's Bay.

NEXT STEPS

Following the adoption of the Consultation Document, a programme of community engagement and consultation is proposed.

The next key dates previously reported to Council at the 24 April Committee meeting are outlined below.



The notable dates in this include proposed hearings of submissions on 19 June, followed by deliberations and confirmation of its preferred option on 3 July 2025.

This will provide a short window to then finalise the Water Service Delivery Plan, to meet the legislative requirement of 3 September 2025 to have a plan submitted. This window, despite short will require significant work including working regionally to confirm governance arrangements and to regionally negotiate any outstanding matters that may arise.

7.3 MATARIKI REVIEW OF REGIONAL STRUCTURES

File Number:**Author:** Doug Tate, Chief Executive**Authoriser:** Doug Tate, Chief Executive**Attachments:** 1. Review of Regional Structures Recommendations and Actions [↓](#)**PURPOSE**

To receive the Matariki Governance Group's review of the Hawke's Bay Regional Structures and notes the recommended changes. Also directs the Chief Executive to create fit-for purpose internal processes to support Council's MGG representative.

RECOMMENDATIONS**That Council:**

1. Notes that the Matariki Governance Group (MGG), in its capacity as shareholder representative, has accepted the recommendations of the '*Review of Regional Structures, Recommendation Report*', dated 14 April 2025.
2. Notes that the key decisions and areas of engagement for Council will be related to the following:
 - a. Contributing to the development, and endorsement, of the 'regional priorities' approach and Letters of Expectation that will guide the delivery, monitoring, and evaluation of regional priorities and outcomes we want for our communities.
 - b. Agreement to ongoing funding for HBREDA based on the "regional priorities" approach and strengthened accountability disciplines that meet local government legislative requirements.
 - c. Confirming and agreeing the Terms of Reference of MGG and any delegations provided by Councils.
3. Directs the Chief Executive to create fit-for purpose internal processes to support Council's MGG representative (currently the Mayor). This includes:
 - a. Supporting Council's MGG representative, to provide more structured updates and reporting on MGG and the delivery of regional priorities to Council.
 - b. Nominating a Senior council officer to be responsible for MGG co-ordination with Council. This role will support the Mayor and Chief Executive to participate effectively in MGG discussions and for sharing and disseminating MGG-related information (e.g. papers supporting MGG discussion and minutes) to support coordination and alignment of, and with, identified shared regional priorities.
 - c. Creating a regular (e.g. annual) process to consider key regional priorities from Council's perspective. This information would be used to inform MGG consideration of shared regional priorities.
 - d. Creating an annual process to consider Council feedback on the Letter of Expectation for HBREDA.
 - e. Building, with MGG and HBREDA an efficient and comprehensive reporting process whereby Council is provided with performance and outcome reporting on the activities delegated to MGG and/or HBREDA so Council can execute its responsibilities under the Local Government Act (LGA).

EXECUTIVE SUMMARY

In October 2024, the Matariki Governance Group (MGG) agreed to undertake a review on the future structure required for the region to deliver on its priorities. This review came about from the changing operating environment influenced by Central Government reforms and its future 'Regional Deals'; further issues included:

- the constrained fiscal environment Hawke's Bay Councils find themselves in post-Cyclone Gabrielle.
- the Hawke's Bay Regional council's (HBRC) HB Tourism funding finishing on 30 June 2025.
- Central Government's HB Regional Recovery Agency (RRA) funding expiring from March 2026.
- the Hawke's Bay Regional Economic Development Agency (HBREDA) expiring at the end of the 2024/25 fiscal year; and
- the fact that for the past two years the region has operated with two parallel regional development agencies – HBREDA and the RRA.

This scope of the 'Review of Regional Structures' included consideration of:

- Current and future priority areas of work where it potentially makes sense to take a regional approach, across Councils and PSGEs, and other regional entities.
- How this work can be best delivered, and what this might mean for current regional structures and delivery agents HBREDA and the RRA.
- The cost implications of delivery options; and
- Local Government requirements relating to accountability and transparency (for example, the role of elected members in decision making, Local Government Act responsibilities and associated delegations).

On Friday 11 April 2025, MGG received the 'Review of Regional Structures: Final Recommendation Report' (see Attached), and subsequently made the following key decisions:

- Retain MGG as the key regional partnership forum between Hawke's Bay councils and PSGEs, with a sharpened focus on strategic leadership and oversight of shared regional priorities.
- Strengthen governance, accountability, and transparency disciplines, including updating MGG's terms of reference, formalising its relationship with councils, and improving visibility and reporting on progress against regional priorities.
- Transition to a refreshed regional delivery entity using the existing legal structure of HBREDA, which will incorporate key functions from the RRA.
- Focus funding on a small set of agreed shared priorities, within the existing Council funding proved for HBREDA. MGG and the refreshed delivery entity will continue seeking additional central Government and private-sector investment.
- Retain HB Tourism as a separate, focused delivery agency with its own funding and governance, recognising its specialist capability and co-investment from industry.

MGG is named as the shareholder representative in the HBREDA constitution and so has the authority to make these decisions. The key decisions and areas of engagement for councils (and PSGEs) will be related to the following:

- Contributing to the development, and endorsement, of the "regional priorities" approach and Letters of Expectation that will guide the delivery, monitoring, and evaluation of regional priorities and outcomes we want for our communities.
- Agreement to ongoing funding for HBREDA based on the "regional priorities" approach and strengthened accountability disciplines that meet local government legislative requirements.
- Confirming and agreeing the Terms of Reference of MGG and any delegations provided by Councils.

Looking ahead there is an expectation there will be a more interactive relationship between MGG and the governing bodies of MGG members. This will involve more structured updates and reporting from Mayors to their respective Councils.

Officers also recommend that Council adopts the actions recommended to create fit-for purpose internal processes to support the Mayor as the Council's MGG representative. It will be important for Council to appropriately right size this in a Central Hawke's Bay context, while ensuring Council still appropriately participates and ensures its local priorities are reflected and considered regionally. For Council this includes directing the Chief Executive to:

- Nominate a senior council officer to be responsible for MGG co-ordination with Council. This role would support the Mayor and Chief Executive to participate effectively in MGG discussions and for sharing and disseminating MGG-related information (e.g. papers supporting MGG discussion and minutes) to support coordination and alignment of, and with, identified shared regional priorities.
- Create a regular (e.g. annual) process to consider key regional priorities from Council's perspective. This information would be used to inform MGG consideration of shared regional priorities.
- Create an annual process to consider Council feedback on the Letter of Expectation for HBREDA.
- Build, with MGG and HBREDA, an efficient and comprehensive reporting process whereby Council is provided with performance and outcome reporting on the activities delegated to MGG and/or HBREDA so Council can execute its responsibilities under the Local Government Act (LGA).

To support a smooth transition, MGG has accepted the resignations of the current HBREDA Board (the HBREDA Board has also accepted the resignation of the Chief Executive) and has acknowledged their significant contribution to building a strong foundation for regional delivery. The next steps include:

- Appointment of interim independent directors for HBREDA to work with the RRA board to oversee the transition.
- A coordinated process between the boards of HBREDA and RRA to clarify regional priorities, which will be the focus of delivery efforts from 1 April 2026 (once HBREDA and RRA functions have been merged into the single refreshed delivery entity).
- Recruitment of executive leadership and delivery capability to deliver the work programmes supporting identified shared regional priorities.

BACKGROUND

The Matariki Governance Group (MGG) is Hawke Bay's regional leadership forum made up of the region's Mayors, Regional Council Chair, and Chairs of Post-Settlement Governance Entities (PSGEs). The model is based on a partnership between local government and mana whenua. Its shared vision is that "every household and every whānau is actively engaged in, contributing to,

and benefiting from a thriving Hawke's Bay economy". This vision sits at the heart of the rationale for regional prioritisation, coordination, alignment, advocacy and delivery, guided by MGG.

In October 2024, MGG agreed to undertake a review on the future structure and architecture required for the region to deliver on its priorities. The review, completed in March 2025, was undertaken against the backdrop of significant changes to government policy and funding mechanisms, increasing financial pressures on councils, and the upcoming end of Central Government funding for the RRA in March 2026.

In undertaking the review MGG noted that "MGG members, both individually and collectively, need strong, simple, and coordinated functions and advocacy at a regional level to achieve their shared desired outcomes for the region. This must provide a transparent and well-supported governance and delivery platform for the future, with the capability to deliver a clear value proposition for all entities involved, as well as for the region's population as a whole".

The review included consideration of an architecture that reflects the relationships built up and capabilities of current delivery agents, namely HBREDA, RRA, and HB Tourism. The different activities include:

- HBREDA has built up key relationships with Hawke's Bay businesses, particularly as it developed and delivered its recent analysis of, and opportunities for, the Hawke's Bay economy.
- The RRA has built up technical and delivery capability across existing regional priority and policy areas including housing, water and transport infrastructure, the planning system, central Government engagement and influence, partnership with mana whenua, and facilitating joint work between Councils, PSGEs and other stakeholders.
- HB Tourism is a well-respected Regional Tourism Organisation (RTO) that has delivered for the region and its members. HB Tourism has focused on its primary role as a marketing and promotion agency which helps to generate the demand that will support business investment into products and services.

DISCUSSION

The recommendations that have been accepted by MGG will ensure the region has effective governance and delivery of its regional priorities, clearer accountability, better alignment with legislative requirements, and more efficient use of constrained public funding. Importantly, the refreshed focus strengthens the region's ability to partner with Central Government—particularly through initiatives like the City and Regional Deals framework.

The recommendations below were made following a process to understand current state and the opportunities and constraints presenting for MGG and the delivery of work relevant to MGG's role and purpose; the development of possible options and assessment criteria; and evaluation of the options against (unweighted) criteria.

There are two key aspects to the recommendations and actions in the 'Review of Regional Structures, Recommendation Report': 1) governance of MGG, and 2) how to deliver work on regional priorities.

The **preferred governance option is an enhancement of the status quo**. This involves stronger governance, accountability, and transparency disciplines and processes to meet local government legislative requirements and to support a sustained and committed focus on shared regional priorities. MGG would still not be able to contract directly with Central Government or third parties; it would have to use HBREDA or a member organisation that was a legal entity. This option would continue to leverage the capability of independent directors to support regional governance through the HBREDA Board.

Note, 'independence' here relates to not being employees of MGG member organisations and harnessing specific director level capability. It does not relate to independence to make delivery decisions which are not consistent with funder objectives and guidance. This aspect is governed by

the Letter of Expectations and this part of the process does need to be tightened to ensure there is clear alignment between funder objectives and delivery efforts.

The **preferred delivery option is a refreshed regional delivery entity that would utilise the existing legal structure and form of HBREDA**. This refreshed regional delivery entity would have the executive and delivery capability required to deliver agreed shared regional priorities. The regional delivery entity will comprise a mix of functions and capabilities from across HBREDA and HBRRA, including advocacy, convening, policy/analytical and commissioning capability, to ensure that a focused set of regional priorities can be prioritised.

The recommendations and the recommended actions to support the key recommendations from the *'Review of Regional Structures, Recommendation Report'* are provided below. The actions include specific steps to support a transition, so a refreshed HBREDA is able to take forward delivery of regional priorities from 1 April 2026 (once Central Government funding from the RRA expires on 31 March 2026).

Recommendations

- a) Retain Matariki Governance Group (MGG) as the key regional partnership mechanism between Post-Settlement Governance Entities (PSGEs), and the five Hawke's Bay Councils and focus MGG membership on the elected Hawke's Bay Chairs and/or Mayors of PSGEs and Councils.
- b) Focus MGG's role and function on identified shared regional priorities and holding HBREDA (and other delivery agents if contracted) to account for achieving desired outcomes that contribute to the Matariki vision that "every household and every whānau is actively engaged in, contributing to, and benefiting from a thriving Hawke's Bay economy".
- c) Strengthen governance, accountability, and transparency disciplines of MGG, HBREDA, and Council funders to ensure they meet local government legislative requirements and to support a sustained focus on shared regional priorities that are consistent with the Matariki vision.
- d) Utilise the existing legal form and shareholding structure of HBREDA to deliver agreed shared regional priorities on behalf of MGG and run an open recruitment process to establish the governance, executive, and management capability required to deliver agreed shared regional priorities. A refreshed HBREDA would ideally comprise a mix of functions and capabilities from across HBREDA and the HB Regional Recovery Agency (RRA). This includes advocacy, convening, policy/analytical and commissioning capability as well as senior-level expertise with regional mana, able to bring a focus to regional needs across economic and social strategy and the ability to engage effectively with decision-makers (in particular central Government).
- e) Focus available local government funding on a small set of agreed shared regional priorities and activities and continue to seek opportunities for external funding from central Government and the private sector for specific projects of interest.
- f) Retain HB Tourism as a separate delivery agency with separate funding.

Recommended actions to support the key recommendations

Governance, accountability, and transparency disciplines.

- g) Retain the existing non-legal status of MGG for the time being, noting that creating a MGG legal entity could be an option for the future if recommended governance, accountability, and transparency enhancements are not enough.
- h) Update the MGG Terms of Reference to provide greater clarity on MGG's role and purpose, MGG membership, the role of the chair and appointment process for chair/s, meeting attendance and use of alternates, how agendas are set (including how matters that are not

- identified as shared regional priorities are dealt with by MGG), record keeping, and reporting (including how member organisations receive updates following each MGG meeting).
- i) Formalise the relationship between MGG and the Hawke's Bay Councils, including associated delegations to MGG, in the next triennial agreement between Hawke's Bay Councils.
 - j) MGG to communicate annually to MGG member organisations the agreed shared regional priorities and how the delivery of these priorities and the achievement of outcomes sought will be measured, monitored, and reported to MGG member organisations and stakeholders.
 - k) MGG and delivery agents to strengthen the transparency of information by increasing public visibility of the work of MGG and delivery agents, including through refreshed communications such as updating the Matariki website and including regular reporting on delivery against MGG priority areas. A process for making MGG papers available to the public (where appropriate) should be considered in the transition process.
 - l) MGG member organisations to create fit-for purpose internal processes to support Chair and Mayor MGG representatives. This could include:
 - The nomination of key people to help share MGG-related information (e.g. papers supporting MGG discussion and minutes) to support coordination and alignment of, and with, identified shared regional priorities.
 - A regular (e.g. annual) process to consider key regional priorities from the member organisation perspective. This information could be used to inform MGG consideration of shared regional priorities.
 - An annual process to consider member organisation feedback on the Letter of Expectation for HBREDA.
 - Building, with MGG and HBREDA an efficient and comprehensive reporting process whereby member organisations are provided with performance and outcome reporting on the activities delegated to MGG and/or HBREDA so Councils can execute their responsibilities under the Local Government Act (LGA).
 - m) The three Councils funding HB Tourism should follow the same setting of Letter of Expectations and reporting processes that will be strengthened for HBREDA. These processes would not involve MGG, but a tightening of these processes would improve accountability.

Transition plan and next steps

- n) MGG to direct the MGG co-Chairs to provide a letter to the HBREDA Board acknowledging the Board and CEO resignations and clarifying the expectations of shareholders until the departure of the Board and CEO on Friday 13 June 2025. The letter of expectations would confirm that the existing priorities and programmes of work for HBREDA (as reported to MGG), should continue and that no new discretionary work be initiated.
- o) MGG to direct the MGG co-Chairs to establish and run processes to appoint an Interim Independent Director or Directors for HBREDA and necessary contracting resource as quickly as possible. The Interim Independent Director/s and contracting resource would be funded from the HBREDA budget and would support MGG to develop and run an open market process to establish the governance, executive, and management capability required for HBREDA to lead the delivery of shared regional priorities from 1 April 2026.
- p) MGG to engage the Board Chairs of HBREDA and the RRA and to lead a transition of both agencies to ensure the governance, executive and staffing of the refreshed HBREDA is fit-for-purpose to undertake the delivery of shared regional priorities from 1 April 2026.

- q) MGG to ensure the transition process, MGG co-Chairs, and HBREDA and RRA Board Chairs are well-supported with capability that has the requisite skills and expertise to guide effective implementation of this important change process.
- r) MGG to direct the Board Chairs of HBREDA and the RRA to lead a process to support MGG to clarify and establish regional priorities/the regional strategy for HBREDA. This work needs to take place as soon as possible as these priorities and accompanying work programmes will guide the capability required for a refreshed HBREDA.
- s) Councils to confirm the funding that is currently being made available to HBREDA (\$1.706m for the 24/25 Financial Year) would continue to be made available to the refreshed HBREDA for the 25/26 Financial Year. This information is required as soon as possible as it will guide the level of resourcing to support delivery of regional priorities.
- t) MGG to create updated Letter of Expectations for HBREDA for year beginning 1 April 2026 based on identified shared regional priorities and available Council funding.
- u) Ensure the wind-down of RRA work as central Government funding comes to an end is conducted in such a way that it can be continued as seamlessly as possible if it is determined to be a shared regional priority, or contribute to priorities, under the new structure.

RISK ASSESSMENT AND MITIGATION

Should Council choose not to participate regionally there is a risk that Central Hawke's Bay can't leverage off the regional efforts contributing to the MGG vision of "every household and every whānau is actively engaged in, contributing to, and benefiting from a thriving Hawke's Bay economy".

STRATEGIC ALIGNMENT

This proposal aligns with the 'Together we Thrive' key pillar of prosperous district and supports long-term community well-being. We work regionally to support locally.

Working together through these regional partnerships is key to delivering on our economic strategy. We need to partner with these regional organisations to achieve our goals of increasing jobs and prosperity.

DELEGATIONS OR AUTHORITY

This is within the delegation of Council.

SIGNIFICANCE AND ENGAGEMENT

This report has been assessed under the Council's Significance and Engagement Policy as being of low significance and does not require further engagement with the community.

OPTIONS ANALYSIS

Two potential options for Council to consider include:

Option One – Recommended Option -

Council directs the Chief Executive to create fit-for purpose internal processes to support the Mayor as the Council's MGG representative.

Advantages

- Supports the review recommendations relating to effective governance and improving accountability and transparency.

- Provides Councillors with more visibility and oversight on work on regional priorities and the use of ratepayer funding.

Disadvantages

- Will require the use of slightly more governance and staff time.

Option Two – Status Quo

Council does not direct the Chief Executive to create fit-for purpose internal processes to support the Mayor as the Council's MGG representative.

Advantages

- Would not require the use of more governance and staff time.

Disadvantages

- Does not support the review recommendations relating to effective governance and improving accountability and transparency.

Does not provide Councillors with more visibility and oversight on work on regional priorities and the use of ratepayer funding.

NEXT STEPS

To support a smooth transition, MGG has accepted the resignations of the current HBREDA Board (the HBREDA Board has also accepted the resignation of the Chief Executive) and has acknowledged their significant contribution to building a strong foundation for regional delivery.

The next steps include:

- Appointment of interim independent directors for HBREDA to work with the RRA board to oversee the transition.
- A coordinated process between the boards of HBREDA and RRA to clarify regional priorities, which will be the focus of delivery efforts from 1 April 2026 (once HBREDA and RRA functions have been merged into the single refreshed delivery entity).
- Recruitment of executive leadership and delivery capability to deliver the work programmes supporting identified shared regional priorities.

Council can expect the next key decision following this review update, being the adoption of an updated Terms of Reference for Matariki. This decision can be expected as a priority action in the coming months ahead.

Into the future key actions from the review should be considered again by Council at the beginning of the new Triennium, with the role of Matariki and the proposed regional priorities being clearly outlined in any new Triennial Agreement for the region. A similar process could also be completed locally for any future revised elected member priorities.

Review of Regional Structures: Recommendations and Actions

Key recommendations

1. Retain Matariki Governance Group (MGG) as the key regional partnership mechanism between Post-Settlement Governance Entities (PSGEs)¹, and the five Hawke's Bay Councils and focus MGG membership on the elected Hawke's Bay Chairs and/or Mayors of PSGEs and Councils.
2. Focus MGG's role and function on identified shared regional priorities and holding HBREDA (and other delivery agents if contracted) to account for achieving desired outcomes that contribute to the Matariki vision that *"every household and every whānau is actively engaged in, contributing to, and benefiting from a thriving Hawke's Bay economy"*.
3. Strengthen governance, accountability, and transparency disciplines of MGG, HBREDA, and Council funders to ensure they meet local government legislative requirements and to support a sustained focus on shared regional priorities that are consistent with the Matariki vision.
4. Utilise the existing legal form and shareholding structure of HBREDA to deliver agreed shared regional priorities on behalf of MGG and run an open recruitment process to establish the governance, executive, and management capability required to deliver agreed shared regional priorities. A refreshed HBREDA would ideally comprise a mix of advocacy, convening, policy/analytical and commissioning capability and have senior-level expertise with regional mana, able to bring a focus to regional needs across economic and social strategy and engage effectively with decision-makers (in particular central Government).
5. Focus available local government funding on a small set of agreed shared regional priorities and activities and continue to seek opportunities for external funding from central Government and the private sector for specific projects of interest.
6. Retain HB Tourism as a separate delivery agency with separate funding².

Recommended actions to support the key recommendations

Governance, accountability, and transparency disciplines

7. Retain the existing non-legal status of MGG for the time being, noting that creating a MGG legal entity could be an option for the future if recommended governance, accountability, and transparency enhancements are not enough.
8. Update the MGG Terms of Reference to provide greater clarity on MGG's role and purpose, MGG membership, the role of the chair and appointment process for chair/s, meeting attendance and use of alternates, how agendas are set (including how matters that are not identified as shared regional priorities are dealt with by MGG), record keeping, and reporting (including how member organisations receive updates following each MGG meeting).

¹ Mana Ahuriri; Ngāti Pahauwera Development Trust; Tamatea Pōkai Whenua; Maungaharuru-Tangitu Trust; Hineuru Iwi Trust; Tātau Tātau o Te Wairoa; Ngāti Kahungunu Iwi Incorporated.

² While Hastings, Central Hawke's Bay, and Napier Councils will be the primary funders of HB Tourism, they are not the owners of HB Tourism and could not make decisions on legal structure without the agreement of the shareholders of HB Tourism.

9. Formalise the relationship between MGG and the Hawke's Bay councils, including associated delegations to MGG, in the next triennial agreement between Hawke's Bay Councils.
10. MGG to communicate annually to MGG member organisations the agreed shared regional priorities and how the delivery of these priorities and the achievement of outcomes sought will be measured, monitored, and reported to MGG member organisations and stakeholders.
11. MGG and delivery agents to strengthen the transparency of information by increasing public visibility of the work of MGG and delivery agents, including through refreshed communications such as updating the Matariki website and including regular reporting on delivery against MGG priority areas. A process for making MGG papers available to the public (where appropriate) should be considered in the transition process.
12. MGG member organisations to create fit-for purpose internal processes to support Chair and Mayor MGG representatives. This could include:
 - a. The nomination of key people to help share MGG-related information (e.g. papers supporting MGG discussion and minutes) to support coordination and alignment of, and with, identified shared regional priorities.
 - b. A regular (e.g. annual) process to consider key regional priorities from the member organisation perspective. This information could be used to inform MGG consideration of shared regional priorities.
 - c. An annual process to consider member organisation feedback on the Letter of Expectation for HBREDA.
 - d. Building, with MGG and HBREDA an efficient and comprehensive reporting process whereby member organisations are provided with performance and outcome reporting on the activities delegated to MGG and/or HBREDA so Councils can execute their responsibilities under the Local Government Act (LGA).
13. The three Councils funding HB Tourism should follow the same setting of Letter of Expectations and reporting processes that will be strengthened for HBREDA. These processes would not involve MGG, but a tightening of these processes would improve accountability.

Transition plan and next steps

14. MGG to direct the MGG co-Chairs to provide a letter to the HBREDA Board acknowledging the Board and CEO resignations and clarifying the expectations of shareholders until the departure of the Board and CEO on Friday 13 June 2025.
15. MGG to direct the MGG co-Chairs to establish and run processes to appoint an Interim Independent Director or Directors for HBREDA and necessary contracting resource as quickly as possible. The Interim Independent Director/s and contracting resource would be funded from the HBREDA budget and would support MGG to develop and run an open market process to establish the governance, executive, and management capability required for HBREDA to lead the delivery of shared regional priorities from 1 April 2026.
16. MGG to engage the Board Chairs of HBREDA and the HB Regional Recovery Agency (RRA) and to lead a transition of both agencies to ensure the governance, executive and staffing of the refreshed HBREDA is fit-for-purpose to undertake the delivery of shared regional priorities from 1 April 2026.

17. MGG to ensure the transition process, MGG co-Chairs, and HBREDA and RRA Board Chairs are well-supported with capability that has the requisite skills and expertise to guide effective implementation of this important change process.
18. MGG to direct the Board Chairs of HBREDA and the RRA to lead a process to support MGG to clarify and establish regional priorities/the regional strategy for HBREDA. This work needs to take place as soon as possible as these priorities and accompanying work programmes will guide the capability required for a refreshed HBREDA³.
19. Councils to confirm the funding that is currently being made available to HBREDA (\$1.706m for the 24/25 Financial Year) would continue to be made available to the refreshed HBREDA for the 25/26 Financial Year. This information is required as soon as possible as it will guide the level of resourcing to support delivery of regional priorities⁴.
20. MGG to create updated Letter of Expectations for HBREDA for year beginning 1 April 2026 based on identified shared regional priorities and available Council funding.
21. Ensure the wind-down of RRA work as central Government funding comes to an end is conducted in such a way that it can be continued as seamlessly as possible if it is determined to be a shared regional priority, or contribute to priorities, under the new structure.

³ A starting point for priorities for the refreshed entity could be the existing Recovery Plan 2.0 and the REDA Letter of Expectations. Sitting alongside these is the work by MGG in 2024 on its priorities, as well as the Regional Deal proposal submitted to central Government in February – all of which look ahead to the post-recovery world.

⁴ It is acknowledged that funding commitments beyond June 30, 2026, will need to be considered in the context of Council Long-Term Plan setting processes.

8 DATE OF NEXT MEETING**RECOMMENDATION**

That the next meeting of the Central Hawke's Bay District Council be held on 5 June 2025.

9 PUBLIC EXCLUDED BUSINESS**RESOLUTION TO EXCLUDE THE PUBLIC****RECOMMENDATION**

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
9.1 - Approval and adoption of the Procurement Plan for Road Maintenance	<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 TIME OF CLOSURE