



**CENTRAL  
HAWKE'S BAY**  
DISTRICT COUNCIL

# Extraordinary Council Meeting Agenda

Thursday, 3 July 2025

9:00 am

Council Chamber

28-32 Ruataniwha Street

Waipawa

*Together we thrive! E ora ngātahi ana!*

## Order Of Business

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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

That 22.4 Option C under section 22 General procedures for speaking and moving motions be used for the meeting.

#### 5 **CONFIRMATION OF MINUTES**

Ordinary Council Meeting – 5 June 2025.

#### **RECOMMENDATION**

**That the minutes of the Ordinary Council Meeting held on 5 June 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, 5 JUNE 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)  
Nicola Bousfield (Group Manager People and Business Enablement)  
Brent Chamberlain (Chief Financial Officer)  
Dylan Muggeridge (Group Manager Strategic Planning & Development)  
Mark Kinvig (Group Manager Community Infrastructure and Development)  
Sarah Crysell (Communications and Engagement Manager)  
Annelie Roets (Governance Lead)  
Nikki Whelpton (Property Manager)

**5 WELCOME/KARAKIA/NOTICES**

Her Worship, The Mayor Alex Walker welcomed everyone to the meeting and Pou Whirinaki, Piri Galbraith opened with a karakia.

**6 APOLOGIES: 25.1**

Moved: Cr Kate Taylor  
Seconded: Cr Brent Muggeridge

**That the apologies for Cr Jerry Greer be received and noted.**

**CARRIED**

**7 DECLARATIONS OF CONFLICTS OF INTEREST**

There were no Declarations of Conflicts of Interests declared.

**8 STANDING ORDERS**

**RESOLVED: 25.2**

Moved: Cr Kate Taylor  
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**

## **9 CONFIRMATION OF MINUTES**

### **RESOLVED: 25.3**

Moved: Cr Pip Burne

Seconded: Cr Kate Taylor

**That the minutes of the Ordinary Council Meeting held on 8 May 2025 as circulated, be confirmed as true and correct.**

**CARRIED**

Cr Tim Aitken requested that the arrival time be removed from the attendance list. For clarity, the time of arrival will remain, reflecting normal protocol for arrivals during the meeting.

## **10 REPORTS FROM COMMITTEES**

This matter will be discussed today under Item 7.9 of the agenda.

## **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: 25.4**

Moved: Deputy Mayor Kelly Annand

Seconded: Cr Exham Wichman

**That Council notes the Resolution report.**

**CARRIED**

Doug Tate provided an update on various items, including the establishment of the Hawke's Bay Community Water Trust and progress made on the Annual Plan.

## 7.2 SETTING OF RATES FOR 2025/2026 FINANCIAL YEAR

### PURPOSE

The matter for consideration by the Council is the setting of the rates for the 2025-2026 financial year.

The rating factors below, when combined with Councils rating database, will collect the rates revenue required as per the Annual Plan 2025-2026, which was adopted at the 8 May 2025 Council meeting. The final annual plan is available on our website [here](#).

### RESOLVED:

Moved: Deputy Mayor Kelly Annand

Seconded: Cr Kate Taylor

**That having considered all matters raised in the report:**

- a) **Pursuant to Section 23(1) of the Local Government (Rating) Act 2002, the Central Hawke's Bay District Council resolves to set the rates, due dates and penalties regime for the 2025-2026 year.**

#### 1. GENERAL RATE

A general rate set under section 13 of the Local Government (Rating) Act 2002 for the purposes of providing all or some of the cost of:

- Community leadership, including administration, cost of democracy, community voluntary support grants
- All regulatory activities, including district planning, land use and subdivision consent costs, building control, public health, animal control, and compliance.
- Solid waste
- Parks and reserves, public toilets, theatres and halls, cemeteries, and miscellaneous property costs

**For the 2025-2026 year, this rate will be based on the rateable capital value of all rateable land within the district on a differential basis as set out below:**

General Rate Differential Zone	Differential	2025-2026 Cents per Dollar of Capital Value (including GST)
Waipawa / Waipukurau Central Business District Zone	1.4	0.18836
Rest of District	1.0	0.12566

#### 2. Uniform Annual General Rate

A rate set under section 15 of the Local Government (Rating) Act 2002 on each separately used or inhabited part of a rating unit within the district. See definition below. This rate is for the purpose of providing:

- Economic and social development.
- A portion of the cost of solid waste.
- Libraries and swimming facilities.

**For the 2025-2026 year, this rate will be \$452.67 (including GST).**

## **TARGETED RATES:**

### **3. District Land Transport Rate**

- A rate for the Council's land transport facilities set under section 16 of the Local Government (Rating) Act 2002. This rate is set for the purpose of funding the operation and maintenance of the land transport system.
- **For the 2025-2026 year, this rate will be 0.20766 cents per dollar (including GST) based on the land value of all rateable land in the district.**

#### **Separately Used or Inhabited Parts of a Rating Unit**

Definition – for the purposes of the Uniform Annual General Charge and the targeted rates above, a separately used or inhabited part of a rating unit is defined as –

A separately used or inhabited part of a rating unit includes any portion inhabited or used by [the owner/a person other than the owner], and who has the right to use or inhabit that portion by virtue of a tenancy, lease, licence, or other agreement.

This definition includes separately used parts, whether or not actually occupied at any time, which are used by the owner for occupation on an occasional or long-term basis by someone other than the owner.

Examples of separately used or inhabited parts of a rating unit include:

- For residential rating units, each self-contained household unit is considered a separately used or inhabited part. Each situation is assessed on its merits, but factors considered in determining whether an area is self-contained would include the provision of independent facilities such as cooking/kitchen or bathroom, and its own separate entrance.
- Residential properties, where a separate area is used for the purpose of operating a business, such as a medical or dental practice. The business area is considered a separately used or inhabited part.

These examples are not considered inclusive of all situations.

### **4. Water Supply Rates**

A targeted rate set under section 16 of the Local Government (Rating) Act 2002 for water supply operations of a fixed amount per separately used or inhabited part of a rating unit. The purpose of this rate is to fund water supplies for Ōtāne, Takapau, Waipukurau, Waipawa, Kairakau, Pōrangahau and Te Paerahi.

The purpose of this rate is to fund the maintenance, operation and capital upgrades of water supplies and treatment in those parts of the district where these systems are provided.

The rate is subject to differentials as follows:

- a) a charge of per separately used or inhabited part of a rating unit connected in the Ōtāne, Takapau, Waipukurau, Waipawa, Kairakau, Pōrangahau, and Te Paerahi Beach communities.
- b) a half charge per separately used or inhabited part of a rating unit which is serviceable for the above locations.

#### **For this rate:**

- "Connected" means a rating unit to which water is supplied.
- "Serviceable" means a rating unit to which water is not being supplied, but the property it is

situated within 100 metres of the water supply.

**For the 2025-2026 year these rates will be:**

	Charge	Water Rate ( incl GST)
a	Connected	\$1,581.04
b	Serviceable, not connected	\$790.52

## 5. **Metered Water Rates**

A targeted rate under section 19 of the Local Government (Rating) Act 2002 per cubic metre of water supplied, as measured by cubic metre, over 300 cubic metres per year. This is applied to water users deemed 'Extraordinary' where payment of the Water Supply rate above entitles extraordinary users to the first 300 cubic metres of water without additional charge.

The rate is subject to differentials as follows:

- a rate per cubic metre of water, for users consuming below 40,000 cubic metres.
- A rate per cubic metre of water, for users above 40,000 cubic metres, and where the land use category in the valuation database is not 'industrial'.
- a rate of per cubic metre of water, for users consuming above 40,000 cubic metres, and where the land use category in the valuation database is 'industrial'.

**For the 2025-2026 year these rates will be:**

	Volume of water (cubic metres)	Rate per cubic metre (incl GST)
a	Below 40,000	\$3.21
b	Above 40,000, non- industrial	\$3.21
c	Above 40,000, industrial	\$3.21

## 6. **Sewage Rates**

A targeted rate set under section 16 of the Local Government (Rating) Act 2002 for the Council's sewage disposal function of fixed amounts in relation to all land in the district to which the Council's sewage disposal service is provided or available, as follows:

- a charge per rating unit connected.
- a charge per pan within the rating unit, after the first one.
- a charge per rating unit which is serviceable.

The rate is subject to differentials as follows:

- "Connected" means the rating unit is connected to a public sewerage system.
- "Serviceable" means the rating unit is not connected to a public sewerage drain but is within 30 metres of such a drain.
- A rating unit used primarily as a residence for one household is treated as not having more than one pan.
- For commercial accommodation providers, each subsequent pan will be rated at 50% of the charge.
- For those Clubs who qualify for a rebate of their General Rates under Council's



Community Contribution and Club Rebate Remission Policy, and who are connected to the sewerage network, each subsequent pan will be rated at 50% of the Sewerage Charge.

The purpose of this rate is to fund the maintenance, operation and capital upgrades of sewerage collection, treatment and disposal systems in those parts of the district where these systems are provided.

**For the 2025-2026 year these rates will be:**

	Charge	Sewerage Rate (incl GST)
a	First charge per separately used or inhabited part of a rating unit connected	\$1,425.92
b	Additional charge per pan after the first	\$1,425.92
c	Serviceable, not connected, per separately used or inhabited part of a rating unit	\$712.96
d	Additional charge per pan after the first – commercial accommodation provider, qualifying club	\$712.96

## 7. Stormwater Rates

A targeted rate set under section 16 of the Local Government (Rating) Act 2002 for the purpose of funding operations and maintenance, plus improvements and loan charges on the stormwater drainage network as follows:

A uniform targeted rate on the capital value of all rateable land in the Waipukurau, Waipawa, Takapau, and Otāne Stormwater Catchment Areas on a differential basis as set out below:

Stormwater Catchment Area	Differential	2025-2026 Cents per Dollar of Capital Value (including GST)
Otāne	0.80	0.05154
Takapau	0.60	0.03866
Waipawa	1.00	0.06443
Waipukurau	1.00	0.06433

## 8. Kerbside Recycling Rate

A targeted rate set under section 16 of the Local Government (Rating) Act 2002 for the Council's collection of household recyclables for Waipukurau, Waipawa, Takapau, Otāne, Ongaonga, and Tikokino on each separately used or inhabited part of a rating unit to which the Council provides the service.

**For the 2025-2026 year this rate will be \$136.84 (including GST).**

## 9. Refuse Collection Rate

A targeted rate set under section 16 of the Local Government (Rating) Act 2002 for the collection of household and commercial refuse for Otāne, Ongaonga, Takapau, Tikokino, Waipukurau, Waipawa, Pōrangahau, Te Paerahi, Blackhead Beach, Kairakau, Mangakuri,

Aramoana and Pourerere Beach on each separately used or inhabited part of a rating unit to which the Council provides the service.

**For the 2025-2026 year this rate will be \$36.93 (including GST).**

#### 10. Te Aute Drainage Rate

Te Aute Drainage rates are set on all rateable area of rateable property within the designated area subject to a graduated scale for the purpose of funding the operations, loan charges and the repayment of loans for the Te Aute Drainage Scheme area.

The amount required and the classification is set by the Te Aute Drainage Committee.

Each hectare of land in each property is classified according to the susceptibility of that hectare to flooding as follows:

A (100 points), B (80 points), C (15 points), F (3 points), and G (0 points).

The total number of points is 73614. The total amount of funding required each year determines how much each of these points are worth. In this way, the total amount required is apportioned on a pro rata basis using the weightings on each hectare.

**The total amount of funding required for 2025-2026 is \$103,500.**

**The amount per point is 140.59826 cents including GST.**

The Te Aute drainage scheme area is defined by reference to the classification list establishing the graduated scale.

Valuation Number	Hectares in each classification				Total Points	Amount
	A (100pts)	B (80pts)	C (15pts)	F (3pts)		
1092000300	0	11.3	8.15	31.63	1,121	\$ 1,576.10
1092000800	0	32.83	74.69	23.42	3,817	\$ 5,366.60
1092000900	0	0	0.83	2.15	19	\$ 26.71
1092001001	77.96	16.65	11.94	17.95	9,361	\$ 13,161.33
1092001100	78.22	0	15.28	39.73	8,171	\$ 11,488.22
1092001107	0	0	18.02	68.04	474	\$ 667.02
1092001200	0	2.88	18.35	18.86	562	\$ 790.16
1092001201	0	20.25	19.15	12.31	1,944	\$ 2,733.21
1092001400	0	0	0	14.16	42	\$ 59.05
1092001600	0	0	0	10.12	30	\$ 42.18
1092001700	38.74	51.06	36.24	45.12	8,638	\$ 12,144.81
1092002100	188.81	0	0	23.93	18,953	\$ 26,647.44
1092002200	84.02	4.14	1.16	6.45	8,770	\$ 12,330.40
1092002300	41.02	5.2	20.43	22.8	4,893	\$ 6,879.43
1092002900	0	0	0	0.81	2	\$ 2.81
1092006100	0	84.44	0	20.77	6,817	\$ 9,584.53
<b>Total</b>	<b>508.77</b>	<b>228.75</b>	<b>224.24</b>	<b>358.25</b>	<b>73,614</b>	<b>\$103,500.00</b>

#### Approach to Rating

Rates are set and assessed under the Local Government (Rating) Act 2002 on all rateable rating units on the value of the land and improvements as supplied by Quotable Value New Zealand Limited. The last rating revaluation was carried out in September 2024 and is effective from 1 July 2025.

The objectives of the council's rating policy is to:

- I. spread the incidence of rates as fairly as possible.
- II. be consistent in charging rates.
- III. ensure all ratepayers pay their fair share for council services.
- IV. provide the income needed to meet the council's goals.

The Central Hawke's Bay District Council rating system provides for all user charges and other income to be taken into account first, with the rates providing the balance needed to meet the council's objectives.

## Rating Base

The rating base will be the database determined by the contracted rating service provider. Because this database is constantly changing due to change of ownership, subdivision, regular revaluations, change of status from rateable to non-rateable (and reverse), the rating base is not described in detail in this policy.

## Due Dates for Rate Payments

Pursuant to Section 24 of the Local Government (Rating) Act 2002, the following dates are proposed to apply for assessing the amount of each instalment of rates excluding metered water rates for the year 1 July 2025 to 30 June 2026. Each instalment will be assessed in four equal amounts, rounded.

Instalment number	Instalment Start Date	Last day of payment without additional charge	Penalty date
1	1 July 2025	20 August 2025	21 August 2025
2	1 October 2025	20 November 2025	21 November 2025
3	1 January 2026	20 February 2026	21 February 2026
4	1 April 2026	20 May 2026	21 May 2026

## Due Dates for Metered Water Rates

Pursuant to Section 24 of the Local Government (Rating) Act 2002, the following dates are proposed to apply for assessing the amount of metered water rates for the year 1 July 2025 to 30 June 2026. The assessment is applied to water users after the first 300 cubic metres of water without additional charge has been used as part of the Water Supply Rate.

Area/Users	Water Meters read during	Last day of payment
Commercial/Large Users	Monthly	20 <sup>th</sup> month following
All other Users	September, December, March, June	20 <sup>th</sup> month following

## Penalty Charges

### (Additional Charges on Unpaid Rates)

Pursuant to Section 58(1)(a) of the Local Government (Rating) Act 2002, an additional charge of 10% will be added on the penalty date above, to all amounts remaining unpaid for each instalment excluding metered water rates.

Pursuant to Section 58(1)(b) of the Local Government (Rating) Act, a further additional charge of

10% will be added on 1 July 2025 to the amount of rates assessed in previous financial years and remaining unpaid as at 30 June 2026 (Section 58(1)(b)) excluding metered water rates.

Targeted rates for metered water supply will be invoiced separately from other rates invoices. A 10% penalty will be added to any part of the water rates that remain unpaid by the due date as shown in the table above as provided for in Section 57 and 58(1)(a) of the Local Government (Rating) Act 2002.

**CARRIED**

Brent Chamberlain explained the process of setting rates for the 2025-2026 year, including the impact of new property revaluation and the changes in rate factors.

- **Solid Waste Services:** A query was raised about the reduced refuse collection rate, with an explanation given regarding cost reallocation within the service.
- **Water Regulation Fees:** A question was asked about local water regulation fees, and differences in how councils charge for water connections were explained. It was also noted that the regulator was proposing population based fees due to the differences across councils, which disadvantages more rural councils like ours.

### **7.3 COUNCIL FINANCIAL RESULTS FOR 9 MONTHS AND YEAR END FORECAST**

#### **PURPOSE**

The purpose of this report is to inform Councillors how the first 9 months of the financial year has gone financially and to provide a forecast of where Council is tracking to end up at year end.

#### **RESOLVED: 25.5**

Moved: Cr Brent Muggeridge

Seconded: Cr Gerard Minehan

**That Council receives the Council Financial Results for 9 months and Year End Forecast report for 30 June 2025.**

**CARRIED**

Brent Chamberlain presented the council's financial results for the nine months ending March 2025, highlighting the impact of the New Zealand economy on various activities and the forecast for year-end:

- Key points included variances in revenue and expenses, and the impact of the cyclone recovery on financials.
- The forecast for the year-end and the potential carry forward surpluses in ring-fenced activities such as water and roading were discussed.

## **7.4 PROPOSAL TO GRANT LEASE – PŌRANGAHAU SPORTS CLUB LEASE – WHITE DOMAIN**

### **PURPOSE**

The purpose of this report is to seek the approval of Council to grant a lease to the Pōrangahau Sports Club for part of White Domain, Pōrangahau both as the Administering Body of the Reserve and under Delegated Authority of the Minister of Conservation under the Reserves Act 1977 (the Act).

### **RESOLVED: 25.6**

Moved: Cr Kate Taylor

Seconded: Cr Exham Wichman

### **That Council:**

- 1. Grants a lease to the Pōrangahau Sports Club Incorporated for a portion of White Domain, Dundas Street Pōrangahau, legally described under CT Section 6 BLK XII Pōrangahau Survey District, in accordance with Section 54 (1) (b) of the Reserves Act 1977, for a term of eleven (11) years with two (2) rights of renewal of eleven (11) years, subject to not receiving any sustained objections following public consultation, as the administering body of the Reserve.**
- 2. Grants a lease to the Pōrangahau Sports Club Incorporated for a portion of White Domain, Dundas Street Pōrangahau, legally described, under CT Section 6 BLK XII Pōrangahau Survey District, in accordance with Section 54 (1) (b) of the Reserves Act 1977 for a term of eleven (11) years with two (2) rights of renewal of eleven (11) years, subject to not receiving any sustained objections following public consultation, under delegated Authority from the Minister of Conservation.**

**CARRIED**

Nikki Whelpton and Mark Kinvig introduced the report noting the discussion on granting a lease to the Pōrangahau Sports club for part of the White Domain.

- The process includes public consultation and approval under the Reserves Act.
- The paper was taken as read.
- The history of where the land had come from was noted, and that this needs to be included in any future review of the Reserve Management Plan.

## 7.5 LOCAL WATER DONE WELL - UPDATE AND NEXT STEPS

### PURPOSE

The purpose of this report is to provide an update on Council's Local Water Done Well Programme and the next steps for Council to achieve the legal requirement of delivering a Water Service Delivery Plan to the Department of Internal Affairs (DIA) by 3 September 2025.

### RESOLVED: 25.7

Moved: Cr Pip Burne

Seconded: Deputy Mayor Kelly Annand

### That Council:

1. **Notes the Local Water Done Well – Update and next steps report.**
2. **Supports the approach being adopted by Officers to address the affordability challenges identified in the Central Hawke's Bay Local Water Done Well modelling.**

**CARRIED**

Doug Tate provided an update on the Local Water Done Well consultation, highlighting efforts to address affordability and reduce the \$7,000 cost.

- An update was given on submission numbers and key affordability concerns.
- **Community Consultation:** Emphasis was placed on continuing engagement beyond September and equipping the community with tools to influence the decision-making process.
- A detailed timeline and next steps will be provided at the 19 June Committee meeting.

## 7.6 LOCAL GOVERNMENT NEW ZEALAND (LGNZ) AGM DELEGATE NOMINATIONS AND REMITS 2025

### PURPOSE

To nominate delegates and decide Central Hawke's Bay District Council's position on its remits for 2025-26 for the Local Government New Zealand's Annual General Meeting to be held on 16 July 2025 in Christchurch.

### RESOLVED: 25.8

Moved: Cr Gerard Minehan

Seconded: Cr Pip Burne

### That Council

1. **Nominates Mayor Alex Walker as the presiding delegate, and Deputy Mayor Kelly Annand as the two voting appointed members at the Local Government New Zealand Annual General Meeting to be held on 16 July 2025 in Christchurch.**
2. **Nominates the Chief Executive, Cr Brent Muggeridge as Observers.**
3. **Supports the following remits at the LGNZ AGM 2025: (or delete where not or recommend abstain)**

#### **REMIT:**

##### **Remit 1 – Security Payment Systems *(In support)***

*That LGNZ advocates for security system payments to be included as an allowance under the Local Government Members Determination, in line with those afforded to Members of Parliament.*

##### **Remit 2 – Improving Joint Management Agreements *(In support,)***

*That LGNZ advocate to Government for: a) legislative change to make the Joint Management Agreement (JMA) mechanism more accessible for councils to use with iwi/hapū, b) for the provision of technical, legal and financial support to facilitate the use of JMAs for joint council and iwi/hapū environmental governance, and c) for a mechanism such as JMAs to be included in the Government's new resource management legislation.*

##### **Remit 3 – Alcohol Licensing Fees *(In support)***

*That LGNZ advocates for the government to update the Sale and Supply of Alcohol (Fees) Regulations 18 December 2013 to account for inflation and include a mechanism for automatic annual inflation adjustments.*

##### **Remit 4 – Aligning public and school bus services *(In support)***

*That LGNZ advocate for the reform of the Ministry of Education funded school bus services to provide an improved service for families and to better integrate the services with council provided public transport services, including the option of Public Transport Authorities (e.g. regional and unitary councils) managing such services (with appropriate government funding), noting that:*

- a. councils better know their local communities; and*
- b. the potential to reduce congestion from better bus services for schools; and*
- c. the efficiency gains realised from integrating these two publicly funded bus services*
- d. the outdated and inflexible rules of the current centralised school bus system.*

##### **Remit 5 – Review of local government arrangements to achieve better balance *(In support)***

*That LGNZ works with the Government and Councils to review current local government arrangements, including the functions and structure of local government, to achieve a better*



*balance between the need to efficiently and effectively deliver services and infrastructure, while enabling democratic local decision-making and action by, and on behalf of communities.*

**4. Supports the following remits in the following order of priority:**

1. Remit 4 – Aligning public and school bus services *(In support)*
2. Remit 3 – Alcohol Licensing Fees *(In support)*
3. Remit 5 – Review of local government arrangements to achieve better balance *(In support)*
4. Remit 1 – Security Payment Systems *(In support)*
5. Remit 2 – Improving Joint Management Agreements *(In support,)*

**CARRIED**

Her Worship, the Mayor Alex Walker introduced the report.

*The meeting was suspended for a 5 minute break at 10.37am and the meeting resumed at 10.42am.*

## **7.7 HAWKE'S BAY TOURISM - UPDATE AND DELEGATIONS**

### **PURPOSE**

The purpose of this report is to provide Council with an update on progress made on the establishment of a new Agreement with Hawke's Bay Tourism (HBT) for the participating Hawke's Bay Councils and to seek delegation for Mayor Alex Walker to finalise the Letter of Expectation and appointment to the Hawke's Bay Tourism Board.

### **RESOLVED: 25.9**

Moved: Cr Kate Taylor

Seconded: Cr Tim Aitken

### **That Council:**

1. **Notes the Hawke's Bay Tourism – Update and Delegations report.**
2. **Notes the Draft Letter of Expectation to Hawke's Bay Tourism.**
3. **Appoints Deputy Mayor Kelly Annand to the Hawke's Bay Tourism Board selection panel and delegates authority to confirm the appointment to the Hawke's Bay Tourism Board.**
4. **Delegates authority to Mayor Alex Walker to provide feedback on the Letter of Expectation and to regionally agree to amendments and the final approval of the Letter of Expectation to Hawke's Bay Tourism.**

**CARRIED**

**AGAINST: CR BRENT MUGGERIDGE**

Doug Tate presented the update on Hawke's Bay Tourism, including the draught letter of expectation and KPIs, and recommended delegating authority to the Mayor to provide feedback and confirm appointments. There was agreement for Deputy Mayor Kelly Annand to be appointed to the selection panel for the Hawke's Bay Tourism Board.

- Discussion on budget transparency and the appointment process for the board.



## **7.8 DOCUMENTS EXECUTED UNDER COMMON SEAL**

### **PURPOSE**

The purpose of this report is to update Council on the use of the Common Seal as part of its work programme.

### **RESOLVED: 25.10**

Moved: Deputy Mayor Kelly Annand

Seconded: Cr Gerard Minehan

**That the report be noted.**

**CARRIED**

The report was taken as read.

## **7.9 REPORTS FROM JOINT COMMITTEES FOR MARCH 2025**

### **PURPOSE**

This report presents the minutes of the Regional Transport Committee meeting held on 21 February 2025, for Council's information.

### **RESOLVED: 25.11**

Moved: Cr Kate Taylor

Seconded: Cr Gerard Minehan

**That the minutes of the Regional Transport Committee meeting held on 21 February 2025 be received and noted.**

**CARRIED**

The report was taken as read.

## **8 DATE OF NEXT MEETING**

### **RESOLVED: 25.12**

Moved: Deputy Mayor Kelly Annand

Seconded: Cr Exham Wichman

**That the next regular Ordinary Council meeting be held on 7 August 2025 noting that an Extraordinary meeting may be held in July with the date to be confirmed.**

**CARRIED**

**9 PUBLIC EXCLUDED BUSINESS****RESOLUTION TO EXCLUDE THE PUBLIC****RESOLVED: 25.13**

Moved: Cr Kate Taylor

Seconded: Deputy Mayor Kelly Annand

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
<b>9.1 - Public Excluded Resolution Monitoring Report</b>	<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
<b>9.2 - Appointment to Hawke's Bay Community Water Trust</b>	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****RESOLVED: 25.14**

Moved: Cr Kate Taylor

Seconded: Deputy Mayor Kelly Annand

**That Council moves into Public Excluded Business at 10.54am.**

**CARRIED**

**RESOLVED: 25.15**

Moved: Cr Pip Burne  
Seconded: Cr Exham Wichman

**That Council moves out of Public Excluded Business at 11.08am.**

**CARRIED**

**10 TIME OF CLOSURE**

The meeting closed at 11.09am.

**The Minutes of this meeting will be confirmed at the next Council meeting to be held on 7 August 2025.**

.....  
**CHAIRPERSON**

## 6 REPORT SECTION

### 6.1 TAMATEA POKAI WHENUA - ADOPTION OF THE MEMORANDUM OF UNDERSTANDING

**Author:** Pam Kupa, Pou Whātuaia - Māori Relationships Manager

**Authoriser:** Doug Tate, Chief Executive

**Attachments:**

1. Draft Memorandum of Understanding [↓](#) 
2. Draft Ngā Ara Pou Work Plan [↓](#) 

#### PURPOSE

To seek agreement to enter into a Memorandum of Understanding (MOU) between Tamatea Pōkai Whenua and Central Hawke's Bay District Council (Council).

#### RECOMMENDATION(S)

**That Council:**

1. **Agrees and adopts the Memorandum of Understanding with Tamatea Pōkai Whenua Trust.**
2. **Agrees to the Ngā Ara Pou Work Plan for implementation.**

#### EXECUTIVE SUMMARY

Tamatea Pōkai Whenua Trust (TPW), established in 2018, represents 23 marae and 43 hapū of Heretaunga and Tamatea.

In Tamatea Central Hawke's Bay they have nine elected Trustees to the Board, representing the hapū of the Tamatea rohe connected to the Marae of Rongomaraeroa, Te Rongo a Tahu, Rākauātāhi, Mataweka, Te Tapairu, Whatuiāpiti, Kairākau, Pourērere and Pukehou.

TPW leads the management and implementation of the Heretaunga Tamatea Deed of Settlement, under the [Heretaunga Tamatea Claims Settlement Act 2018](#) and their related assets. The Act includes statutory acknowledgements under the Resource Management Act 1991. Council and TPW have identified strategic alignments.

During the 2022-2025 Triennium, Council prioritised developing its partnership with Mana Whenua. Council and TPW officers have been collaborating on various initiatives to ensure statutory acknowledgements are recognised and cultural redress is addressed. A proposal to sign a Memorandum of Understanding (MOU) was put forward to formalise the relationship at a governance level and streamline work programmes.

The MOU, based on a similar document adopted by Hawke's Bay Regional Council in January 2024, outlines the partners' intent, purpose, and principles. The draft MOU was considered and suggested amendments made at a public workshop on 5 June 2025.

The associated work plan, Ngā Ara Pou, identifies four key workstreams: Governance and Partnership, Tikanga, Oranga (People and Prosperity), and Infrastructure and Resources.

Both parties have reviewed the final MOU and work plan, ensuring effective and efficient delivery of ongoing projects. This paper seeks approval of the final MOU from Council with TPW Trustees to also confirm the final MOU.

## BACKGROUND

Tamatea Pōkai Whenua Trust (TPW), previously known as Heretaunga Tamatea Settlement Trust, was established in 2018 as the Post Settlement Governance Entity (PSGE) representing the hapū of Tamatea and Heretaunga. TPW represents 23 marae and 43 hapū within their takiwā. As a PSGE, TPW holds and manages the Treaty settlement assets of hapū and acts as a representative body for hapū.

The Heretaunga Tamatea Deed of Settlement (the Settlement) was signed on 26 September 2015. A summary of the historical background to the Claim, the Crown acknowledgements and apology, and supporting information can be found [here](#).

The full Heretaunga Tamatea Settlement Act 2018 can be found [here](#).

The Settlement provides several statutory acknowledgements that the Council must give effect to in relation to the Resource Management Act 1991 (RMA). While not explicitly stated in the legislation, there are many areas of strategic alignment that both Council and TPW consider important.

During the 2022-2025 Triennium, Council's Elected Member Priorities 2022-2025 sought opportunities to continue developing its partnership with Mana Whenua. This included Focus Area #1 – Partnership and Localism, which aimed to grow Council's emerging partnership with Mana Whenua. Activities included working on ownership and sponsorship opportunities for water security and partnering in the continued implementation of *Tūhono mai Tūhono atū – the Council's Māori Engagement Strategy*.

*Tūhono mai Tūhono atū* – Council's Māori Engagement Strategy, adopted on 27 August 2020, sets the foundations for the Council to continue building its partnership with TPW. The strategy includes initiatives that strengthen and maintain opportunities that the proposed MOU and Workplan will support.

TPW and Council officers have been actively working on several initiatives to ensure the statutory acknowledgements between the parties are recognised. This includes RMA activity interfaces and supporting the resolution of cultural redress properties of strategic significance within the District, such as the Waipukurau South Growth Precinct, Lake Whatumā, and Parimāhu.

Following discussions between Council and TPW officers, a proposal was put forward to sign a Memorandum of Understanding (MOU) between the two organisations. This will formally recognise the relationship at a governance level and identify the Council workstreams that TPW is involved in. The MOU and associated workplan pragmatically allows both organisations to more efficiently and effectively deliver on their work programmes while upholding the Settlement.

The attached MOU and work plan identifies the work already underway between the two parties. It also provides an outline of how the parties will work together to solidify the existing relationship.

## DISCUSSION

This section of the report outlines the MOU and the scope of the workplan, and speaks to the next steps.

### ***Memorandum of Understanding***

A legally non-binding document, the MOU is based on a similar one adopted by Hawke's Bay Regional Council in January 2024. The MOU sets out the intent of the partners, and the purpose and principles to be achieved. The MOU has been legally reviewed.

The MOU was workshopped with Council and the TPW Trustees at a public workshop of 5 June 2025 to provide the opportunity for feedback and joint input into both the draft MOU and work programme. Following feedback and subsequent amendments from both parties, the final MOU is now attached for adoption by Council.

**Work Programme – Ngā Ara Pou**

The work plan identifies four pou as the key workstreams, and these include:

- Pou Tahī: Governance and Partnership,
- Pou Rua – Tikanga, Pou Toru – Oranga,
- People and Prosperity, and
- Pou Whā: Infrastructure and Resources.

Each Pou will be led at an operational level through the teams directly responsible for each workstream. As outlined earlier, the development of the workplan will enable the more effective and efficient delivery of the work between our organisations that is already occurring. This step will ensure that appropriate levels of visibility for Governance of both parties occurs.

Both parties have reviewed the MOU and Work Plan attached at the workshop of 5 June 2025. Chief Executives of both parties have reviewed the final workplan and are satisfied of its achievability for sign off.

**Role of Marae and Hapū**

Adopting the MOU does not override the direct relationship and activities that Council holds with Marae or Hapū.

It also does not preclude our long-standing relationships with our other partners such as Te Taiwhenua o Tamatea. An opportunity to develop a MOU with Te Taiwhenua o Tamatea remains.

**STRATEGIC ALIGNMENT**

The recommended option aligns with Councils *Māori Engagement Strategy - Tūhono mai Tūhono atū*.

It also aligns and seeks to support other strategic priorities sought by Council particularly partnership, including:

- Implementation of the Central Hawke's Bay Integrated Spatial Plan 2050
- Reserve Management Plan 2022
- Delivery of its water and wastewater programmes, and
- Other key activities of Council.

**SIGNIFICANCE AND ENGAGEMENT**

In accordance with the Council's Significance and Engagement Policy, this matter has been assessed as medium significance. While of medium significance the matter does not trigger the need for consultation widely in accordance with the Policy.

**OPTIONS/ ANALYSIS**

Three possible options are available to Council include:

**Option 1: Adopt the MOU and Workplan (recommended)**

Adopts the MOU and Workplan, allowing for the MOU to be signed and for the workplan to be implemented in a co-ordinated way.

## Option 2: Adopt the MOU and Workplan with changes

Adopts the MOU and Workplan, noting changes. Subject to the extent of changes, this could still provide for the MOU to be signed and implemented in a co-ordinated way.

## Option 3: Do not adopt the MOU – request further work

Does not to adopt the MOU and direct officers to complete further work. Depending on the extent of the changes could hinder Councils ability to work collaboratively and in a co-ordinated way.

	<b><u>Option 1</u></b> <b>Adopt the MOU and Workplan (recommended)</b>	<b><u>Option 2</u></b> <b>Adopt the MOU and Workplan with changes</b>	<b><u>Option 3</u></b> <b>Do not adopt the MOU – request further work</b>
<b>Financial and Operational Implications</b>	There are no new financial or operational implications with staff already working with TPW on key projects and to deliver on the Settlement Deed.	Subject to the changes there should be no new financial or operational implications.	Subject to the further work, this is substantially Officer and Governance time to re-work further changes.
<b>Long Term Plan and Annual Plan Implications</b>	There are no obvious implications.	This would be subject to the changes.	This would be subject to the changes.
<b>Promotion or Achievement of Community Outcomes</b>	Supports key outcomes including <i>Tūhono mai Tūhono atū – Councils Māori Engagement Strategy</i> .	Subject to the changes, supports key outcomes including <i>Tūhono mai Tūhono atū – Councils Māori Engagement Strategy</i> .	Subject to the changes, it may support key outcomes including <i>Tūhono mai Tūhono atū – Councils Māori Engagement Strategy</i> .
<b>Statutory Requirements</b>	Gives effects to the Settlement Deed 2018.	Subject to the changes, will give effect to the Settlement Deed 2018.	Subject to the changes, will give effect to the Settlement Deed 2018.
<b>Consistency with Policies and Plans</b>	Supports key outcomes including <i>Tūhono mai Tūhono atū – Councils Māori Engagement Strategy</i> .	Subject to the changes, supports key outcomes including <i>Tūhono mai Tūhono atū – Councils Māori Engagement Strategy</i> .	Subject to the changes, it may support key outcomes including <i>Tūhono mai Tūhono atū – Councils Māori Engagement Strategy</i> .

## RISK ASSESSMENT AND MITIGATION

There are no obvious risks with this decision. Officers are already delivering on the work outlined in the *Tūhono mai Tūhono atū – Councils Māori Engagement Strategy*. The MOU and Workplan provides the opportunity for this work to be delivered in a more effective and efficient way.

## RECOMMENDED OPTION

This report recommends **Option1 – Adopt the MOU and Workplan** to ensure a more formalised partnership with TPW and an opportunity to deliver on Councils partnership priorities in an effective and efficient way.

## DELEGATIONS OR AUTHORITY

Council has the authority to make this decision.

**COMMUNICATION**

Should Council confirm the recommended option, and upon signing of the MOU communication with community more widely and Marae will occur.

**NEXT STEPS**

Should Council confirm the recommended option, a time will be arranged for Councillors and the Tamatea Pōkai Whenua Trustees to sign the MOU. This will be supported by local Marae and Te Taiwhenua o Tamatea.

Projects will be established under the work plan and co-ordinated for delivery across the organisation, including as part of the Governance Programme.





## MEMORANDUM OF UNDERSTANDING BETWEEN TAMATEA PŌKAI WHENUA AND CENTRAL HAWKE'S BAY DISTRICT COUNCIL

'Tē tōia, tē haumatia'  
Nothing can be achieved without a plan, workforce and way of doing things.

### 1 Partners

#### Tamatea Pōkai Whenua and Central Hawke's Bay District Council

- 1.1. Tamatea Pōkai Whenua (TPW) is the Post Settlement Governance Entity for Heretaunga Tamatea established to receive the redress negotiated by He Toa Takitini in settlement of the historical Treaty grievances of Heretaunga Tamatea against the Crown. TPW are a legally recognised Treaty of Waitangi / Te Tiriti o Waitangi partner. TPW has a Board of 23 Trustees, representing 43 hapū and 23 marae - mana whenua [1]. The Deed of Settlement was enacted by the Heretaunga Tamatea Claims Settlement Act 2018.
- 1.2. Central Hawke's Bay District Council (CHBDC) is a territorial authority established and operating under the Local Government Act 2002. It is a democratically elected local government for the Central Hawke's Bay District and has a range of leadership, planning, infrastructure, service delivery, regulatory and community functions.

### 2 Purpose

- 2.1. The purpose of this Memorandum of Understanding is to formally record the relationship between TPW, and CHBDC, and to recognise TPW as the representative of the mana whenua of Heretaunga Tamatea within the takiwā [2], as defined in the Heretaunga Tamatea Deed of Settlement.
- 2.2. TPW recognises that CHBDC shares strategic priorities and commitments with mana whenua, and has relationships with other tangata whenua/iwi organisations within their respective takiwā, including others who may consider they have Mana Whenua.
- 2.3. CHBDC recognises TPW as a collective led by its marae, representing the rangatiratanga of Heretaunga Tamatea hapū and marae across the takiwā. Both parties are committed to working in ways that reflect community-led decision-making.

### 3 Principles

- 3.1. The Partners agree the following principles for working together on strategic planning, resource management and development and other issues:

#### Kaitiakitanga:

The partners agree on enabling the environmental wellbeing of the people they serve and those living in the Heretaunga Tamatea area.

#### Mana Motuhake:

The partners agree to be inclusive and embracing of Heretaunga Tamatea kawa [4], tikanga [5], mātauranga, and aspirations within resource management, growth management, consenting processes, and plans. Achieving enhanced community wellbeing generally and achieving planning and development outcomes that cater for the needs and aspirations of Heretaunga Tamatea hapū specifically is of vital importance.

#### Mana Whenua:

Mana whenua will provide input into the management and protection of natural and cultural resources within Heretaunga Tamatea utilising holistic planning processes, encompassing, where appropriate, Heretaunga Tamatea tikanga and mātauranga, kaitiakitanga, cultural and environmental values, protection and enhancement, and social and economic aspirations and initiatives. Where necessary, TPW will protect the rights of hapū and marae embedded in the Heretaunga Tamatea Claims Settlement Act 2018 where views or policy have not been formed.

#### Tino Rangatiratanga:

The partners will work together in utmost good faith to meet statutory requirements, support Heretaunga Tamatea kawa, tikanga, mātauranga and aspirations are appropriately considered in strategic planning and resource management decision-making, and more generally promote social, cultural, economic and environmental wellbeing of Heretaunga Tamatea communities.

#### Whanaungatanga:

As the relationship envisaged in this Memorandum develops, the partners will agree on a programme of work to be carried out, the capability and capacity, and the resources and/or staff required to implement the work programme.

#### Tau Utuutu:

The partners acknowledge each other's roles and obligations under law, to other parties and to their stakeholders and beneficiaries. It is acknowledged that CHBDC will engage with other Māori in fulfilling its statutory functions or when required by law, including other iwi, hapū or marae.

### 4 General

- 4.1. Nothing in this Memorandum affects the legal rights and obligations of either party.
- 4.2. Either partner has the right to enter into other arrangements with other iwi affiliates.
- 4.3. Within the Heretaunga Tamatea takiwā, the exercising of kawa and tikanga is acknowledged, by CHBDC, to lie with Heretaunga Tamatea hapū and marae. The CHBDC will seek and receive TPW advice about the exercise of that authority where appropriate.
- 4.4. In areas of mutual interest, the partners will pursue joint developments and evaluation of programmes, projects and initiatives.
- 4.5. The partners commit to open discussion, positive negotiation and a problem-solving approach to all matters related to fulfilling the purpose of this partnership.
- 4.6. The partners recognise and respect the diverse strengths and contributions each brings to the partnership.
- 4.7. The partners will have equal status in decision making on all matters related to fulfilling the purpose of this partnership.
- 4.8. Effective channels of communication and regular opportunities for dialogue and the establishment of formal mechanisms for input are essential to the success of the partnership.

### 5 Work Programme

- 5.1. The partners agree to give effect to the Memorandum of Understanding through the development and implementation of a Work Programme - Ngā Ara Pou.
- 5.2. TPW and the CHBDC will meet regularly to progress agreed activities and meet annually to review and report on the Work Programme, identify priority issues and activities for collaboration.

### 6 Review of Agreement

- 6.1. This Memorandum of Understanding will be reviewed every five years.

FOR AND ON BEHALF OF TAMATEA PŌKAI WHENUA



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Pōhata Paku  
Chairperson - Tamatea Pōkai Whenua

Date: -----

FOR AND ON BEHALF OF CENTRAL HAWKE'S BAY DISTRICT COUNCIL



-----  
Alex Walker  
Mayor - Central Hawke's Bay District Council

Date: -----

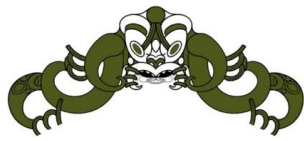
[1] Mana Whenua refers specifically to those who are of direct lineage to the hapū of Heretaunga Tamatea as recognised in the Heretaunga Tamatea Deed of Settlement.

[2] Takiwā means area, district or region.

[3] Rangatiratanga refers to the status of the hapū of Heretaunga Tamatea as the indigenous people of Heretaunga and Tamatea.

[4] In modern Māori, the term kawa is frequently used to refer to rituals related to, but not limited to, the formal execution of protocols which is determined by the hapū or mana whenua of Heretaunga Tamatea area/district.

[5] Tikanga derives from the word tikanga, to be correct and refers to that is accepted as correct customary practice in all Māori contexts. Tikanga is the appropriate behaviour relevant to kawa associated with the ritual which is determined by the hapū or mana whenua of Heretaunga Tamatea takiwā.



Tamatea Pōkai Whenua



**CENTRAL  
HAWKE'S BAY**  
DISTRICT COUNCIL

## Ngā Ara Pou Work Programme

### Pou Tahi – Governance and Partnership

Ngā Ara Pou	Area of Focus	Priority	Objectives	Milestone / Success Measure
1.1	<b>Governance relationships</b>	High	<p>Provide for partnership opportunities in Council decision making.</p> <p>Identify and prioritise settlement issues and opportunities between partners.</p>	<ul style="list-style-type: none"> <li>• A consecutive review of CHBDC and Mana whenua Governance structure and strategy, including Tūhono Mai Tūhono Atu, the Māori Contribution to Decision Making Policy and other key documents.</li> <li>• Review, identify and table opportunities for future partnership in governance ahead of the 2025 Triennium election.</li> <li>• Plan for and establish the process for the partnership induction of new Council elected members.</li> <li>• We explore and implement Joint Governance training opportunities across Tamatea between Council, TPW and Marae.</li> <li>• A Strategic Governance wananga is held across Tamatea to progress these milestones and to connect on our strategic aspirations.</li> </ul>
1.2	<b>Partnership</b>	High	<p>Our partnership is regularly exercised and our focus areas are progressed.</p>	<ul style="list-style-type: none"> <li>• Partnership is regularly exercised through Mayoral, Chair and CE Meetings on a quarterly basis and other partnership meeting opportunities.</li> <li>• An annual MOU hui is held between all Governors.</li> </ul>
1.3	<b>Capacity and Capability Building</b>	Medium	<p>To enhance Mana Whenua Tamatea Leaders with appropriate accreditation and development opportunities– i.e. Good decision making accreditation</p>	<ul style="list-style-type: none"> <li>• Develop and provision a leadership framework and programme based on priorities areas within our MOU and Work Programme..</li> </ul>
1.4		High	<p>To enable, build, and strengthen the relationship to develop knowledge and understanding of each other, Te Mātai Ao, and the</p>	<ul style="list-style-type: none"> <li>• Provide development opportunities for CHBDC Governance and staff by</li> </ul>

Ngā Ara Pou	Area of Focus	Priority	Objectives	Milestone / Success Measure
			associated hapū and marae, and the opportunities and challenges.	providing exposure to TPW, as well as with, iwi and hapū aspirations, policy, processes, projects and activities. • TPW provides at least two update/development sessions per year to CHBDC staff and partners.
1.5		High	Develop and implement Governance Leadership Development opportunities in partnership	• Develop a programme of joint Governance training and leadership opportunities across Tamatea.
1.6		High	Support the Te Mātai Ao to build capacity and capability to actively engage and contribute to Councils work programmes, through staff secondments and the sharing of resources or staff where available.	• Establishment of external secondment/staff sharing agreement(s) with Te Mātai Ao.

#### Pou Rua – Tikanga Language, Culture and Place

Ngā Ara Pou	Area of Focus	Priority	Objectives	Milestone / Success Measure
2.1	The review under 1.1 will give effect to definition of aspects associated to tikanga.			

#### Pou Toru – Oranga People and Prosperity

Ngā Ara Pou	Area of Focus	Priority	Objectives	Milestone / Success Measure
3.1	Housing	Medium	Housing outcomes are progressed through the Tamatea Housing Taskforce Our Homes Strategy.	• Development of Project MOU for the Waipukurau South Growth Precinct, Regional Housing Hawkes Bay project and other housing opportunities as they arise.
3.2	Wai/Water	High	We hold shared values relating to Water in Tamatea Central Hawke's Bay.	• Development of joint core principles associated with water in Tamatea Central Hawke's Bay recognising the intersection with Hawkes Bay Regional Council and future Hawkes Bay Water Model/Water Delivery model. • Having confirmed joint core principles of water, the partners will agree their

Ngā Ara Pou	Area of Focus	Priority	Objectives	Milestone / Success Measure
				respective long term positions in relation to water security and associated projects.
3.3	Economic Activities	High	The aspirations of Mana whenua are reflected in our strategic approach to Economic Development and understood across the region by members of the Matariki Governance Group.	<ul style="list-style-type: none"> <li>Review the Tamatea Central Hawke's Bay Economic Action Plan to ensure partnership opportunities and priorities for Mana Whenua are included.</li> <li>The agreed priorities for Tamatea are evidenced and included in Matariki strategic priorities and initiatives.</li> </ul>
3.4	Property and Investment Opportunities	Medium	Mana whenua are provided opportunities to invest and partner in strategic investment opportunities in the district.	<ul style="list-style-type: none"> <li>Develop a process to identify long term investment opportunities between the partners, for future long term intergenerational investment.</li> <li>Explore the development of a policy between the partners to provide mana whenua with the first opportunity to purchase surplus Council property.</li> </ul>

#### Pou Whā - Rauemi Infrastructure and Resources

Ngā Ara Pou	Area of Focus	Priority	Objectives	Milestone / Success Measure
4.1	Resource Management Act	High	<b>RMA Partnership</b> How we work together under the RMA and future Resource and Planning reform is enhanced.	<ul style="list-style-type: none"> <li>Discuss, agree and record opportunities for how we will work together under the RMA, including opportunities for the establishment of a Mana Whakahono a rohe: Iwi Participation Arrangement, the ability to input into consenting processing and other RMA processes within the statutory requirements.</li> <li>Work together to understand the implications of RMA reform and how the partners will work and lead on joint key matters of importance through the reform process.</li> </ul>
4.2		High	<b>Policy and Planning</b> The values, visions, aspirations, and Mātauranga Māori statements of Mana Whenua are appropriately given effect to in future RMA policy and planning development.	<ul style="list-style-type: none"> <li>Jointly capture future aspirations of Mana Whenua through a process of: <ol style="list-style-type: none"> <li>Develop principles to follow in policy and planning processes</li> <li>Identify priorities for future development</li> <li>Identify and outline</li> </ol> </li> </ul>

Ngā Ara Pou	Area of Focus	Priority	Objectives	Milestone / Success Measure
				funding arrangements 4. Actively follow those processes in engagement <ul style="list-style-type: none"> <li>• Provide cultural values and impact reports as required.</li> </ul>
4.3		High	<b>District Plan Review</b> The future District Plan review work programme is informed and prioritised by including the policy and planning aspirations of Mana Whenua.	<ul style="list-style-type: none"> <li>• Having confirmed Pou 4.1 and 4.2, TPW are involved in the future development and delivery of the District Plan Review Programme.</li> </ul>
4.4		High	<b>Wāhi Tapu / Wāhi Taonga</b> ensure appropriate regulatory protections are applied to Wāhi Tapu/Wāhi Taonga, guided by relevant tikanga.	<ul style="list-style-type: none"> <li>• Comprehensively identify, map and register wāhi tapu/wāhi taonga in future District Plan Reviews.</li> </ul>
4.5	Lake Whatumā	Medium	Roles and support for the restoration and revitalisation of Lake Whatumā and associated facilities are clarified.	<ul style="list-style-type: none"> <li>• Work towards a joint relationship agreement and workplan between Whatumā Management Group, TPW, Council, Hawke's Bay Regional Council and the Department of Conservation.</li> </ul>
4.6	Parimāhu/Blackhead	Medium	Support the land access and ownership aspirations for Parimāhu/Blackhead.	<ul style="list-style-type: none"> <li>• Continue to resolve the paper road and land ownership issues relating to Parimāhu.</li> <li>• Engagement with Ngāti Kere Hapū Authority regarding a plan for TPW to return the lands to Ngāti Kere Hapū.</li> </ul>
4.7	Pūrimu Lake	High	Develop the initial scope and aspirations of hapū for Pūrimu Lake.	<ul style="list-style-type: none"> <li>• Council takes a supporting role in the engagement with Tipene-Nōpera whānau about HB Fish &amp; Game administration transfer and return of Lake.</li> </ul>
4.8	Reserves Management Plan	Low	Mana whenua aspirations in Council reserves are progressed.	<ul style="list-style-type: none"> <li>• A work programme for how Mana whenua aspirations in Council owned or administered reserves to be developed.</li> <li>• Mana Whenua remain a key partner in future Reserve Management Plan Reviews.</li> </ul>

Ngā Ara Pou	Area of Focus	Priority	Objectives	Milestone / Success Measure
4.9	Infrastructure Development	Medium	Infrastructure in the district is progressed for the Oranga (access to the things that enable a good life) of Tamatea Central Hawke's Bay.	<ul style="list-style-type: none"> <li>• The values, visions, aspirations, and Mātauranga Māori statements of Mana Whenua are appropriately considered in the future development of our Infrastructure Strategy and key future programmes of work.</li> <li>• A programme is developed identifying the programme of works and opportunities for shared delivery that progresses community infrastructure in the district.</li> <li>• We work collectively through the Local Water Done Well Legislative Framework, to ensure our communities future success.</li> </ul>

## 6.2 LOCAL WATER DONE WELL DELIBERATIONS

**Author:** Dylan Muggeridge, Group Manager, Strategic Planning & Development

**Authoriser:** Doug Tate, Chief Executive

**Attachments:** Nil

### PURPOSE

Under the Local Government (Water Services Preliminary Arrangements) Act 2024 public consultation on water service delivery options was required. The purpose of this report is to:

- Consider feedback from the public consultation.
- Deliberate on the public consultation on the different future water services delivery options, including on key areas of concerns raised by community.
- Consider Council's preferred future water services delivery model for the Central Hawke's Bay District, under the Local Government (Water Services Preliminary Arrangements) Act 2024. This will inform the development and eventual adoption of the Council's Water Services Delivery Plan to be provided to the Department of Internal Affairs by 3 September 2025.

### RECOMMENDATION(S)

**That Council:**

1. Thanks, and notes the points made by submitters.
2. Confirms that to comply with Local Water Done Well legislation, a Regional, Hawke's Bay Water Services Council Controlled Organisation (HBWSCCO), owned by Central Hawke's Bay District Council (CHBDC), Hastings District Council (HDC), Napier City Council (NCC) and Wairoa District Council (WDC) remains the preferred water service delivery model.
3. Directs the Chief Executive to prepare a draft Water Services Delivery Plan on the basis of a HBWSCCO being established as the preferred delivery model.
4. Directs the Chief Executive to explore regional transitional arrangements to proceed with the planning for a joint operating model between the Councils in respect of the delivery of water services in their respective regions.
5. Expects that progression of the preferred model of the HBWSCCO will address the following matters:
  - a. Responding to the affordability challenges for the community by:
    - i. Developing a revised 10-year water services plan with a reduced level of investment, whilst maintaining community levels of service for drinking water quality and wastewater and stormwater management.
    - ii. Including this revised 10-year plan in the regional Water Services Delivery Plan, noting this revised plan may expose Council to residual regulatory and resilience risks.
    - iii. Advocating regionally and nationally for any transitional arrangements to immediately consider affordability, including affordability standards in line with international standards.

- iv. **Advocating for any regional transitional arrangements to immediately consider the impact of a 30-year investment strategy for the HBWSCCO.**
  - v. **Advocating for any regional transitional arrangements to immediately consider approaches to the sharing of operational costs and capital investment that ensures more equitable access to services in the region.**
  - vi. **Advocating regionally and nationally for specific rates-relief mechanisms for pensioners, fixed and low-income earners, clubs and entities to be established if/when a new water services delivery CCO is established.**
  - vii. **Seeking Government support to reduce the projected cost on ratepayers.**
  - b. **Addressing concerns about the perceived loss of local voice in decision-making and asset ownership though the satisfactory negotiation of shareholding and governance arrangements in any regional transitional arrangements and in the eventual establishment of a HBWSCCO.**
  - c. **Advocating for the HBWSCCO to review any 'ring fencing' of costs by Council jurisdiction if/when it is established, and then at a regular term thereafter in the Statement of Expectations.**
  - d. **Continuing refinement of the strategy and governance framework for the HBWSCCO and the role of CHBDC, regional structures and local community and hapu engagement requirements.**
  - e. **Continuing refinement of the estimated costs (including set-up costs, ongoing operational costs and stranded overhead costs) through the preparation of the Water Services Delivery Plan.**
  - f. **Ensuring ongoing engagement with community through the preparation of the Water Services Delivery Plan.**
6. **Notes that a further report will be presented to an extraordinary meeting of Council on 24 July 2025 to:**
- a. **provide an update on a revised investment programme for CHBDC, and any decision-making required for the 2025/26 capital work programme and inclusion in the Water Services Delivery Plan.**
  - b. **Provide an update on progress with resolutions 3), 4) and 5) above.**
  - c. **Consider any appropriate transitional arrangements to be put in place.**
  - d. **Seek further decisions on any regional transitional arrangements.**

## **EXECUTIVE SUMMARY**

The Local Water Done Well (LWDW) framework is the Government's initiative to address long-standing water infrastructure challenges. It emphasises local decision-making and provides councils with a framework to determine future water service delivery. The framework is legislated through three Acts: the Water Services Acts Repeal Act, the Local Government (Water Services Preliminary Arrangements) Act, and the Local Government (Water Services) Bill, all in varying states of progress.

Councils are required to develop Water Services Delivery Plans (WSDPs) by 3 September 2025, outlining future water service delivery arrangements, implementation plans, and baseline information about their operations, assets, revenue, expenditure, and financing arrangements. Public consultation is mandatory, and councils must assess at least two options for its water service delivery.



The Central Hawke's Bay District Council (Council) consulted on three options:

- Hawke's Bay Water Services Council Controlled Organisation (HBWSCCO) (preferred option),
- Standalone CCO, and
- In-house delivery.

The preferred option, a HBWSCCO, received the most support during the public consultation process due to projected cost savings and shared responsibility. Notably, those submitters connected to water services who this decision will most greatly impact, largely support option one being the regional model over other options. Support for the in-house and single Council CCO options was mainly from those residents not connected.

Despite the support, affordability has been raised by submitters as being the most significant concern through the consultation, with projected water rates presented in the consultation document reaching unaffordable levels for CHB connected residents and businesses on all options. While this is not a new (as outlined in the 2021 and 2024 Long Term Plans), submitters expressed concerns about financial burdens, especially for pensioners and low-income households, and emphasised the importance of local control and governance. The Council is recommended to address affordability challenges, advocate for rates-relief mechanisms, and seek Government support to reduce costs amongst other recommendations.

The Central Hawke's Bay community has voiced valid concerns about the future cost of water services and this new model introduces several safeguards to address this key issue. These include, the initial water service delivery plans approval required from the Department of Internal Affairs, the opportunity for Council to provide strategic direction to a future entity on affordability, and robust regulatory oversight from both Taumata Arowai and the Commerce Commission who will ensure that water services remain safe, healthy, and affordable for our community into the future.

Officers agree with the community that affordability is a key concern for the future delivery of water services, and addressing the affordability challenge for connected ratepayers must be a key priority going forward into a new water services delivery model.

The submissions and feedback from community have however not fundamentally altered Officers' previous advice on the preferred delivery model. The HBWSCCO remains Officers recommended option for Council to progress, based on options available within the LWDW legislative framework.

There are options to immediately address the affordability issues of LWDW within Council's control, albeit not without their risks. The report notes work already underway and provides further recommendations, as well as options to further pursue with other Councils the opportunity to transition to a new regional water services delivery model.

The Council must follow the legislation and confirm its preferred option to submit a WSDP to the Government by the deadline. This report recommends that Council confirms the HBWSCCO as the preferred delivery model to comply with the LWDW framework.

## **BACKGROUND**

Local Water Done Well (LWDW) is the Government's plan to address New Zealand's long-standing water infrastructure challenges. It recognises the importance of local decision making for communities and provides councils with a framework to determine how their water services will be delivered in the future.

Local Water Done Well represents a fundamental shift in how water services are delivered across New Zealand. It is a systemic transformation designed to ensure long-term sustainability, equity, and affordability in water service delivery.

There is a strong emphasis in the framework on meeting economic, environmental and water quality regulatory requirements. Under LWDW, the Government expects that councils will work together to address financial sustainability and affordability challenges.

The LWDW framework has been established in legislation through three separate Acts:

1. The *Water Services Acts Repeal Act* (adopted February 2024), which repealed previous legislation relating to water services entities.
2. The *Local Government (Water Services Preliminary Arrangements) Act 2024* which establishes the Local Water Done Well framework and the preliminary arrangements for the new water services system.
3. The *Local Government (Water Services) Bill* (not yet enacted) establishes the enduring settings for the new water services system. The objectives of the Bill are to ensure water services are safe, reliable, environmentally resilient, customer responsive and delivered at the least cost to consumers and businesses.

### **What does legislation require Council to do?**

The *Local Government (Water Services Preliminary Arrangements) Act 2024* contains several key requirements for councils to:

- Develop Water Services Delivery Plans by 3 September 2025
- Outline future water services delivery arrangements
- Commit to an implementation plan
- Include in their plans baseline information about their water services operations, assets, revenue, expenditure, pricing, and projected capital expenditure, as well as necessary financing arrangements, as a first step towards future economic regulation.

This Act also enables streamlined public consultation and decision-making processes for setting up future water services delivery arrangements.

The *Local Government (Water Services) Bill* is currently going through a Select Committee process (ie, it is not legislation yet), with the Select Committee expected to report back on Friday 4 July 2025. The Bill provides for arrangements for the new water services delivery system, including:

- Structural arrangements for water services provision such as establishment, ownership, and governance of water organisations
- Operational matters such as arrangements for charging, bylaws, and management of stormwater networks
- Planning, reporting, and financial management.

Council must follow the legislation and confirm which option it intends to progress, in order to submit a Water Service Delivery Plan to Government by 3 September 2025. It is important to note that a prolongation of the status quo, ie the delivery of water services as Council currently deliver them, is not an option that will meet the legal requirements of the LWDW framework.

### **What are Water Services Delivery Plans?**

Water Services Delivery Plans (WSDPs) are a way for councils to demonstrate their commitment to deliver water services that meet regulatory requirements, support growth and urban development, and that are financially sustainable.

Council must demonstrate financial sustainability through the development of its WSDP. This means water services revenue is sufficient to meet all regulatory standards and requirements,

whilst ensuring long term investment in water services. How councils approach achieving financial sustainability can be different depending on local circumstances and require councils to consider the balance between three key factors.

These factors (which do not include affordability for the ratepayer) are:

- Revenue sufficiency – is there sufficient revenue to cover the costs (including servicing debt) of water services delivery?
- Investment sufficiency – is the projected level of investment sufficient to meet levels of service, regulatory requirements and provide for growth?
- Financing sufficiency – are funding and finance arrangements sufficient to meet investment requirements?

Through the development of WSDPs, councils will provide an assessment of their water infrastructure, how much they need to invest, and how they plan to finance and deliver it through their preferred water service delivery model.

WSDPs are a one-off, transitional requirement under the Local Government (Water Services Preliminary Arrangements) Act 2024.

As mentioned above, councils are required to develop and submit WSDPs, either individually or with other councils, by 3 September 2025 (unless an extension is granted). The Secretary for Local Government holds responsibility for accepting or not accepting the WSDPs.

It's currently unclear however how the Department of Internal Affairs will assess the WSDPs (ie, what criteria will be applied for the review and analysis of the WSDPs).

### Previous Decisions of Council

Council has received multiple reports and updates on LWDW and the previous Three Waters reform programme. Officers recently reported to the Finance, Infrastructure and Performance Committee meeting of 24 April 2025 available [here](#), which provided further background information to the Local Water Done Well programme and sought endorsement of Water Service Delivery options for consultation.

Council approved the [public consultation document](#) for the options available to community under the Local Water Done Well framework [on 8 May 2025](#). The consultation document was based on the options adopted by Council at its meeting of 24 April 2025.

### Why was the HBWSCCO preferred for public consultation?

Council developed in early 2025 a set of critical success principles to support Council through decision-making on how to best deliver and manage water services under the LWDW framework. These principles are described in the table below:

Principle	Explanation
Costs are Reduced	Water services that are led, created, managed and operated in a way that is more cost effective and financially enabling for Central Hawke's Bay households and future investors, than if Council was to operate services alone.
Safe and Healthy Water	Safe and healthy drinking water is delivered and the impacts of our wastewater and stormwater services are minimised, through the operation and management of assets that are fit for purpose and safe for suppliers, people and residents.

Principle	Explanation
Environmental Responsibility	Water services are managed to optimise resource use, improve efficiency, and address the interconnectedness of these water services for the good of the natural and built environment – recognising the importance of water as a resource and taonga in all its forms.
Resilient Infrastructure responsive to growth	Local Infrastructure is appropriately prioritised and invested in a long-term view of sustainability, to ensure resilience against climate change, population growth and location, and natural disasters.
Community Ownership and Empowerment:	That community continue to have a meaningful role in the decision-making processes, management and operation of their local water services, with policies, outcomes and investment decisions reflective of the community's values, needs and local expertise.

In early April 2025, Councillors went through an exercise of assessing the three options (HBWSCCO, Central Hawke's Bay CCO, In-House Delivery) against these principles. Different weightings were granted to different principles, and officers made initial scorings for each of the options. These scorings were discussed and tested with Councillors.

This exercise identified the HBWSCCO as the preferred option scoring 78% against the principles, followed by the Single Council CCO at 56% and the In-House Delivery model at 46%.

The summary of this assessment and the scorings are outlined below.

### Assessment Key:

1	2	3	4	5
Little/No Alignment		Moderate Alignment		Strong Alignment

		Option 1 - Regional Model (HBWCCO)		Option 2 - CHBDC WSCCO		Option 3 - Council Delivered Service		
		Establishment of a Waters CCO across the 4 HB Councils		Establishment of a Waters CCO for Central Hawke's Bay only		Ongoing management and delivery of water services for Central Hawke's Bay by CHBDC with new established <u>mgmt</u> and governance structures and financial/balance sheet separation		
Principles		Weighting	Score (1-5)	Comment	Score (1-5)	Comment	Score (1-5)	Comment
Principle 1. Costs are Reduced	Water services that are led, created, managed and operated in a way that is more cost effective and financially enabling for Central Hawke's Bay households and future investors, than if Council was to operate services alone.	40%	4	Maximum economies of scale achieved as well as efficiency across larger user base + access to maximum borrowing capacity + increased buying power. Opportunity for cost sharing in future, which other options do not provide.	2	Improved access to better funding and enhanced asset planning - but offset by increased <u>mgmt</u> structures/overheads and challenges with stranded overheads.	2	No improved access to funding = continued debt cap constraints. Less overhead/ <u>mgmt</u> costs than full CCO establishment - issues with stranded overheads exist

				Option 1 - Regional Model (HBWCCO)	Option 2 - CHBDC WSCCO		Option 3 - Council Delivered Service	
				Establishment of a Waters CCO across the 4 HB Councils				
Principles		Weighting	Score (1-5)	Comment	Score (1-5)	Comment	Score (1-5)	Comment
Principle 2. Safe and Healthy Water	Safe and healthy drinking water is delivered and the impacts of our wastewater and stormwater services are minimised, through the operation and management of assets that are fit for purpose and safe for suppliers, people and residents.	20%	4	Enhanced planning capability, and enhanced ability to fund infrastructure works to ensure safe and healthy water	3	Improved access to funding will enable some greater investment, but likely not all that is needed. Some improvement in planning capability possible through the creation of more specialist and skilled teams, this to be balanced against affordability and increased operational overheads	2	Council likely to continue to struggle to deliver on required infrastructure upgrades to ensure safe and healthy water. Minimal improvement in planning capability likely.

				Option 1 - Regional Model (HBWCCO)	Option 2 - CHBDC WSCCO		Option 3 - Council Delivered Service	
				Establishment of a Waters CCO across the 4 HB Councils				
Principles		Weighting	Score (1-5)	Comment	Score (1-5)	Comment	Score (1-5)	Comment
Principle 3. Environmental Responsibility	Water services are managed to optimise resource use, improve efficiency, and address the interconnectedness of these water services for the good of the natural and built environment – recognising the importance of water as a resource and taonga in all its forms.	10%	4	Enhanced planning capability, and enhanced ability to fund infrastructure works to ensure the environment is respected and protected	3	Improved access to funding will enable some greater investment, but likely not all that is needed. Some improvement in planning capability possible through the creation of more specialist and skilled teams, this to be balanced against affordability and increased operational overheads	2	Council likely to continue to struggle to deliver on required infrastructure upgrades to ensure optimal environmental outcomes. Minimal improvement in planning capability likely.

				Option 1 - Regional Model (HBWCCO)	Option 2 - CHBDC WSCCO		Option 3 - Council Delivered Service	
				Establishment of a Waters CCO across the 4 HB Councils				
Principles		Weighting	Score (1-5)	Comment	Score (1-5)	Comment	Score (1-5)	Comment
Principle 4. Resilient Infrastructure Responsive to Growth	Local Infrastructure is appropriately prioritised and invested in a long-term view of sustainability, to ensure resilience against climate change, population growth and location, and natural disasters.	20%	4	Enhanced planning capability, and enhanced ability to fund infrastructure works to ensure that infrastructure plans cater for the impacts of growth. Note potential for loss of efficiency in aligning growth across infrastructure classes (e.g. with Transport) and in engaging with authorities in planning for growth.	3	Improved access to funding will enable some greater investment, but likely not all that is needed. Some improvement in planning capability possible through the creation of more specialist and skilled teams, this to be balanced against affordability and increased operational overheads	2	Council likely to continue to struggle to deliver on required infrastructure upgrades to effectively enable and manage growth. Minimal improvement in planning capability likely.

			Option 1 - Regional Model (HBWCCO)		Option 2 - CHBDC WSCCO		Option 3 - Council Delivered Service	
			Establishment of a Waters CCO across the 4 HB Councils		Establishment of a Waters CCO for Central Hawke's Bay only		Ongoing management and delivery of water services for Central Hawke's Bay by CHBDC with new established <u>mgmt</u> and governance structures and financial/balance sheet separation	
Principles		Weighting	Score (1-5)	Comment	Score (1-5)	Comment	Score (1-5)	Comment
Principle 5. Community Ownership and Empowerment	That community continue to have a meaningful role in the decision-making processes, management and operation of their local water services, with policies, outcomes and investment decisions reflective of the community's values, needs and local expertise.	10%	3	Assets still owned by community at large and community still connected to same assets - potential for local projects to be 'lost' in larger prioritisation in the event of cost reductions.	5	Assets still owned by community and projects identified and prioritised only for CHB water users	5	Assets still owned by community and projects identified and prioritised only for CHB water users
Ranking	Total	100%	78%		56%		46%	

### Financial Modelling

The HBSWSCCO model was the recommended option based on the financial modelling and non-financial benefit analysis completed both locally and regionally.

While this most recent work was completed in 2024, it built on work completed since 2017 on options for water service delivery. It drew on findings from both the [Hawke's Bay Three Waters Review](#) in 2019 and later the Government's previous [Three Waters Review](#). Both of these reviews concluded that the way to address underinvestment and infrastructure deficiencies faced by Councils, coupled with financial sustainability concerns, was to shift to larger entities, to achieve economies of scale, improve financial sustainability and enhance infrastructure management.

The report to Council's Finance, Infrastructure and Performance Committee meeting of 24 April 2025 available [here](#), clearly outlines the financial and non-financial benefits of the three options, and why the HBWSCCO is the preferred option. The table below provides a strategic summary of the three options, and why Option 1 was the preferred option.

Option	Free Funds from Operations	Borrowing (cost of funds and ability)	Financial modelling efficiencies	CHBDC Critical Success Factors	Regional non-financial criteria
<b>Option 1 – Regional HBWSCCO</b>	8%	4.55% pa with credit rating 500% of Water Revenue.	2% initially growing to 12%.	Lowest Cost, upgrades to achieve safe, healthy, environmental water more achievable.	Offers best scale, efficiencies, resilience, and capability.
<b>Option 2: CHBDC WSCCO</b>	11%	4.60% with credit rating 500% of Water Revenue.	1% initially growing to 5%.	Affordability limits investment to provide upgrades to achieve safe, healthy, environmental water.	Offers limited improvement in efficiencies, resilience, and capability, but not scale.

Option	Free Funds from Operations	Borrowing (cost of funds and ability)	Financial modelling efficiencies	CHBDC Critical Success Factors	Regional non-financial criteria
<b>Option 3 – Council delivered Service</b>	12%	4.70% pa 175% of Council Revenue.	Nil.	Affordability limits investment to provide upgrades to achieve safe, healthy, environmental water.	Offers some improvements due to increased regulation but limited

### Public consultation

Under the *Local Government (Water Services Preliminary Arrangements) Act 2024* Council was required to consult on the anticipated or proposed model for delivering its water services in the WSDP. This consultation had to be undertaken before plans are submitted to the Department of Internal Affairs.

Under section 61, Councils are required to identify and assess the advantages and disadvantages of at least two options. These included either remaining with Council delivered service (albeit in a new regulatory framework) for delivering water services, establishing or joining a water services Council Controlled Organisation (CCO), or a joint regional local government arrangement.

The three options adopted by Council for public consultation were:

- Option 1: Hawke's Bay Water Services CCO (preferred option)
- Option 2: Central Hawke's Bay standalone CCO
- Option 3: In-house delivery

Council publicly consulted on the three options from Monday 12 May to Sunday 15 June 2025, through a series of community conversations and live online events:

- Live update and presentation – Monday, 19 May
- Tikokino Community Conversation – Wednesday, 21 May
- Porangahau Community Conversation – Sunday, 25 May
- Waipukurau Community Conversation – Tuesday, 27 May
- Takapau Community Conversation – Wednesday, 28 May
- Elsthorpe Community Conversation – Tuesday, 3 June
- Live update and presentation – Thursday, 5 June
- Waipawa Community Conversation – Tuesday, 10 June
- Ōtāne Community Conversation (rebooked) – Wednesday 11 June

Hearings were conducted in Council Chambers on Thursday 19 June at Council's Finance, Infrastructure and Performance Committee. 12 Submitters spoke to their submissions at these hearings.



## DISCUSSION

### ***Quantitative feedback from Consultation***

#### *General*

Council received 208 submissions through the public consultation process. All of the submissions received can be found at the link [here](#). A breakdown of the submission analysis is available [here](#) from pages 511 – 526.

Of these 208 submissions (including both connected and non-connected residents):

- 101 submitters (49%) preferred option 1 – Regional CCO (the Preferred Option)
- 23 submitters (11%) preferred option 2 – Single Council CCO
- 56 submitters (27%) preferred option 3 – In house service delivery.
- 28 submitters (13%) did not indicate a preferred option.

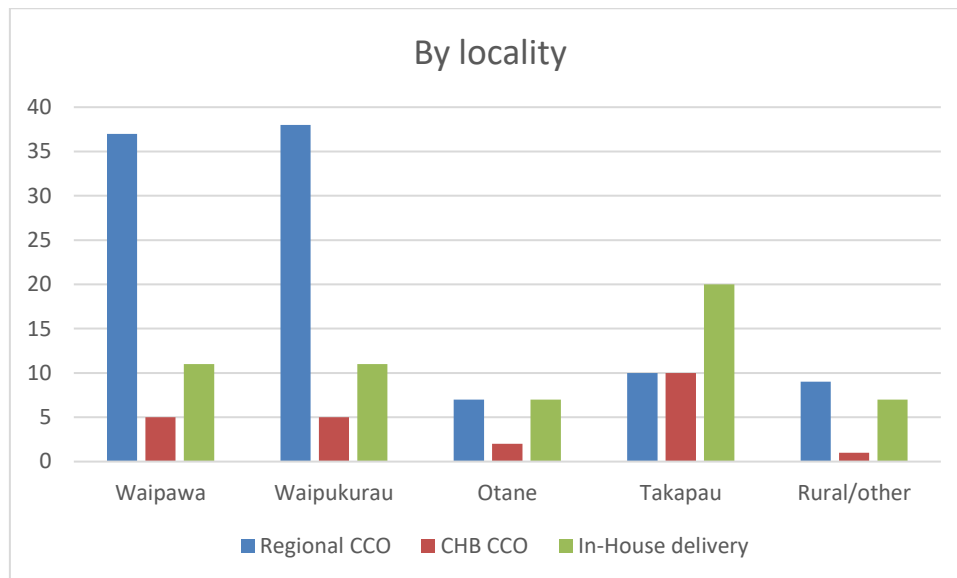
Of the 180 submitters that expressed a preference:

- 56% preferred option 1 – Regional CCO (the Preferred Option)
- 11% preferred option 2 – Single Council CCO
- 31% preferred option 3 – In house service delivery.

*By locality (based on the 180 submitters who expressed a preference)*

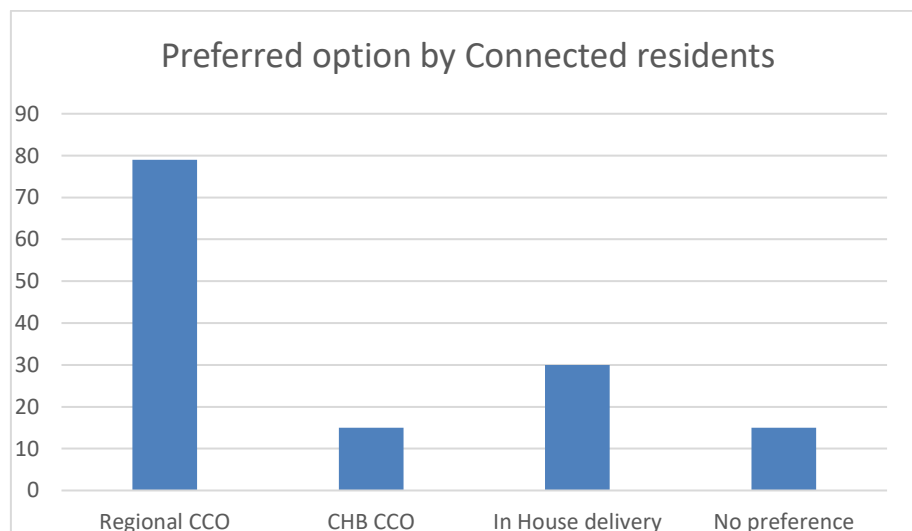
	Regional CCO	CHB CCO	In-House delivery
Waipawa	37	5	11
	70%	9%	21%
Waipukurau	38	5	11
	70%	9%	20%
Otane	7	2	7
	44%	13%	44%
Takapau	10	10	20
	25%	25%	50%
Rural/other	9	1	7
	53%	6%	41%





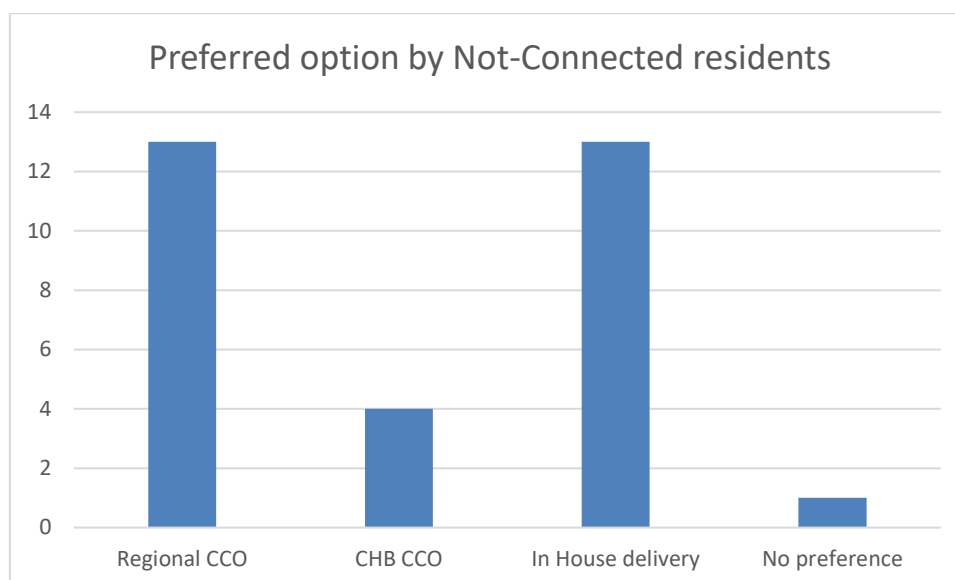
*By submitters connected to water services (based on 139 submitters who expressed an opinion)*

Regional CCO	CHB CCO	In House delivery	No preference
79	15	30	15
57%	11%	22%	11%



*By submitters not connected to water services (based on 31 submitters who expressed an opinion)*

Regional CCO	CHB CCO	In House delivery	No preference
13	4	13	1
42%	13%	42%	3%



### ***Analysis***

The HBWSCCO was the most supported option overall, as well as in the main urban centres of Waipukurau and Waipawa, and across submitters connected to water services. This is important feedback, noting that connected residents are those that are most impacted by this decision.

While there was more balance in submission feedback in some areas such as Otane, other rural submitters were split between a preference for a HBWSCCO and an in-house delivery model.

Takapau was in favour of an in-house delivery model despite affordability being their greatest concern. Officers are of the view that the quantitative analysis of submissions supports the HBWSCCO for Central Hawke's Bay. This still recognises however that there is work to complete relating to the long-term affordability of the preferred option.

### ***Summary of qualitative feedback from consultation by locality***

The following section provides a summary of the key concerns and issues raised in different localities across the district.

#### **Waipukurau**

- Preference for Regional CCO due to perceived cost savings and shared responsibility.
- 11 supported for In-house delivery to retain local control and accountability.
- Concerns about affordability and scepticism were raised about the accuracy of projected costs.
- Deep concerns were raised about the financial burden, especially for pensioners and low-income households.
- Calls for user-pays systems and water metering to ensure fairness.
- Frustration with perceived lack of transparency and perceived historical mismanagement by council.
- Suggestions for rainwater collection incentives.
- Longer repayment periods (20–30 years) to be considered for any borrowing.

Waipawa

- Support for HBWSCCO as the “least bad” option, though many expressed distrust in regional governance and fear of losing local voice.
- 11 preferred In-house delivery to maintain autonomy and ensure local needs are prioritised.
- Some emphasised mental and financial stress caused by proposed rate increases.
- Requests for government funding and cost-sharing mechanisms.
- Concerns about privatisation risks and loss of local representation.
- Suggestions to pause decisions until more information is available and the legislation is finalised.

Takapau

- Preference for In-house delivery, to retain local control and avoid being overshadowed by larger councils.
- Concerns that Takapau’s infrastructure is being unfairly bundled into regional costs.
- Strong sentiment that Takapau is being unfairly penalised despite having already invested in its infrastructure.
- Fears of community decline due to unaffordable rates leading to outmigration and loss of services.
- Repeated calls for alternative solutions, such as self-sufficiency through tanks and bores, and Central Government intervention.
- Emotional appeals highlighting the impact on elderly, families, and community organisations.

Otane

- Support for HBWSCCO as cheapest/most-cost effective option
- Those that opposed the preferred option argued for the retention of ownership of water infrastructure and loss of local voice
- Concern that a change to a regional model would raise the cost of rates compared to the current levels of rates
- Submitters urged Council for a reduction of costs
- Calls for education on saving water
- Calls for rebates to be established

***Across localities***

The most frequently selected considerations across all localities were:

- Affordability: “How much you we pay for water services” was overwhelmingly the top concern.
- Safety and reliability: Many noted this would normally be their top priority, but cost concerns override it.

- Ownership and management: A significant number stressed the importance of local ownership and governance.
- Other: Some respondents selected “All of the above” or noted that affordability, safety, and governance are equally important. Online submitters could only select one option, those who wrote in selected multiple boxes.

### ***Analysis***

The detailed analysis of the key themes raised in submissions, and recommendations from officers is provided in the section below.

### ***Tamatea Pōkai Whenua Submission***

Tamatea Pōkai Whenua Trust (TPW), established in 2018, represents 23 marae and 43 hapū, and are the body leading the management and implementation of the Heretaunga Tamatea Deed of Settlement under the [Heretaunga Tamatea Claims Settlement Act 2018](#) and their related assets. The Act includes statutory acknowledgements under the Resource Management Act 1991. The Council and TPW have identified strategic alignments.

TPW strongly supports Option 1. TPW specifically notes regional equity as a key reason to support Option 1, noting smaller Councils such as Central Hawke’s Bay and Wairoa do not have the financial scale to achieve the required upgrades without regional co-ordination.

They noted should Option 1 not proceed, rural and under-resourced communities-including many Māori communities will be disproportionately impacted. They noted the regional equity and long-term sustainability that Option 1 offers. The ‘ring-fencing’ of costs to individual councils in the long term would undermine regional equity, especially for smaller Councils such as Wairoa and Tamatea-Central Hawke’s Bay, and advocated for a move away from the ring-fencing of costs.

TPW provided recommendations for the potential Governance Structure. This included cultural values and aspirations be included within the Letter of Expectation to any future entity. They suggested the appointment of Independent Directors who hold Te Ao Māori values and commitments to cultural competency and equity.

### ***Analysis***

Early officer conversations have commenced with Tamatea Pōkai Whenua on potential arrangements. However, detailed analysis on potential governance arrangements are yet to fully progressed and advanced.

Officers will continue to engage with TPW on potential governance arrangements as Council develops its own views on governance and operation of any future entity. This is likely to be done in conjunction with Hastings District Council, noting the joint takiwā of Heretaunga and Tamatea that TPW represents.

## **ANALYSIS OF SUBMISSIONS**

The key issues raised in the submissions, reflect a mix of financial, governance, and operational concerns raised by the community.

The next section of this report presents the key points raised in submissions, summarised into key topics/themes. For each topic, officers have provided commentary and analysis, and, where appropriate, have provided recommendations to Council.

## Topic 1: Affordability

Affordability is by far the biggest issue raised by the Central Hawke's Bay community throughout the consultation period. The potential \$7,000/annum for water rates per connection (by year 10) and/or the estimated \$60,000 over ten years for rates (including the general rate) is deemed completely unaffordable.

The vast majority of submitters expressed significant concerns about the high costs of water services. Some stated that rates as high as \$7,000 per annum are unsustainable and could lead to financial hardship, mortgage sales, or people leaving the district.

Some suggested the forecast costs would likely be a disincentive to people wanting to move in the district, likely slowing the forecast growth for the district.

Submitters raised concerns about the financial burden on pensioners, fixed and low-income households, as well as sporting clubs and not for profit entities, stating that the modelled costs are completely unaffordable for these groups.

The consultation document noted affordability as being Central Hawke's Bay's biggest challenge. The community has overwhelmingly reinforced this point through the submissions, feedback provided at public and online meetings, direct correspondence with Councillors and officers, and through social media channels.

## Analysis

### *Objectives and Outcomes sought under Local Water Done Well*

The LWDW framework aims to address long-standing three waters infrastructure issues across New Zealand, by improving the quality, sustainability and affordability of water services nationwide.

The Hawke's Bay region also confirmed, in late 2024, its principles and objectives it sought to achieve through the LWDW process in moving to a new service delivery model. The first principle/objective was to *"deliver water services in a way that is affordable, effective, and allows for equitable access"*.

Similarly, in late 2024, Council developed its critical success principles to guide Council's decision-making on how to best deliver and manage water services under the LWDW framework. Its first principle being *"costs are reduced: that water services are led, managed and operated in a way that is more cost effective and financially enabling for Central Hawkes' Bay households and future investors, than if Council was to operate services alone"*.

## Modelling

Financial modelling was undertaken by PWC for the Hawke's Bay Councils earlier this year to inform the development of options for future water services delivery models and eventually informing the WSDP. The Department of Internal Affairs' recommendations was to develop a baseline understanding of our council's water services delivery and projected activity as set out in Council's 2024 Long Term Plan.

The figures underpinning PWCs modelling by each Council were contained in their 2024 - 2027 Three Year Plans, adopted in June 2024<sup>1</sup>. These plans, while focusing on the first 3 years, also contains a 10-year capital programme.

For Central Hawke's Bay this information included a \$201 million capital programme for water infrastructure, made up of:

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<sup>1</sup> The Hawke's Bay Councils received legislative relief following Cyclone Gabrielle to prepare an un-audited 3 year plan, rather than a full 10 year Long Term Plan.

- \$77m for drinking water (Second Supply; Reservoir Replacement Programme; Water Metering; Backflow Preventors etc)
- \$123.8m for wastewater (Treatment Plant Upgrades Waipawa, Otane, Waipukurau Porangahau; Takapau; Pipe Renewals; etc)

This 10-year programme has translated into modelling projected average water rates for Central Hawke's Bay connected households and businesses. For Central Hawke's Bay, this is projected to be between \$7,000 - \$7,600 in water rates alone in 2034. This level of rating increase is not inconsistent with that projected in the 2021 and 2024 Long Term Plans to address the major three waters infrastructure deficits the district faces.

The key tangible lever that Council has to reduce these modelled projected rates for water services is to develop a reduced capital programme over the next 10 years to serve as the basis for the production of the WSDP. Early work is underway to assess the impacts of a revised, reduced capital work programme, noting that it would carry residual risks that need to be acknowledged.

At the time of writing, the full extent of risks is not yet understood. However, the nature of the risks is likely to result in less infrastructure contingency than what was originally planned i.e. less resilience, longer wait times for routine water leaks on non-critical assets to be fixed and the potential need to undertake further and continued wastewater plant upgrades in future to meet compliance requirements and service growth.

Also, a reduced capital programme would take a more incremental approach to infrastructure development to match the actual population growth over time. Notwithstanding this, a reduced capital work programme will provide a significant improvement to the current infrastructure with the continued provision of safe and healthy water and high levels of reliability to households and businesses in the district.

For absolute clarity, a reduced programme does not diminish the criticality or requirement for the significant investment required across our three waters assets. It also does not diminish the significant infrastructure investment deficit that exists. It does however address the short to medium term affordability challenges, which Council can control. It also does not preclude that future Commerce Commission regulation may require greater levels of investment than those included in a reduced programme.

### ***Affordability in Water Services Delivery Plans***

As mentioned earlier in the report, the WSDPs must include a council self-assessment of the financial sustainability of their water services delivery. Three components are used for the assessment – revenue sufficiency, investment sufficiency, financing sufficiency. Affordability for ratepayers is not one of these components.

However, Councils have the ability to qualitatively describe affordability challenges related to projected water services charges for communities in their WSDPs.

### ***International affordability standards***

Affordability is a key cross-cutting theme in the [United Nations Sustainable Development Goals \(SDGs\)](#), including in *SDG 6: Clean Water and Sanitation* which aims to achieve universal and equitable access to safe and affordable drinking water.

While there is no single international standard to define/measure affordability, several commonly referenced standards and benchmarks suggest that 2-5% of median household income is considered 'affordable' for water services (drinking water and wastewater) usage charges (as referenced in a Water New Zealand submission to the Productivity Commission's local government funding and financing inquiry in 2019).

We also understand that, when reviewing WSDPs, the DIA will likely be assessing the affordability of projected water services charges for communities. However, the DIA has not to date formally communicated what criteria/standards/benchmarks they will be applying to making these assessments. We understand however that officials may be using a standard that is in line with the international standard suggested above.

Central Hawke's Bay's current median household income (as of April 2025) is \$82,100. The average projected water rates for connected ratepayers for the 2025/26 financial year is \$3,200, which is 3.9% of the median household income – within the international standards.

In 10 years' time however, assuming a 2% CPI increase, the median household income in Central Hawke's Bay could be about \$98,000. The modelled costs per connection in ten years' time contained in the consultation document range from \$7,000 for the preferred option, to \$7,600 for the Central Hawke's Bay CCO, the costliest option. This would project the average cost per connection in ten years to be 7.1% to 7.6% of the median household income in Central Hawke's Bay, a cost that is well outside of the international standards, which is unaffordable.

Currently such affordability standard is expected to be breached in the 2028/2029 financial year (under all options), at 5.1% of median household income.

It is important to note however that standards based on median household income can mask disparities as it reflects the midpoint of households, not the lowest-income earners who are likely to face the biggest affordability challenges. There are other metrics available, such as the AR20 metric (which uses the 20<sup>th</sup> percentile income). More work is required to ensure that any standard used does not disproportionately affect the lowest-income households in the more deprived urban areas of Central Hawke's Bay.

Officers have commissioned additional affordability work (**attached**) to assist Council in further considering the impacts of affordability. This work summarises work previously undertaken, including consideration of affordability metrics in the development of the Three Year Plan 2024 – 2027. What the work concludes, is that consistent with the 2021 – 2031 Long Term Plan and 2024 Three Year Plan Prudential Benchmarks, affordability of rates is a significant challenge, when faced with the major infrastructure deficits in three waters the district faces. Consistent also with the feedback from community, those communities where deprivation is highest, will be most affected by affordability challenges from three waters investment.

### *Summary*

Overwhelmingly, submitters raised significant concerns about the affordability of water services, with proposed rates as high as \$7,000 per annum being described as unsustainable.

They warned that such costs could lead to financial hardship, forcing residents to sell their homes, face mortgagee sales, or even leave the district. Pensioners and low-income households were highlighted as particularly vulnerable, with submitters questioning how these groups could manage such expenses.

The overwhelming sentiment was that the proposed costs are unaffordable for most people and would place an undue financial burden on the community.

Taking into consideration the feedback received and the analysis above, officers agree with community that the projected water service delivery costs are unaffordable for the Central Hawke's Bay connected ratepayers.

**Recommendations**

- **Developing a revised 10-year water services plan with a reduced level of investment, whilst maintaining community levels of service for drinking water quality and wastewater and stormwater management.**
- **Including this revised 10-year plan in the regional Water Services Delivery Plan, noting this revised plan may expose Council to residual regulatory and resilience risks.**
- **Advocating regionally and nationally for any transitional arrangements to immediately consider affordability, including affordability standards in line with international standards.**
- **Advocating for any regional transitional arrangements to immediately consider the impact of a 30-year investment strategy for the HBWSCCO.**
- **Advocating for any regional transitional arrangements to immediately consider approaches to the sharing of operational costs and capital investment that ensures more equitable access to services in the region.**
- **Advocating regionally and nationally for specific rates-relief mechanisms for pensioners, fixed and low-income earners, clubs and entities to be established if/when a new water services delivery CCO is established.**
- **Seeking Government support to reduce the projected cost on ratepayers.**

**Topic 2: Local Control**

Several submitters preferred options that retained local ownership and control of water assets. They feared a regional entity would overlook smaller communities.

**Analysis**

Any Joint Water Services Organisation adopted under the Local Government (Water Services) Bill outlines that a water organisation must be wholly owned by one or more local authorities. This means that Council would be a shareholder in any joint Water Services Organisation.

Part of the responsibility of being a shareholder in a joint Water Services Organisation will be to prepare and adopt a statement of expectations for the water organisation. This will set out the shareholders' expectations of the water organisation, setting its priorities and strategic direction, and informing and guiding the decisions and actions of the water organisation.

The statement of expectation gives Council, and hence the Central Hawke's Bay community, a voice in relation to its water services within the district. Through this process, there may be an opportunity for the shareholders to set guidance in terms of when and how community engagement may be required.

*Planning and accountability framework for water services*

The legislation also provides for a greater degree of control by Council over a CCO, than normal CCOs, as set down in the legislation. The Bill specifically includes a new planning and accountability framework for water services, which applies to all water service providers instead of certain provisions in the Local Government Act 2002. The Bill sets out the content and process requirements for 3 core documents:

- a statement of expectations, which is issued to a water organisation by its shareholders and sets out the strategic and performance expectations for the organisation. Each water



organisation will be required to give effect to the statement of expectations, including in its water services strategy; and

- a water services strategy, which is prepared by all water service providers for the water services they are responsible for delivering. This is each provider's primary strategic, financial, and infrastructure planning and accountability document. Shareholders will be able to determine the nature of their involvement in the process for preparing their water organisation's water services strategy; and
- a water services annual report, prepared by water service providers to provide transparency about their performance over the preceding financial year, and detailed financial statements relating to water services.

### ***Enduring economic regulation***

There may be a perception that Council holds a greater degree of influence over an in-house unit or a single Council CCO. The legislation and regulation, particularly the economic regulation specifically seeks to direct and set certain degrees of separation and investment requirements which Councils and communities will not be able to influence. This is a critical aspect of the legislation where Government seeks to make water services a utility, similar to electricity or gas.

The Local Government (Water Services) Bill provides for a full economic regulation regime to promote sufficient revenue recovery, and efficient investment and maintenance so that water services are delivered at a quality that communities expect. The regime will initially apply to drinking water and wastewater services, with flexibility to include stormwater services at a later date, if necessary.

Information disclosure is at the core of the new regime. All regulated suppliers will be required to disclose information to promote transparency about their performance and inform the need for any further regulatory intervention. In addition, the Commerce Commission will be able to monitor and enforce the requirement that revenue from regulated water services (drinking water and wastewater) is spent solely on those services, and set revenue thresholds so that suppliers have a clear understanding about the level of revenue they need to collect and invest in water infrastructure.

The Bill also includes a regulation-making power that enables the Minister of Commerce and Consumer Affairs to give the Commerce Commission quality regulation, performance requirement regulation and price-quality regulation as additional tools, if needed for specific suppliers.

New information disclosure requirements will allow the Commerce Commission to collect and analyse information relating to consumer protections, such as service quality and customer engagement. The Bill provides a range of tools to address any issues that are identified, including enabling regulations to be set relating to complaints processes and for the Commerce Commission to develop a service quality code, if needed.

The Commerce Commission will oversee the economic regulation and consumer protection regime because it has a strong track record of implementing similar regimes in other utility sectors.

The regime will complement the wider Local Water Done Well reform programme by promoting consumer interests and ensuring the new system is efficient and effective. It will give communities across New Zealand confidence that water services are being invested in, maintained, and delivered at the quality that they expect.

**Recommendations**

- Addressing concerns about the perceived loss of local voice in decision-making and asset ownership through the satisfactory negotiation of shareholding and governance arrangements in any regional transitional arrangements and in the eventual establishment of a HBWSCO.
- Advocating for the HBWSCO to review any 'ring fencing' of costs by Council jurisdiction if/when it is established, and then at a regular term thereafter in the Statement of Expectations.
- Continuing refinement of the strategy and governance framework for the HBWSCO and the role of CHBDC, regional structures and local community and hapu engagement requirements.
- Ensuring ongoing engagement with community through the preparation of the Water Services Delivery Plan.

**Topic 3: The CCO establishment and operating costs have not been sufficiently estimated**

A number of submitters and community members at public meetings argued that the establishment costs and ongoing operational costs of a future CCO have not been sufficiently estimated and/or that insufficient information has been provided on these costs.

**Analysis**

The cost estimates for the three modelled options included assumptions on both the set-up and ongoing operational costs of the organisations. These assumptions are laid out in the [Local Water Done Well Modelling and Criteria Assessment](#), and was provided alongside the consultation document. The assumptions included were based on work undertaken by Morrison Low for the Hawke's Bay region in 2020, with adjustment for inflation.

The pros and cons of each option regarding set-up and ongoing operational costs have also been described in the consultation document.

The regional CCO option has higher-one-off set-up costs and complexities to develop an integrated water services delivery system than an in-house delivery model (option 3). However, the ongoing operations of a regional CCO is likely to see efficiencies with the scale of a regional entity, such as for example buying supplies in bulk, utilising shared software, common fleet vehicles etc.

While officers believe that the assumptions used to model the options largely are adequate for the time-being, officers also acknowledge several details would still be required and worked through depending on the option chosen by Council.

**Recommendation**

- Continuing refinement of the estimated costs (including set-up costs, ongoing operational costs and stranded overhead costs) through the preparation of the Water Services Delivery Plan.

## Topic 4: Insufficient information for community to make a decision

Some submitters criticised the council for not providing enough information about the options and for presenting worst-case scenarios without adequate detail.

### **Analysis**

The final LWDW framework Bill is still progressing through the House and has yet to be enacted. LWDW has proven to be a dynamic framework in that the guidance, from both Government and agencies associated with delivering this work, is constantly changing.

This includes its financial rules. The financial rules, presented in December 2024, have changed rapidly in the last six months. Further to this the Commerce Commission regulation relating to points such as affordability have also not been issued nor has the long-term intent of the future economic regulation.

Taumata Arowai is also consulting on its Wastewater Standards, potentially creating the opportunity to reduce the forecast investment requirement in some wastewater treatment plants across the district. They are also consulting on the Acceptable Drinking Water Solutions standards which again could create opportunities to reduce forecast investment. However, these again are proposals and cannot yet be confirmed in any future investment decisions.

The supporting information provided the current information at the time of writing the consultation document. This has been included on our website [www.letstalkchb.co.nz](http://www.letstalkchb.co.nz) and has been supported by further background information and workings.

Decisions around future shareholding arrangements, and other detailed aspects of a future HBWSSCO have not been developed. Councils across Hawke's Bay will work through and confirm these points, should a regional water services model be deemed the most appropriate model to move forward on.

Concerns and points of clarification received from submissions, are important for Council to hear and consider these in the establishment of any future water services entity. The process of submissions, hearings and now deliberations provide the opportunity for Council to consider these concerns and to direct how these concerns can be addressed as it works through a future water services entity establishment. Simply retaining the status quo is not an option for Council, so Council must take these concerns onboard and its moves forward.

An important step forward will be continuing to give the community transparency and clarity on the steps being taken, and what options are available to Council within the legislative framework. Continuing to communicate and engage with community is imperative regarding any future option. This needs to be balanced with the view that Government believes it has the community mandate to drive these reforms forward. The limited timeframes and the streamlined legislative process set by Government has reduced the normal processes under the Local Government Act for communities to have their say on aspects of these reforms. Officers however believe that that community feedback has strengthened Council's ability to advocate and negotiate for better CHB outcomes through the next stages of the process.

### **Recommendations**

- **Ensuring ongoing engagement with community through the preparation of the Water Services Delivery Plan.**

## Topic 5: Fairness in cost distribution in Takapau

Submitters from Takapau highlighted that their water infrastructure was historically self-funded and expressed frustration about being expected to subsidise upgrades for other areas like Waipawa and Waipukurau.

### ***Analysis***

This assumption is incorrect.

While residents in Takapau may hold a view that their network is in good condition, in 2019 Council had completed [major water treatment plant upgrades](#) to its Drinking Water Supply to address manganese and compliance issues. Council has recently completed [a major consenting process in 2022 for a new wastewater approach for the Takapau Wastewater Treatment Plant](#), which is non-compliant. This work was due to start prior to the impacts of Cyclone Gabrielle.

At a second meeting with the Takapau Community, officers presented financial information identifying the significant benefit that Takapau residents connected to water and wastewater receive from the harmonisation of rates across the district.

To this end, while there may be a perception that they are subsidising the remainder of the district, this is definitively not the case.

### **Recommendation(s)**

**That Council thanks and notes the points made by submitters.**

## Topic 6: Advocacy to and funding from Central Government

Submitters suggested that Council needs to further advocate Government against the proposed changes to the delivery of water services through the LWDW framework.

Some submitters suggested that the Government should contribute funding to address water issues, rather than placing the entire burden on local ratepayers

### ***Analysis***

We are continuing to talk to Government about our district's challenges with our three waters infrastructure.

We have made multiple approaches to Government, including seeking financial support and leading early work across the region on the Hawke's Bay Model in 2019. We've advocated both during the previous Government's reform and with the most recent LWDW policy approach.

LWDW is the Government's current approach to address the challenges districts, like ours. This reform sets out that ratepayers, not government, pays for water assets like any other utility, such as electricity or gas.

### **Recommendation(s)**

**The Council continues to advocate and seek Government support.**

## Topic 7: Reliability, safety and quality of water services

Several submitters raised issues about the quality of drinking water, mentioning problems such as high chlorine levels, poor taste and wishes to not proceed with fluoridation.

The reliability and safety of water services were important considerations for many submitters, with many expressing concerns about the current state of our water infrastructure.

### Analysis

Council acknowledges that there is significant work ahead for the community. This is driving the significant \$201m capital expenditure across Three Waters. The community's ability to afford this capital expenditure required to achieve reliable, safe and quality water services is the key constraint to delivering on this aspiration.

The non-financial criteria analysis in our supporting information available [here](#) and in the LWDW consultation document, outlined that the HBWSCCO provided the greatest opportunity to achieve improved service provision, resilience, capability and capacity to deliver on upgrades. From a financial perspective it also provided the lowest cost (despite being high) pathway to achieving the significant capital programme ahead for Council.

Council does not have an ability to influence the chlorination or fluoridation of water. This is now undertaken by Health New Zealand.

Council's drinking water is safe to drink. However, it does require upgrades to improve its reliability and resilience.

Taumata Arowai and the Commerce Commission will be the regulator for current, proposed and future regulation and standard for the resilience, quality and safety of water management. This will include further standards and regulation that will be passed onto any future water services entity. More information of the proposed standards can be found in this Fact Sheet on Economic Regulation and consumer protection from the Department of Internal Affairs [here](#).

Any standard greater than those set by legislation would be described in the letter of expectation provided to any future CCO. However, any increased levels of service come at a cost, with the current programme already being affordable to most.

### Recommendation(s)

**That Council thanks and notes the points made by submitters.**

## Topic 8: Spreading the costs over 20-30 years rather than 10

Submitters suggested spreading the costs over 20-30 years instead of 10 years to reduce the financial impact on residents.

### Analysis

There has been a misunderstanding from some that Council is attempting to deliver all its capital programme requirements and fund it within a ten-year timeframe. This is not the case.

As outlined previously, we are consistent with other Hawke's Bay Councils in that the modelling for Central Hawke's Bay includes the modelled values contained inside the Three-Year Plan 2024 – 2027. While aspects of Council's wastewater programme were rephased during the Cyclone, the Three-Year Plan includes an 'all in' approach to Council's capital programme for water, wastewater and stormwater as previously projected in the Long Term Plan 2021 - 2031.

Central Hawke's Bay's capital programme is a major driver of the significant required increases in the modelled LWDW options. While the LWDW legislative framework requires a higher level of investment to achieve the proposed economic regulation, the district faces a perfect storm of investment. This has been driving the \$201m capital programme ahead, and includes :

- replacing two 100-year-old drinking water reservoirs,
- major renewal investment in both the water and wastewater reticulation networks, and
- significant upgrades across our seven wastewater treatment plants.

While Council is planning to deliver \$201m of capital works within the next ten years, the model assumes that this will be loan funded over a 35-year period spreading the repayments over a much longer, manageable repayment period.

The prudential benchmark graphs contained in Council's LWDW Consultation Document speaks to the historical under investment that has occurred.

Council's capital and renewal expenditure does not stop at year 10. However, it does peak in years 10, 11 and 12 when the bulk of the major upgrades will have been completed. This will ensure we meet compliance. Renewals too will be ongoing, however at a much lower rate. This is demonstrated in our Infrastructure Strategies from [2021](#) and [2024](#).

We acknowledge the costs outlined in the current model are confronting. However Council is actively working on options to reduce this cost, as outlined in the report to Council on 5 June available [here](#), which include:

- Assessing the impacts of Taumata Arowai's Wastewater standards
- Impact of Taumata Arowai's Acceptable solutions for Drinking Water
- Acceptable levels of resilience in the network
- Economic options based on affordability, which includes rephasing of programmes

All of these options will still require Council to ensure its forecasting meets the requirements of existing Court orders, economic regulation and water standards (current, proposed and future).

This body of work will continue, with further updates to be provided to Council in the coming weeks.

#### **Recommendation(s)**

- **Developing a revised 10-year water services plan with a reduced level of investment, whilst maintaining community levels of service for drinking water quality and wastewater and stormwater management.**
- **Including this revised 10-year plan in the regional Water Services Delivery Plan, noting this revised plan may expose Council to residual regulatory and resilience risks.**

## Topic 9: Modelling over 30 years

Submitters also noted that the modelling period is too short and should be out to 30 years.

### *Analysis*

The modelling included in the LWDW consultation document and the supporting information were modelled out to 10 years as required by the LWDW legislation. However, we note that many Councils throughout the country have modelled out to 30 years.

The 10-year period was primarily related to the four Hawke's Bay Councils receiving dispensation following Cyclone Gabrielle's uncertainty to develop an unaudited Three Year Plan, rather than the normal Ten-Year Plan. This dispensation provided for our Infrastructure Strategies and other planning documents to be for a ten-year period rather than the 30-years prescribed in the legislation. To this end, there was not confidence to model out to 30 years.

Modelling out to 30 years is an important milestone to get to for the Hawke's Bay region and any future Water Services CCO.

Beyond ten years, the impact of the economic regulation relating to Free Funds from Operations (FFO) and the ability to borrow at lower rates from the LGFA for a HBWSCCO, versus an in-house or Single Council CCO illustrates the long-term cost benefits a HBWSCCO brings. The regional CCO has had an 8% FFO requirement confirmed by the Commerce Commission for Hawke's Bay. A Central Hawke's Bay Single Council CCO would be 11% and an in-house business unit assessed at 12%. The cost of borrowing for a Council/CCO with a credit rating is 0.10%-0.15% less than a non-credit rated Council/CCO depending on the rating achieved. Due to the size of the proposed regional CCO it will require a credit rating, while a Central Hawke's Bay stand-alone business unit could operate (at least in the short term) without the need to get a credit rating.

Another key point of modelling 30 years of expenditure is what the total Hawke's Bay region's investment is required. This needs to be assessed against any future regional price pathway that either a fully ring-fenced or partially ring-fenced delivery would achieve.

Central Hawke's Bay has a front-loaded programme. The other councils have their major capital expenditure or renewal in later years. This is an important body of work to complete to confirm or dispel concerns and myths about what a regional price pathway may be. This work could include what options may be to reduce price inequity in the long and short term, including what costs could or should be ringfenced.

This work will be a critical next step as part of Council's ongoing development of a HBWSCCO. Revisiting ring-fencing in the establishment phase of any future entity will be critical moving forward. This opportunity is one of the most pertinent opportunities that the district has to address the affordability issues that district faces in relation to its water infrastructure.

### **Recommendations**

- **Advocating for any regional transitional arrangements to immediately consider the impact of a 30-year investment strategy for the HBWSCCO.**
- **Advocating for any regional transitional arrangements to immediately consider approaches to the sharing of operational costs and capital investment that ensures more equitable access to services in the region.**
- **Requiring the HBWSCCO to review any 'ring fencing' of costs by Council jurisdiction if/when it is established, and then at a regular term thereafter in the Statement of Expectations.**

## Topic 10: Use of water meters

Several submitters highlighted the potential advantages of implementing water meters to ensure a more equitable charging system based on actual water usage, rather than applying a uniform charge for all users regardless of consumption.

### **Analysis**

The installation of water meters in drinking water networks has demonstrated significant benefits nationally and internationally to both consumers and water organisations who are responsible for the management of services.

Consumers who pay based on their usage of services like electricity and gas are generally more aware of the cost and tend to reduce unnecessary consumption. So having a water meter on their property and being billed for actual use provides greater control for the customer on how much they get charged and results in reduced demand across the network.

Furthermore, the extent of leakage in a water supply networks can vary across the country but can be greater than 40% i.e. 40% of the water extracted from the source and treated for consumption doesn't reach the homes and businesses. In New Zealand, Councils who have installed water meters have experienced significant reduction in water consumption and leakage, which has direct implications on the level of investment required over time to service a growing population.

The installation of water meters also helps councils and water organisations identify high levels of leakage in both the public network and within private property. Identifying this leakage early helps identify which pipes need to be replaced based on actual asset performance data rather than simply replacing assets when they reach a specific age. This results in a smarter asset management approach and better value for money outcomes for the customer.

Early indications suggest that the use of water meters across New Zealand may be mandated within the next 5 years as part of the Local Water Done Well legislative framework, with Government signalling a shift to more volumetric charging in the future. It should also be noted that Council has included the installation of water meters in its current Long Term Plan, albeit the pace of implementation will likely be slower in a reduced capital programme proposed in the recommendations of this report.

### **Recommendation(s)**

**That Council thanks and notes the points made by submitters.**

## Topic 11: Future Privatisation of Water Assets – Wai as an asset

Several submitters raised concerns that privatisation will occur in the future with a future regional CCO.

Concerns were also raised that this approach sought to 'own' wai or water.

### **Analysis**

The Local Government (Water Services) Bill includes restrictions against privatisation. Assurances have been repeatedly made by Government and agencies that this is not the intent of the legislation. Based on the information currently available, if current local waters services were to be transferred to a new Council-owned organisation, it would not be able to be privatised in the future.

The LWDW Legislation deals with the matters at hand, being the future service delivery model options for Council's infrastructure, not water itself.



**Recommendation(s)****That Council thanks and notes the points made by submitters.****Topic 12: Council had five options available to it, however only considered three**

Submitters noted that Council didn't present the five options available, only the three that suited them and including information biased towards the council's preferred option.

**Analysis**

The Local Government (Water Services) Bill set out five options available to Council. These were:

1. Internal business unit or division
2. Single Council Owned CCO
3. Multi Council owned CCO
4. Mixed Council/consumer trust owned water organisation
5. Consumer Trust owned water organisation

All five options were initially long listed. However, options 4 and 5, featuring a form of consumer Trust, were discounted, which has been consistent with most Councils across New Zealand.

The reason these options were discounted is related primarily to debt not being able to be sourced from the Local Government Funding Agency (LGFA). The LGFA allows Councils to access debt at much lower rates than normal commercial banks. These entities would also not achieve sufficient credit quality. Both of these issues would mean ratepayers would be paying substantially more than the three options modelled, and as already noted at levels already considered unaffordable.

More information and guidance from the Department of Internal Affairs on the five options can be found [here](#).

Further detail can be found on this and all of the options in our supporting information on the LetstalkCHB website [here](#).

**Recommendation(s)****That Council thanks and notes the points made by submitters.****OPTIONS**

In order to progress to the preparation of a Water Services Delivery Plan, Council may now choose to either confirm its preferred HBWSSCCO option or choose to adopt an alternative.

Officers recommended option (Option 1 – HBWSSCCO) has not changed as a result of submissions or feedback. While a number of matters raised by submitters will be important to be brought forward into future regional arrangements, the submissions have not altered officers' recommended option.

Councillors should again seek further information from Council's Finance, Infrastructure and Performance Committee meeting of 24 April 2025 available [here](#) in considering this analysis.

A summary of the three options and analysis follows:

Option	Pro's	Con's
<b>Option # 1 (Preferred)</b> <b>Hawke's Bay Water Services Council Controlled Organisation (HBWSCCO)</b>	<ul style="list-style-type: none"> <li>Regional Coordination: A HBWSCCO can promote regional cooperation and resource sharing.</li> <li>Investment: CCO's have access to expanded borrowing lines compared to an in-house unit.</li> <li>Expertise: Regional entities can pool expertise and resources, leading to better service delivery.</li> <li>Sustainability: Regional coordination can enhance sustainability efforts and long-term planning</li> <li>Financial: The lowest cost option long term of the three options – creating savings of around \$5k per household.</li> </ul>	<ul style="list-style-type: none"> <li>Complexity: Managing a regional entity can be complex, with potential challenges in coordination and governance.</li> <li>Governance: A CCO adds an additional layer of governance and management compared to an inhouse unit</li> <li>Bureaucracy: Regional entities may face bureaucratic hurdles that can slow down decision-making and implementation.</li> <li>Equity: Ensuring equitable service delivery across different areas within the region can be challenging.</li> </ul>
<b>Option 2: Single Council Controlled Organisation</b>	<ul style="list-style-type: none"> <li>Specialisation: A Single Council CCO can focus solely on water services, potentially leading to higher efficiency and expertise.</li> <li>Investment: CCO's have access to expanded borrowing lines compared to an inhouse unit.</li> <li>Accountability: Being controlled by a single council ensures accountability and alignment with local council objectives more directly.</li> </ul>	<ul style="list-style-type: none"> <li>Limited Scope: The focus on a single council may limit the ability to address regional water issues.</li> <li>Governance: A CCO adds an additional layer of governance and management compared to an in-house unit</li> <li>Cost: This model does not provide the lowest cost option to community.</li> </ul>
<b>Option 3: In house business unit (not status quo)</b>	<ul style="list-style-type: none"> <li>Control: The organisation retains a greater level of control over the water service operations, despite the requirements for business separation.</li> <li>Alignment: The water service can be more closely aligned with the organisation's overall goals and strategies, despite the requirements for business separation.</li> </ul>	<ul style="list-style-type: none"> <li>Resource Constraints: Internal units face limitations in terms of resources, expertise, and funding.</li> <li>Efficiency: Operational efficiency is lower compared to specialised entities due to lack of scale and expertise (greater reliance on consultants).</li> <li>Innovation: There may be less incentive to innovate and adopt new technologies compared to external entities with scale to explore these opportunities.</li> <li>Cost: The highest cost option long term (additional \$5k over ten years).</li> </ul>

Officers recommend that Council confirms its decision to establish a Hawke's Bay Water Services Council Controlled organisation. This will be jointly owned by Central Hawke's Bay District Council, Hastings District Council, Napier City Council and Wairoa District Council.

However, officers agree that affordability remains a challenge for Central Hawke's Bay. Officers therefore recommend that the key recommendations in this report continue to be progressed.

## **STRATEGIC ALIGNMENT**

The development of a HBWSCCO for the region aligns directly with Council's fundamental strategic philosophy of 'Together we Thrive'. Working together Central Hawke's Bay and the wider Hawke's Bay region will benefit our community, based on the financial modelling and non-financial analysis completed.

Importantly, a HBWSCCO should unlock the major barriers and constraints the district faces relating to its Three Waters Infrastructure, which have been outlined in Council's Infrastructure Strategy, Financial Strategy and other key financial documents.

This was another significant step in making an important decision on our three water service delivery.

## **SIGNIFICANCE AND ENGAGEMENT**

In accordance with the Council's Significance and Engagement Policy, this matter has been assessed as of high significance as the decisions involve Council's strategic assets.

Mandatory consultation on the Council's options identified for future water services delivery was undertaken in accordance with the requirements of the Local Government (Water Services Preliminary Arrangements) Act 2024.

This deliberation follows the period of public consultation. Having received submissions and heard from submitters at Council's 19 June 2025 Finance, Infrastructure and Performance Committee, this report now considers the matters raised by community through the formal submission process for Council deliberation.

## **RISK ASSESSMENT AND MITIGATION**

Addressing the affordability challenges of LWDW is crucial for the district's future, as these issues form many of the key risks on the Council's risk register. Achieving a financially sustainable and affordable water services model is also a key control to address many of these risks.

This consultation informs the development of Council's water service delivery plan and the identification of key points of consideration for any future regional CCO. The most significant challenge for the Council in considering this approach is how to address the affordability impacts of the capital programme.

If the Council wishes to take an alternative course rather than reconfirming the HBWSCCO, now is the time to do so. Regardless the Council has no choice but to proceed with one of the options, all of which are currently unaffordable based on current modelling.

There is a risk that the community may feel unheard if the preferred option is pursued, despite it being the lowest cost (though currently unaffordable) and offering the highest benefits to the region. However, this paper outlines the key themes received from the community and is an important part of informing Council of the community's concerns.

Another risk is the high level of uncertainty surrounding any future water services entity, particularly since many are yet to be determined. This will be addressed as the process progresses. The Council will have further opportunities to consider the makeup and inputs into a HBWSCCO as it develops.

Throughout this process, there have been significant time constraints. Officers have done their best to meet the constrained timeframe.

There are also a number of specific risks that will arise following Council's decision, should it decide to confirm the HBWSCCO as its preferred option. These include:

- The four Hawke's Bay Councils not agreeing on the HBWSCO as their preferred option following public consultation
- CHBDC doesn't have the time to assess a reduced programme for inclusion in the WSDP by 3 September
- DIA rejects the region's WSDP
- Other councils reject CHBDC specific requirements such as a pathway to affordable water services
- Community feel disconnected from all the moving parts over the next 6-12 months
- The changes causes staff stabilisation issues resulting in loss of critical capability in CHBDC resulting in service delivery impacts

Officers will continue to assess and mitigate these risks in the coming weeks.

## **DELEGATIONS OR AUTHORITY**

Council has the authority to make these decisions.

## **COMMUNICATION**

Effective and ongoing communication with the community is essential for the long-term success of the significant changes brought about by the LWDW legislative framework. The magnitude of this legislative change cannot be overstated.

In the short term, the Council will continue to use its platform, [www.letstalkchb.co.nz](http://www.letstalkchb.co.nz) to keep content and information about LWDW up to date to keep our community informed. This report and its decisions are not the final step for the Council but rather an early step in a long journey ahead for this reform programme.

The recommendations in this report emphasise the importance of continued engagement with the community and seeking feedback on various aspects of any future entity. The community can expect further engagement on key aspects as the LWDW programme progresses.



## **NEXT STEPS**

On the basis that Council confirms the recommended option, Council Officers will work to develop a Water Services Delivery Plan that reflects that decision, including as required a transitional/implementation plan for the adopted model, which will be presented to Council for adoption and approval before submission to the Secretary of Local Government before the due date of 3 September 2025.

Council can also expect a further report to Council's extraordinary meeting of 24 July 2025 to consider the further points in the recommendations, if adopted.

Council can also expect to move with pace on the proposed governance arrangements for the preferred options if adopted. Council's current public excluded agenda seeks to gain guidance from elected members on potential governance arrangements, in the event the preferred model is adopted. This includes a proposed project plan and project governance arrangements, all subject to Council adopting the recommended option and other Councils agreeing to the proposed arrangements.

In the event the recommended option is not adopted, Council can expect an extraordinary meeting before 24 July, where Officers would seek specific direction from Council on how best to proceed. The proposed item in the Public Excluded Agenda will also be withdrawn by the Chief Executive.

**6.3 MINUTES AND VERBAL UPDATE FROM THE MATARIKI GOVERNANCE GROUP****File Number:****Author:** Annelie Roets, Governance Lead**Authoriser:** Doug Tate, Chief Executive**Attachments:** 1. 6 Jun 2025 Minutes (unconfirmed) Matariki Governance Group  **RECOMMENDATION**

**That Council receives the ‘verbal update’ and unconfirmed minutes of the Matariki Governance Group meeting held on 6 June 2025.**

**PURPOSE**

This report presents the minutes of the Matariki Governance group meeting held on 6 June 2025, for Council’s information.

Mayor Alex Walker and the Chief Executive will also provide an update a verbal update on key agenda items from the 6 June 2025 meeting, including:

1. Matariki Governance Group Review Work programme update.
2. Matariki Governance Group Regional Priorities - Update on the refreshed regional priorities.
3. Matariki Governance Group Terms of Reference: These will be workshopped at Councils 24 July Strategy, Growth and Community Committee Meeting for feedback before being endorsed by MGG at its 29 August 2025 meeting.
4. Regional Public Service Update.
5. Regional Recovery Agency Update – please see newsletter distributed by email from RRA to Councillors.
6. Regional Economic Development Agency – Further update on work programmes underway.

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## MINUTES (in Review)

### MATARIKI GOVERNANCE GROUP

<b>Name:</b>	Matariki Governance Group (MGG)
<b>Date:</b>	Friday, 6 June 2025
<b>Time:</b>	11:00 am to 1:08 pm (NZST)
<b>Location:</b>	Te Rae Boardroom, 101 Queen Street, Hastings
<b>Board Members:</b>	Chair Leon Symes (Chair), Mayor Alex Walker, Chair Bayden Barber, President David Trim, Chair Hinewai Ormsby, Mayor Kirsten Wise, Co-Chair Liz Hunt, Co-Chair Mana Hazel, Chair Pōhatu Paku, Mayor Sandra Hazlehurst, Chair Te Kaha Hawaikirangi, Chair Toro Waaka
<b>Attendees:</b>	April Hetaraka, Darryn Russell, Doug Tate, Heather Johnson, Lewis Ratapu, Louise Miller, Nic Peet, Nigel Bickle, Parris Greening, Robin Hape
<b>Apologies:</b>	Chair Tania Hopmans, Mayor Craig Little, Chrissie Hape, Adele Small
<b>Guests/Notes:</b>	Alasdair MacLeod (HBREDA Chair), Lucy Laitinen (HBREDA CEO), Taasha Romana (MGG consultant), Gus Charteris (HDC), Steve Smits-Murray (MSD), Bruce Allan (HDC Deputy CEO), Blair O'Keefe (RRA Chair), Ross McLeod (RRA CEO), Karen Bartlett (Regional Public Sector Lead)

#### 1. Karakia me ngā mihi

##### 1.1 Karakia me ngā mihi

Matariki Governance Group Co Chairs' Alex Walker and Leon Symes welcomed all to the hui and invited Bayden Barber to open with a karakia.

##### 1.2 Apologies

Apology received from Chair Tania Hopmans, Adele Small, Mayor Craig Little and Chrissie Hape, with an apology for lateness from Parris Greening, Louise Miller, and Lewis Ratapu.

##### 1.3 Extraordinary HBREDA shareholders meeting

MGG hui paused at 11.09am for the HBREDA Extra ordinary hui chaired by HBREDA Chair Alasdair MacLeod. The MGG hui resumed at 11.24am.

##### 1.4 Confirm Minutes and note the Review of Regional Structures circular motion

**Matariki Governance Group 11 Apr 2025**, the minutes were confirmed as presented.

Minutes of the MGG hui held April 11, 2025 approved with no matters arising.



##### MGG Minutes April 2, 2025

That the minutes from the MGG hui held April 11, 2025 are a true and accurate record.

That the circular motion dated April 14, 2025 be received and noted.

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**Decision Date:** 6 Jun 2025  
**Mover:** Mayor Kirsten Wise  
**Second:** Chair Te Kaha Hawaikirangi  
**Outcome:** Approved

## 1.5 Regional prioritisation

In response to recommendation 18 of the *Review of Regional Structures* (the Review), RRA assisted the MGG Co-Chairs to provide advice and options to the Matariki Governance Group (MGG) with respect to MGG priorities, and the process for priority finalisation.

A broad overview of the process, proposed draft priorities, start point for regional priorities and key themes was provided with the following feedback noted:

- Concern raised as to capability to deliver
- Proposed draft priorities and key themes not inclusive of some key metrics to ensure resilience of the region and whānau
- MGG will need to be specific on transformational projects for the region
- REDA cannot be "all things to all people"
- Collaboration by all parties essential to maximise resource and capability
- Priorities and process design needs to be data driven and evidenced
- Connectivity and unlocking of solutions key to advancing priorities
- Pressure on delivery of priorities by those assigned to do so is required to be able to push forward
- Priority framework needs to encompass all contributing agencies with formalised reporting as a measure
- Potential gap analysis of engine room mobilisation required
- Agencies will need to work together closely on how they interface
- Timeline needs to be recorded before rolling out any process design
- Deeper engagement with MGG stakeholders and partner organisations required
- The mahi is regional not that of the RRA
- Consider setting up of a steering committee along with a Terms of Reference (ToR)



### MGG Steering committee membership

#### MGG Steering committee

Draft and circulate a Terms of Reference (ToR) with assistance from Robin Hape (TKO) and Mayor Kirsten Wise (LG).

Note: This action is assigned to Ross McLeod with support from Mayor Kirsten Wise and Robin Hape.

**Due Date:** 27 Jun 2025  
**Owner:** Mayor Kirsten Wise



### Regional prioritisation

To receive and note the Regional prioritisation report.

**Decision Date:** 6 Jun 2025  
**Mover:** Mayor Kirsten Wise  
**Second:** Chair Te Kaha Hawaikirangi  
**Outcome:** Approved

Minutes : Matariki Governance Group - 6 Jun 2025

## 1.6 MGG Terms of Reference

The updated draft Terms of Reference (ToR) defining the MGG operating framework and providing guidance on MGG's mandate, responsibilities, and procedures to ensure that all members have a shared understanding of their collective purpose and objectives was presented by the MGG advisor (Taash Romana) with the following feedback received:

- Primary purpose of the ToR is to delineate the mandate and objectives of the Matariki group and reflect the review findings
- Roles, responsibilities, workstreams and reporting need to be clearly outlined
- Whakapapa and values missing from the document along with the "how" MGG operates
- Discipline required around adhoc and agreed regional priorities

Directors and executives were asked to consider an "independent" chair for the group to allow the current co chairs to have the voice of their rohe at the table.

### Next steps:

- Feedback to be considered
- Workshops to be scheduled with members July/ August 2025
- Diverse views and regional views need to be considered at the workshop
- ToR final draft to be presented to the August MGG hui



### **MGG amended draft ToR**

That the amended draft MGG ToR be received and noted.

**Decision Date:** 6 Jun 2025  
**Mover:** Mayor Alex Walker  
**Second:** Chair Te Kaha Hawaikirangi  
**Outcome:** Approved



### **MGG (draft) Terms of Reference**

The draft MGG Terms of Reference (ToR) to be amended to reflect the feedback provided by the shareholders.

Note: This action is assigned to Taash Romana.

**Due Date:** 20 Jun 2025  
**Owner:** Nigel Bickle



### **Draft Terms of Reference - Matariki Regional Priorities Review**

Lead a workshoping process around members, to test and confirm a draft Terms of Reference (ToR) for members to endorse (via a BoardPro flying minute) pre the August MGG hui.

Note: This action is assigned to Taash Romana.

**Due Date:** 23 Jun 2025  
**Owner:** Nigel Bickle

## 1.7 HBREDA Letter of Expectation

A high level overview of the draft HBREDA Letter of Expectation (LoE) was provided by MGG advisor (Gus Charteris) that outlines MGG expectations to the end of March 2026. It was noted that this document is critical to the ongoing shepherding and credibility of regional priorities.

Noting that the LoE will be in place whilst the interim board is acting in the capacity of caretakers, shareholders raised the matter of an interim CEO, discussing the potential for this role to be



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contract for service (CFS) for a set term. The rationale for considering a CFS agreement for the CE role is based on the need for councils to ensure value for money for their ratepayers and funding commitment to their annual plans.

#### Feedback

- Appropriate staffing levels will be required to deliver against the agreed REDA LoE
- Funding - first tranche paid with the potential to use the c/fwd amount before the second tranche of council funding is paid

Concern raised that the current recruitment process is hasty and flawed, appearing out of control before time is provided to assess risk.

#### Next steps

- Outline the three focus areas for the next six months in the LoE as follows:
  - Support an effective transition to enable the refreshed HBREDA is well positioned to lead delivery of a small number of shared priorities
  - Work with the RRA, MGG Co-Chairs' and MGG shareholders to confirm/support the agreed shared regional priorities
  - Ensure an effective/efficient delivery of the existing HBREDA work programme
- Interim board to assess the best operating structure to deliver the interim work programme (MGG expectation is that the interim board will utilise HBREDA funding for this with a clear focus on shareholder value for money)
- Amended draft LoE to be circulated to shareholders via email



#### **HBREDA Letter of expectation (LoE)**

To receive and note the draft amended HBREDA Letter of Expectation.

**Decision Date:** 6 Jun 2025  
**Mover:** Chair Te Kaha Hawaikirangi  
**Second:** Mayor Sandra Hazlehurst  
**Outcome:** Approved



#### **HBREDA Letter of Expectation (LoE)**

Draft HBREDA Letter of Expectation to be amended (as agreed) and circulated to MGG shareholders via email (Gus Charteris to amend the HBREDA LoE).

Note: This action is assigned to Gus Charteris.

**Due Date:** 13 Jun 2025  
**Owner:** Nigel Bickle

## **1.8 MGG Work programme**

The draft MGG work programme to support immediate actions, manage HBREDA, and the future direction of Matariki was provided for feedback.

#### Proposed timeline

- 13 June 2025 - work with HBREDA to support transitional arrangements including Interim CE and at least three Directors
- End July 2025 - MGG Terms of Reference workshop held / process for regional priorities is confirmed
- End August 2025 - Terms of Reference endorsed / review accountability framework
- End October 2025 - HBREDA Shareholders have finalised board appointments

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- End January 2026 - Matariki holds endorsed strategy and plan from agreed regional priorities / accountability and reporting / communications refresh
- End February 2026 – Funding / LoE are in place for HBREDA

#### Feedback

- Resource may need to be contracted to deliver against the work programme
- Interim board will need to operationalise the work programme with a prioritisation process undertaken to ensure the assigned tasks pre the August board hui are completed

Mihi to the Co-Chairs' for expediting the work programme and associated work streams post the MGG review.



#### **MGG work programme**

To receive and note the draft MGG work programme.

**Decision Date:** 6 Jun 2025  
**Mover:** Chair Bayden Barber  
**Second:** Chair Hinewai Ormsby  
**Outcome:** Approved

## 2. Reports for decision

## 3. Reports for Information

### **3.1 Regional Public Service update**

A verbal report provided the following key points:

- MSD working within tight budget constraints
- Employment - reduced Crown funding a major issue and a barrier to keeping whānau gainfully employed in the region
- The team are achieving outcomes via collaboration within regional priorities and the national strategy
- Trends showing impact of gangs in relation to drug usage/availability with this matter having a direct impact on whānau, family violence, and mental health of individuals and the communities
- Truancy - some improvement with school attendance
- Recent Oranga Tamariki report insightful



#### **Regional Public Service report**

To receive and note the Regional Public Service report.

**Decision Date:** 6 Jun 2025  
**Outcome:** Approved



#### **Regional Public Service report**

Regional Public Service to provide a proposed plan of action regarding reduced Crown funding in relation to whānau employment in the region (Karen Bartlett to be involved).

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Note: This action is assigned to Karen Bartlett.

**Due Date:** 30 Jun 2025  
**Owner:** Steve Smits-Murray

### 3.2 Regional Recovery Agency (RRA) update

A high level overview of the RRA report was provided with the following key points noted:

- Additional local roads funding received for the East Coast with most of the related mahi to be carried out in Hawke's Bay
- Minister of Housing has formally announced the allocation of 150 social housing places to the Hawke's Bay region on a "place-based" basis, rather than allocating these resources through nation-wide partnerships with Community Housing Providers
- Lesson learned (late paper)
  - Regional recovery is an ongoing long journey with this mahi really important for the region
  - Extra infrastructure funding essential to progress the required mahi



#### Regional Recovery Agency report

To receive and note the Regional Recovery Agency report.

**Decision Date:** 6 Jun 2025  
**Mover:** Mayor Kirsten Wise  
**Second:** Chair Te Kaha Hawaikirangi  
**Outcome:** Approved

### 3.3 Regional Economic Development Agency (REDA) update

The HBREDA report taken as read with the following noted:

- Mihi to the CEO (Lucy) and Tihei Takitimu for the Māori Health research project that makes for sobering reading regarding the cost to the Hawke's Bay economy of poor Māori health.
- Wellness in the workplace progressing post the release of the Māori Health report
- Freight strategy - no capacity to action directly with options to be considered
- Report to be connected to the regional priorities mahi



#### Regional Economic Development Agency update

To receive and note the HBREDA report.

**Decision Date:** 6 Jun 2025  
**Outcome:** Approved

### 3.4 Regional Recovery Agency (RRA) board reappointments

#### Regional Recovery Agency (RRA)

As noted in the recommendations presented, the Matariki Governance Group (MGG) to consider an extension of the current RRA board appointments (prior to 30 June 2025) with all current board members available for re-appointment and supported for reappointment by the RRA Chair.

#### Current RRA Board Members

*Blair O'Keeffe (Chair), Wendie Harvey, Tania Eden, Renata Hakiwai, Billy Brough and John Loughlin.*

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#### John Loughlin reappointment

Along with the extension of the current board members, the Matariki Governance Group to consider the ongoing term of John Loughlin as RRA board member due to his recent appointment to interim director of HBREDA.



#### **Regional Recovery Agency (RRA) oversight board**

That MGG endorses the reappointment of Blair O'Keeffe, Wendie Harvey, Tania Eden, Renata Hakiwai, and Billy Brough to the RRA oversight board with an end date of March 31, 2026.

**Decision Date:** 6 Jun 2025  
**Mover:** Chair Bayden Barber  
**Second:** Mayor Sandra Hazlehurst  
**Outcome:** Approved



#### **Regional Recovery Agency (RRA) oversightboard**

That John Loughlin is not reappointed to the RRA oversight board due to his recent appointment as interim director of HBREDA.

**Decision Date:** 6 Jun 2025  
**Mover:** Chair Bayden Barber  
**Second:** Mayor Sandra Hazlehurst  
**Outcome:** Approved



#### **Regional Recovery Agency board report**

That the RRA report is received and noted.

**Decision Date:** 6 Jun 2025  
**Outcome:** Approved

### **3.5 General business**

Co Chair Alex Walker acknowledged the momentum nationally of the Matariki kaupapa requesting shareholders to consider if the name "Matariki" continues to embody the mahi or if a new name should be considered.

## **4. Actions from Previous Meetings**

### **4.1 Action List**

### **4.2 Co-Chair closing comments**

## **5. Karakia Whakamutanga**

### **5.1 Close the meeting**

**Next meeting:** Matariki Governance Group - 29 Aug 2025, 11:00 am

**Signature:** \_\_\_\_\_

**Date:** \_\_\_\_\_

## 7 DATE OF NEXT MEETING

### RECOMMENDATION

That the next meeting of the Central Hawke's Bay District Council be held on 7 August 2025.

## 8 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
<b>8.1 - Local Water Done Well - Agreement Terms</b>	s7(2)(b)(i) - the withholding of the information is necessary to protect information where the making available of the information would disclose a trade secret	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 TIME OF CLOSURE