



**CENTRAL
HAWKE'S BAY**
DISTRICT COUNCIL

Late Attachment 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!

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Central Hawke's Bay District Council - Affordability of water charges

Introduction

This report builds on a 2023 report prepared by Morrison Low that considered the affordability of rates for Central Hawke's Bay District Council 'Affordability and Levels of Service'. This report uses a similar but reduced number of metrics and focuses on the affordability of three water charges rather than general rates.

Analysis

Future Water Service Delivery Model

Central Hawke's Bay (Council) have recently consulted with their community on the options under Local Water Done Well. Three options were consulted:

- Council continues to provide three waters services through an internal business unit
- The formation of a Water Services Company wholly owned by Central Hawke's Bay
- The formation of a regional Water Services Company that would provide services to all of Hawke's Bay (owned collectively by Napier City, Wairoa, Hastings and Central Hawkes Bay District Councils). The regional CCO was Councils preferred option.

Following community consultation, Council and the other councils of Hawke's Bay are considering whether to formally transfer services, assets, debt and responsibilities for the provision of three water services to a regional Water Services Company.

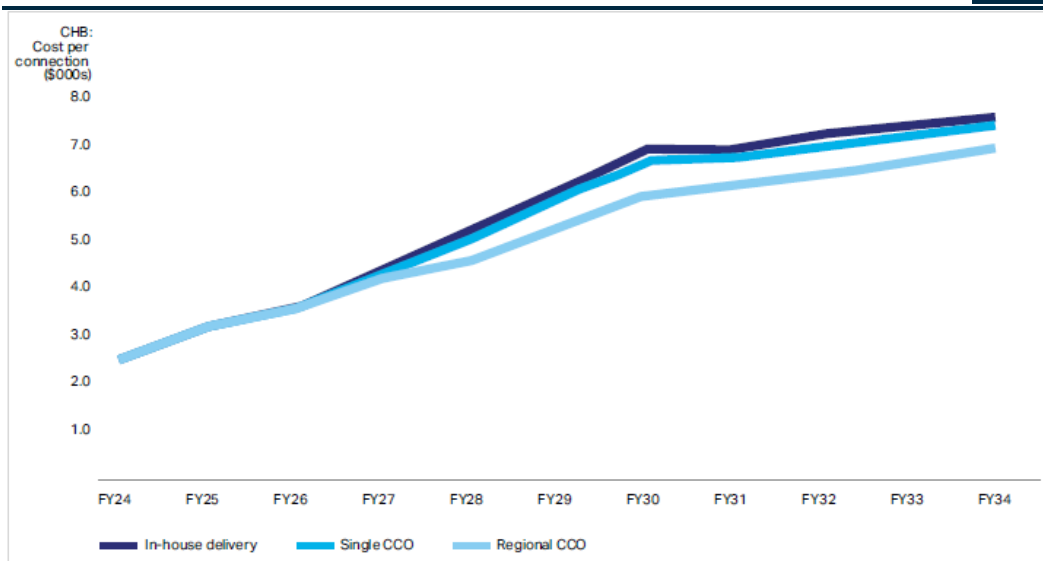
Future Water services charge

The projected three water charges under these options are illustrated in the graphs below and by 2034 costs were identified as being between \$7,000 - \$7,600 per connection.

The Regional CCO was identified as the option that would deliver water services at the lowest cost, with potential savings of \$415 per year on average with nearly \$20million of savings achieved for connected households in Central Hawke's Bay over the next ten years.



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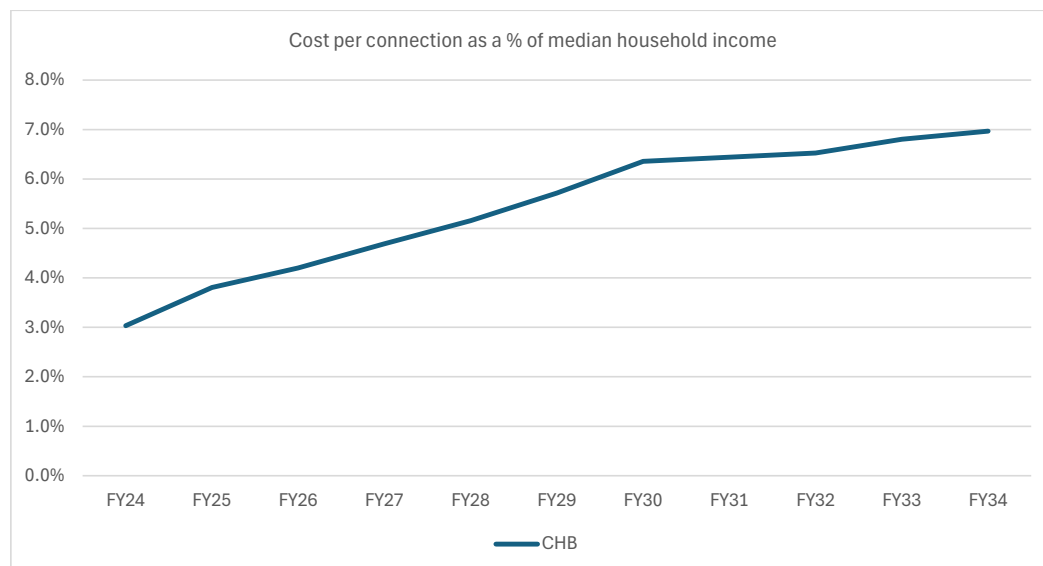


Source: LWDW Modelling and Criteria Assessment

Comparison of affordability

Part D of the Water Service Delivery Plans that every council must submit on as part of Local Water Done Well require councils to compare the cost of water services to median household income.

Median household income for Central Hawke's Bay is \$80,800 based on the 2023 Census data. Using this metric for Central Hawke's Bay, it shows that the cost per connection represents approximately 3% of the median household income in FY24. This percentage increases gradually over time and reaches nearly 7% over ten years.



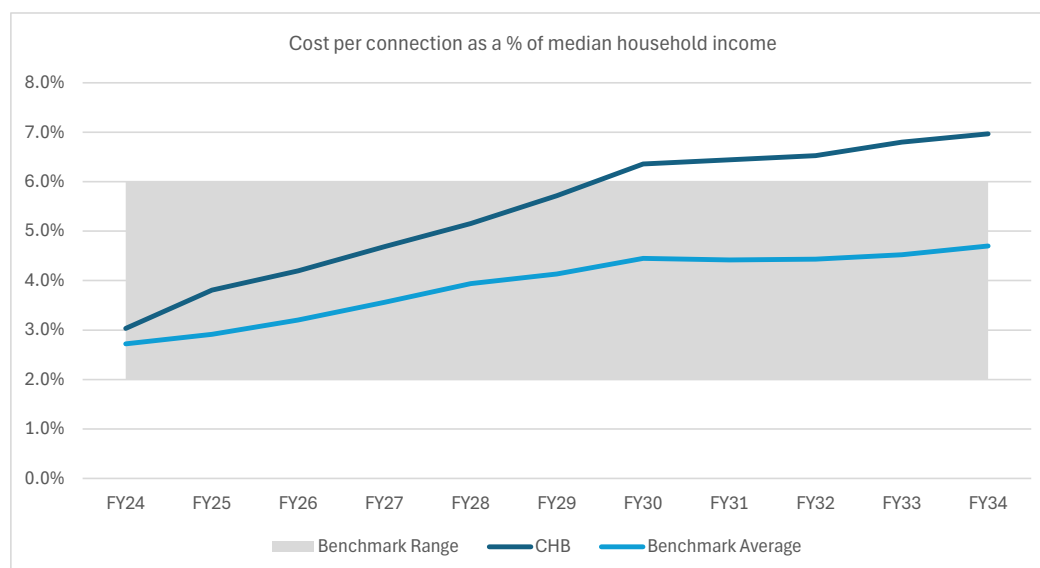
Source: CHB LWDW Consultation Document 2025 with 2023 Census data on median household income for CHB



Benchmarks of affordability – median household income

There has been no formal benchmark set by the Department of Internal Affairs that would determine what affordable means in relation to median household income. We understand that variously, between 4% and 6% of household income on water and wastewater services has been sighted and attributed to the World Health Organisation as a benchmark of affordability. In 2017/18 Water New Zealand in their annual benchmarking survey referred to international benchmarks of affordability of water and wastewater as being between 2% and 5%¹ of household income.

We do not have the data to split out stormwater costs so the projection of water charges as a proportion of median household income in the Hawke's Bay Region is shown below, compared to the range of these benchmarks. This shows that the cost per connection for Central Hawke's Bay is above the regional average and exceeds the upper limit of international benchmarks by a factor that suggests that even if just water and wastewater costs were compared, the benchmarks would be exceeded by 2030.



Source: LWDW Modelling and Criteria Assessment with 2023 Census data on median household income for CHB

Household composition and median household income

The table below shows the household composition and the respective median income for Central Hawke's Bay. It shows that one-family household is the most common household type, with its median income slightly above the district's median income of \$80,800, but single person households which comprise almost 10% of the population, have a median income of \$32,700.

For FY24, the percentage of the cost per connection of household income would be more than 5% for households with an income of less than \$50,000. For single person households with a medium income of \$32,700, the cost per connection would account for almost 7% of their income. This would increase further as the cost per connection increases over time.

¹ The affordability measures were not repeated in following years



Household Type	Household Composition (%)	Median Income (\$)
One-family household (with or without other people)	79.3%	\$100,000
Two-family household (with or without other people)	5.5%	\$168,000
Three or more family household (with or without other people)	0.3%	n/a – confidential
Other multi-person household	3.3%	\$86,400
One-person household	9.8%	\$32,700
Household composition unidentifiable	1.9%	\$151,200

Source: 2023 Census data on median household income for CHB

This data can be further broken down for Central Hawke's Bay into the smaller geographic areas. Shown over the page is the variations in income across the district and further highlights of areas where the impact of rising prices for water services will be felt more heavily. In particular, the almost 10% of one-person households where incomes are on average \$32,700.



Area	Median household income	One-family household (with or without other people)	Two-family household (with or without other people)	Other multi-person household	One-person household	Household composition unidentifiable
Central Hawke's Bay District	\$80,800	\$100,000	\$168,000	\$86,400	\$32,700	\$151,200
Mangaonuku	\$87,700	\$103,200	\$161,000	\$58,600	\$37,700	\$52,600
Makaretu	\$89,000	\$103,700	\$172,800	\$93,000	\$39,900	\$134,200
Waipāwa	\$74,300	\$96,900	\$161,500	\$82,300	\$29,800	\$138,000
Waipukurau West	\$62,700	\$90,000	\$184,300	\$84,000	\$30,400	\$158,600
Mangarara	\$94,500	\$108,500	\$178,400	\$86,400	\$35,400	\$115,600

Source: 2023 Census data on median household income for CHB (SA2 level)