

## Regional Council Workshop

**Date:** Wednesday 19 February 2025  
**Time:** 11.30am  
**Venue:** Council Chamber  
Hawke's Bay Regional Council  
159 Dalton Street  
NAPIER

## Agenda

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1.	Welcome/Karakia/Apologies	
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**Subject: Annual Plan development**

**Reason for report**

1. This item is to progress the development of the 2025-26 Annual Plan.
2. The purpose of the workshop is to provide Council with further advice on:
  - 2.1. part funding or funding in a different way – Regional Economic Development Agency and
  - 2.2. more detail on the implications of biodiversity cuts, and funding options to put some funding back into biodiversity.
3. A PowerPoint presentation will be circulated separately.

**Background**

4. This is the eighth workshop with Council on the Annual Plan.

**Next steps**

5. The next and final workshop will be held 26 February 2025. This is to preview the consultation material.
6. The consultation document, and supporting information, is scheduled for adoption at the Regional Council meeting on 26 March 2025.

**Authored by:**

**Sarah Bell**  
**Team Leader Strategy and Performance**

**Approved by:**

**Desiree Cull**  
**Strategy & Governance Manager**

**Attachment/s**

There are no attachments for this report.



**Subject: Matariki - Regional Economic Development Agency Letter of Expectation**

**Reason for report**

1. This item provides the Regional Council with the opportunity to input into the Letter of Expectations to the Hawke's Bay Regional Development Agency (REDA). The draft letter is attached.
2. The Letter of Expectations covers the next 18 months (February 2025 to July 2026).

**Background**

3. The Regional Council is a shareholder of REDA. Our funding agreement with REDA is attached.
4. MGG, acting as the shareholder representative, is responsible for providing a new Letter of Expectations (LoE) to REDA.
5. MGG's agreed priorities for the region are attached. The LoE is intended to align to these priorities.

**Next steps**

6. MGG has asked for any suggested changes, in short bullet-pointed form, by close of business on Thursday 20 February 2025 so that feedback can be collated and presented to MGG at its meeting to enable discussion, debate and final endorsement.

**Authored by:**

**Desiree Cull**  
**Strategy & Governance Manager**

**Approved by:**

**Susie Young**  
**Group Manager Corporate Services**

**Attachment/s**

- 1 [↓](#) Draft HBREDA LoE MGG February 2025
- 2 [↓](#) Regional Priorities table





Date: February 2025

## Letter of Expectations for HBREDA

Tēnā koe Alasdair,

We write to outline our expectations for the work programme and performance of the **Hawke's Bay Regional Economic Development Agency (HBREDA or the company)** over the next 18 months (February 2025 – July 2026). This period aligns with HBREDA's transition into full operational capacity as per its Shareholders' Charter, Constitution, and Funding Agreement, which guide its independence, strategic direction, and financial management.

### 1. GOVERNANCE AND STRATEGIC ALIGNMENT

The **Shareholders' Charter** and **Constitution** outline HBREDA's governance structure, operational responsibilities, and engagement with the **Matariki Governance Group (MGG)**. The MGG, acting as the shareholder representative, will continue to set strategic expectations and oversee performance.

HBREDA must operate within the framework established by these governing documents, ensuring:

- Alignment with the regional economic strategy and objectives.
- Effective governance and decision-making independent of shareholder organisations.
- Transparent communication and engagement with stakeholders, including iwi/hapū, business, and government sectors.

### 2. FUNDING AND FINANCIAL MANAGEMENT

This Letter aligns with the **Grant Funding Agreement (October 2024)**, which details the funding commitments of Local Authorities to HBREDA. Funding allocations are provided on a **three-year rolling basis**, with specific annual commitments from each council.

HBREDA is required to:

- Ensure **prudent fiscal management** and effective allocation of grant funding.
- Provide **narrative and financial reporting** every six months on Regional Collaboration days to **Local Authorities and the MGG**.
- Raise invoices in accordance with the grant funding schedule, ensuring compliance with the **Income Tax Act 2007**.
- Seek external funding sources that align with its strategic purpose while maintaining independence from shareholder interests.



- Refund or repurpose unspent grant funds in consultation with Local Authorities and approval from the MGG.

### 3. CORE RESPONSIBILITIES

HBREDA is expected to focus on the following areas in line with its **mandate under the Constitution, Shareholders' Charter, and Funding Agreement**:

#### a. Regional Economic Leadership

- Serve as a **leading voice** on regional economic matters, engaging with key stakeholders.
- Advocate for progressive procurement policies and broader economic benefits.
- Ensure economic strategies reflect the needs of businesses, Māori enterprises, and community organisations.

#### b. Data and Insights Management

- Maintain a **regional economic data repository** to support informed decision-making.
- Provide **quarterly economic updates** to stakeholders and shareholders.
- Deliver sector-specific analysis and strategic recommendations.

#### c. Matariki Regional Economic Development Strategy

- Lead a **review and refresh** of the **Matariki Regional Economic Development Strategy**, ensuring continued relevance to Hawke's Bay's evolving economy, the transition from the Regional Recovery Plan back into a forward growth strategy, and the priorities in the Hawke's Bay "Regional Deal".
- Facilitate regional collaboration to support sustainable growth and investment.

#### d. Support for the Matariki Governance Group

- Provide **operational support** to MGG, including administrative and secretariat functions.
- Ensure that **directors' appointments, governance reviews, and performance evaluations** align with Charter requirements.

#### e. Cyclone Gabrielle Recovery Efforts

- Work alongside the **Regional Recovery Agency (RRA)** to ensure recovery investments contribute to long-term economic resilience.
- Lead and support recovery-related economic initiatives where appropriate.





#### 4. DISCRETIONARY PROJECTS

HBREDA is expected to prioritise projects based on:

- Their alignment with regional economic goals, MGG priorities and the **operating principles** set out in the **Shareholders' Charter**.
- The **potential for collective regional benefit** at the household and business level.
- Their **feasibility** within existing resource allocations or the availability of additional funding.
- Avoiding duplication of work being done by other organisations.

All new initiatives proposed by shareholders must be channelled through the **Matariki Governance Group** to ensure regional alignment and prioritisation.

#### 5. PERFORMANCE MONITORING & REPORTING

HBREDA will report to the **Matariki Governance Group every six months**, and in alignment with its **Funding Agreement**, must also provide reporting to **Local Authorities**:

- **April/May**: Half-year narrative and financial report – presented on Regional Collaboration days.
- **November/December**: Annual report.
- **July 2025 & January 2026**: Six-month progress reports to MGG.
- **July 2026**: Final report of the 18-month period, including strategic recommendations for the next phase of HBREDA's development.

HBREDA's CEO and Chair are expected to attend **Matariki Governance Group** meetings where reporting is tabled, with informal engagements encouraged for ongoing alignment.

#### 6. PERFORMANCE ISSUES & DISPUTE RESOLUTION

If Local Authorities raise concerns regarding HBREDA's performance, these must be escalated to the **Co-Chairs of the MGG**. Any disputes should be resolved through:

1. **Negotiation and dialogue** facilitated by the MGG.
2. **Independent mediation**, if required, to reach a mutually agreed outcome.
3. **Arbitration**, if mediation fails, in accordance with the **Arbitration Act 1996**.

#### 7. CONFIDENTIALITY & TRANSPARENCY

All parties to this agreement will operate in a "**no surprises**" manner, ensuring that material information is shared openly. However, should any party declare information to be confidential or



commercially sensitive, they must comply with the confidentiality provisions of the **Funding Agreement** and relevant **Local Government Official Information and Meetings Act 1987 (LGOIMA)** provisions.

## 8. CONCLUSION

HBREDA must continue to operate **independently** in accordance with its **Constitution, Shareholders' Charter, and Funding Agreement**, ensuring its work aligns with the region's shared vision. We look forward to collaborating towards a **strong, resilient, and inclusive economy** for Hawke's Bay.

Ngā mihi,

Alex Walker  
Co-Chair  
Matariki Governance Group

Leon Symes  
Co-Chair  
Matariki Governance Group

## Annex 1: Performance Measures for HBREDA (February 2025 – July 2026)

### 1. Core Operational Activities

Activity	Qualitative Target	Quantitative Target
<b>Economic Leadership</b>	Business advisory group established, quarterly meetings	4 significant speaking engagements, 6 thought leadership pieces published
<b>Economic Data &amp; Insights</b>	Quarterly stakeholder satisfaction survey	Quarterly provision of social and economic data and analysis, public release and regional KPI reporting to MGG
<b>Matariki Regional Strategy</b>	Adoption of revised Matariki Regional Development Strategy by MGG	Developed, socialised, refined, delivered endorsed by stakeholders and adopted by MGG before 30 June 2026



Activity	Qualitative Target	Quantitative Target
<b>Support for MGG</b>	Satisfaction survey rating 7/10  Work collaboratively with MGG, RRA, HB Tourism, HB Chamber, councils and PSGEs on the evolution of the HB regional architecture	MGG agendas delivered one week before meetings, MGG website developed and maintained  Actions implemented by timeline agreed with MGG (WIP)
<b>Cyclone Gabrielle Recovery</b>	Continued collaboration with RRA	Regular meetings and joint initiatives

## 2. Discretionary Projects

Project	Objective	Reporting Timeframe
<b>Analysis of HB Economy</b>	Identification of regional economic priorities	October/November 2025
<b>Provide economic analysis and/or research on the impacts of priorities in the BIM and Regional Deals framework</b>	Identification of strategy and KPIs for each priority area in the HB Regional Deal	December 2025
<b>Analysis of the Visitor Economy and HB brand promotion</b>	Identification and measurement of strengths, weaknesses and opportunities for investment	February 2026
<b>Business Model review of Te Rae</b>	Analysis of current business model and evaluation of alternate options	June 2026

HBREDA's performance will be assessed against these targets, ensuring accountability and alignment with governance expectations.



**Table 1.**  
BIM Regional Priorities

Silt and Debris	Over 1.5 million cubic metres of silt and debris remain on highly productive land from Cyclone Gabrielle.
Category 3 Property Buyouts	Action is needed to ensure the Government-led Kaupapa Māori buyout programme catches up to the broader buyout programme to avoid disparate and unfair outcomes. Further support may be required for additional category 3 property buyouts if land categorisations change and current funding caps are reached.
Severe Housing Shortages	The region is at least 3000 houses short, with that expected to grow as work expands to restore damaged infrastructure.
Legislative Roadblocks	Legislation and/or new regulations could ease significant consenting and planning blockages slowing critical flood mitigation work.
Emergency Resilience	New measures are needed for more resilient power, telecommunications, and transport infrastructure for when disasters occur.
Water Service Delivery	A regional model based around the five Hawke's Bay Councils is proposed with strong regional backing to replace the soon-to-be-repealed Three Waters water service entities.
Water Security	There is a pressing need to address the fast-growing demands for long-term climate resilient water supplies for one of New Zealand's most important primary sector producing regions.
Transport	Significant recovery related investment is needed to build back better and address vulnerabilities on both state highways and local roads, particularly in the 'farm/orchard gate to processing/arterial corridor' element of the road network.
Health Services	Hawke's Bay Regional Hospital needs priority work while broader health services need to be made fit-for-purpose to meet the region's needs.
Workforce Development	Development of the local workforce is required to help meet the demand for civil construction workers for post-cyclone infrastructure repairs (estimated that up to 8000 additional construction workers could be required over the next eight years).