

Meeting of the Hawke's Bay Regional Council

Date: 28 May 2025
Time: 1.30pm
Venue: Council Chamber
Hawke's Bay Regional Council
159 Dalton Street
NAPIER

Agenda

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| 1. | Welcome/ Karakia/ Housekeeping/ Apologies/ Notices | |
| 2. | Conflict of interest declarations | |
| 3. | Confirmation of Minutes of the Extraordinary Hawke's Bay Regional Council meeting held on 21 May 2025 | |
| 4. | Call for minor items not on the Agenda | 3 |
| Decision Items | | |
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| 7. | Amending the Passenger Transport rate | 19 |
| 8. | Amending the Upper Tukituki Flood Resilience Scheme rate | 29 |
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| Public Excluded Decision Items | | |
| 14. | Confirmation of Public Excluded Minutes of 26 March 2025 | 58 |
| 15. | Central Hawke's Bay Managed Aquifer Recharge Project | 59 |

Subject: Call for minor items not on the Agenda

Reason for Report

1. This item provides the means for councillors to raise minor matters they wish to bring to the attention of the meeting.
2. Hawke's Bay Regional Council standing order 9.13 states:
 - 2.1. "A meeting may discuss an item that is not on the agenda only if it is a minor matter relating to the general business of the meeting and the Chairperson explains at the beginning of the public part of the meeting that the item will be discussed. However, the meeting may not make a resolution, decision or recommendation about the item, except to refer it to a subsequent meeting for further discussion."

Recommendations

That Hawke's Bay Regional Council accepts the following *minor items not on the agenda* for discussion as item 13.

| Topic | Raised by |
|-------|-----------|
| | |
| | |
| | |

Subject: Annual Plan 2025-26 deliberations - Introduction

Reason for report

1. This item outlines the process for decision-making during deliberations and next steps culminating in the adoption of the final *Annual Plan 2025-26* on 25 June 2025.

Process today

2. A suite of deliberations reports (four in total excluding this one) have been written by topic – one for each for the three targeted rate topics Council specifically sought feedback on, and a combined paper for feedback on policies we consulted on and other feedback received through submissions.
3. It is proposed to go through the four deliberation reports in the following order to make resolutions by topic:
 - 3.1. Setting a targeted rate for flood resilience work for Mangarau Stream
 - 3.2. Amending the Passenger Transport rate
 - 3.3. Amending the Upper Tukituki Flood Resilience Scheme rate
 - 3.4. Policy changes consulted on and other feedback.
4. Each deliberations report quotes relevant submissions, identifies key themes and includes staff responses.
5. Council will be asked to consider the key themes relating to the topic and any comments made by Council staff, and to agree or not agree to the proposal consulted on or a variation.
6. Council is also consulting concurrently on the Draft Regional Public Transport Plan 2025-2035. The Regional Transport Committee held a Hearing for the specific questions on this on 16 May 2025 and are undertaking Deliberations on 6 June 2025.

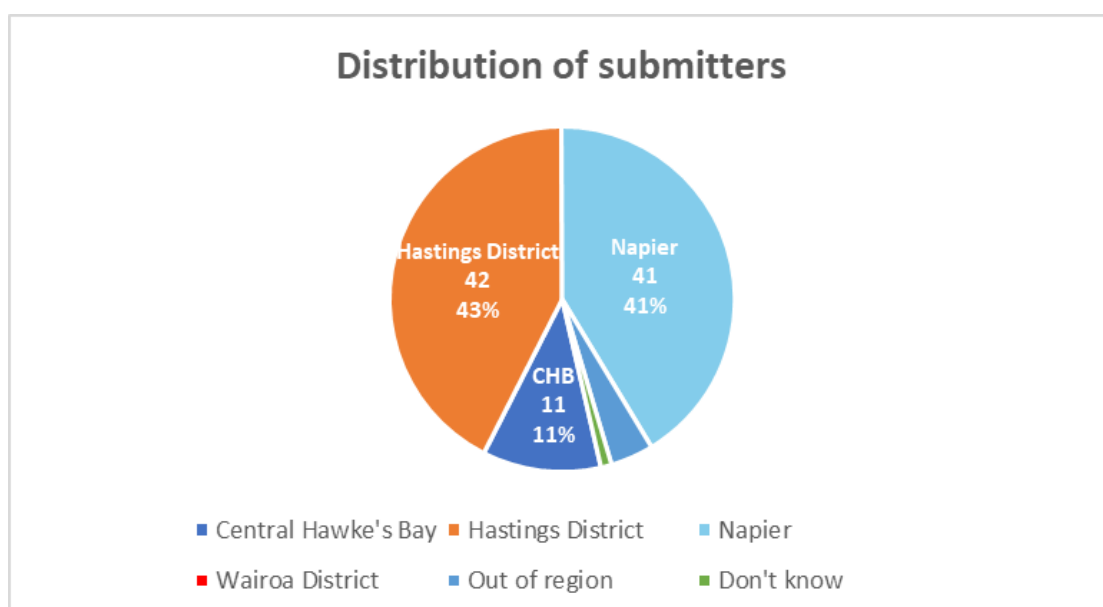
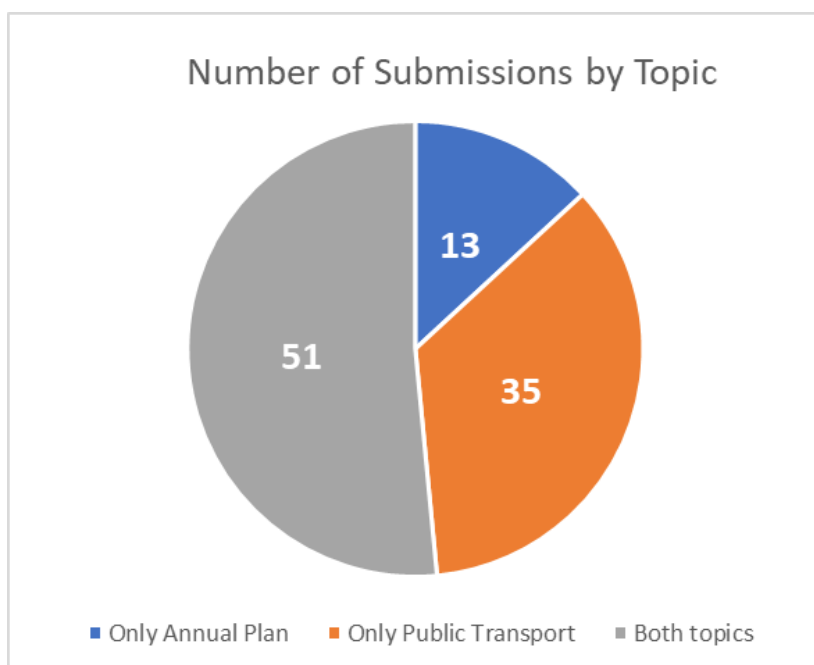
Scope of decision-making

7. Under the Local Government Act, the purpose of an annual plan consultation document is to provide a basis for effective public participation in decision-making related to the content of an annual plan. The Council must consult on significant or material differences between the proposed annual plan and the content of the long-term plan for the financial year to which the annual plan relates. This includes the expected consequences of the differences (e.g. on rates, debt, and levels of service). This annual plan relates to Year 2 of our Three-Year Plan 2024-2027.
8. As part of the consultation, two options (option A and option B) were presented for the three targeted rate proposals, with the Council's preferred option included in the proposed average rates increase and in the rates calculator accessible during consultation so submitters could see the actual impact on their property.
9. The remaining two proposals on policy changes asked for general feedback on the policy as proposed compared to the current policy.
10. The Council is limited in its ability to make decisions outside of options presented to the community during consultation. If the consequences are significantly different to any of the options presented, then the interested and affected parties may be different or have submitted differently.

11. We use the concept of “bookends” as shorthand to describe the range of options available to council in decision-making. As a general rule, if the decision is within the bookends, i.e. within the most impactful and least impactful options consulted on, the Council can reasonably make that decision without risk of challenge. The gives Council some ability to demonstrate responsiveness to submissions.
12. Council decisions take into account a variety of factors, including (but not exclusively submissions. Council must consider what is in the best interest for the region as a whole now and in the future.
13. Council must take a position so budgets and rates can be set for 2025-26 (i.e. no decision or deferred decisions are not an option).

Consultation and engagement

14. The deliberations reports are informed by the consultation undertaken on the Annual Plan 2025-26, including 99 written submissions received (on both the Regional Public Transport Plan 2025-2034 and the Annual Plan 2025-26), and social media feedback.
15. The number by topic and distribution of submitters are shown in the pie graphs below.



Next steps

16. Following Council resolutions made at today's meeting, staff will make any required changes to the Annual Plan 2025-26.
17. The Regional Transport Committee will decide if any changes are needed to the Regional Public Transport Plan 2025-2034 following its deliberations on 6 June 2025. The committee will then recommend the Regional Council adopts the amended Regional Public Transport Plan so it can become operational.
18. Council is scheduled to formally adopt its Annual Plan 2025-26, Regional Public Transport Plan 2025-2035, and amended policies on 25 June 2025.
19. Following the adoption of the plans and policies, each submitter will be sent an email from the Council within 30 days, setting out Council's resolutions pertinent to their specific submission.

Recommendations

That Hawke's Bay Regional Council receives and notes the *Annual Plan 2025-26 deliberations – Introduction* staff report.

Authored by:

Mandy Sharpe
Senior Corporate Planner

Approved by:

Desiree Cull
Strategy & Governance Manager

Attachment/s

There are no attachments for this report.

Subject: Setting a targeted rate for flood resilience work for Mangarau Stream

Reason for report

1. This deliberations report provides the Council with staff analysis of submissions and seeks a decision of Council on the consultation topic – *Setting a targeted rate for flood resilience work for Mangarau Stream*.

Staff recommendation

2. Staff recommend that the Council considers the submissions on the *Setting a targeted rate for flood resilience work for Mangarau Stream* consultation topic alongside the staff analysis to enable an informed decision.

Consultation topic

3. *Setting a targeted rate for flood resilience work for Mangarau Stream* was a key consultation topic that the Council sought public submissions on described on pages 15-21 of the *Have your say Hawke's Bay on Our resilience-focused Annual Plan 2025-26* consultation document.
4. The specific question posed was "How many years should Regional Council collect the targeted rate for flood resilience work for Mangarau Stream in the Hastings district?"
5. Two tick box options were provided:
 - 5.1. Option A: Collect rates over 3 years
 - 5.2. Option B: Collect rates over 20 years.
6. To help submitters decide between the two options we presented average rates, spread of rates and sample rates under each option in the consultation document.
7. Submitters were also able to add any further comments on this topic in a text box provided under these options on both the online and printable submission form.
8. Regional Council does not have a rating scheme to collect this rate as it does not own or manage Mangarau Stream related assets, so we need to set up a special targeted rate.
9. Under the Local Government Act 2002, the Council must consult when making funding decisions such as setting a new rate as this requires a change to our *Revenue and Financing Policy*. Council sought public feedback on the proposed policy change concurrently with the Annual Plan 2025-26.
10. The topic was presented in the consultation document as follows.

This impacts
about 27,000
Hastings
district
ratepayers



Regional Council is setting a new rate for some Hastings district ratepayers to collect funding for flood resilience work for Mangarau Stream.

This is to secure Crown funding and ensure the work gets done so people can repair or rebuild their homes flooded in Cyclone Gabrielle.

We are proposing to recover the necessary money over three years.

We want to know if you support this or think we should spread it over a longer time.

Setting a targeted rate for flood resilience work for Mangarau Stream

Parts of Havelock North were badly flooded during Cyclone Gabrielle in February 2023. Substantial rain fell in the Mangarau dam catchment, on the western face of Te Mata Peak. Streams overtopped and homes were flooded.

Work is being done so the 38 Category 2C properties bordering Mangarau Stream can be recategorised to Category 1, meaning people can repair or rebuild their homes. Category 2C areas are deemed to have an intolerable risk to life without community based flood mitigation. Work is focused on increasing the stream's ability to cope with future severe weather events.

As part of the region's recovery package the Crown agreed to fund 75.15% of the \$10 million work package

for Mangarau Stream, as long as the remaining 24.85% - \$2.49 million - was paid locally.

Hastings District Council (HDC) owns the associated assets, is responsible for the management of streams in Havelock North, and is undertaking the work. However, as the flood mitigation component of the Crown's regional recovery package is with the Regional Council, HDC has asked Regional Council to collect the local portion - \$2.49 million - and then pass it on to them, along with the funding from the Crown.

This is part of HDC's broader [Havelock North dams and streams work programme](#). Other operational and non-category 2C capital expenditure is funded by HDC.

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Targeted rate for Mangarau Stream

What are we proposing to do and why

Regional Council has agreed to fund the \$2.49 million and pass it on to Hastings District Council (HDC). This guarantees the recovery work gets done.

We are borrowing the \$2.49 million and need to collect rates to repay this plus the interest incurred. We do not have a rating scheme for this as Regional Council does not own or manage Mangarau Stream related assets so we need to set up a special targeted rate.

As it's HDC's asset, we plan to rate the same ratepayers HDC would rate for this work; in line with HDC's Revenue and Financing Policy, which has been consulted on. HDC will rate for ongoing maintenance.

To mirror HDC's rating method, properties in HDC's Differential Rating Area 1 (DRA 1) would be rated based on land value using HDC's differentials (differentials are the proportion of the land value we use to then calculate the rate). This new rate will impact about 27,000 ratepayers. See the map on this page to see what areas this includes or visit our [rates calculator](#) to see if it affects you.

We will start rating from 1 July 2025. The choice to be made is whether to spread it over a longer time to make it more affordable for ratepayers annually (but results in ratepayers paying more rates overall over time due to interest costs) or collect higher annual rates over a shorter time, so ratepayers pay less overall.

We are proposing to recover the necessary money over three years and want to know if you support this. The major advantages are less interest and less overall debt. Clearing this debt quicker is important as we know there are big costs coming for future flood resilience.

Figure 1: Hastings District Differential Rating Area (DRA)



| Differential Rating Area One Urban | Differential |
|---|--------------|
| Residential | 1.0 |
| Residential Clive | 0.81 |
| Residential non-urban (including townships & small settlements) | 0.76 |
| Horticulture farming | 0.68 |
| Central business district commercial | 3.0 |
| Other commercial | 2.75 |
| Commercial non-urban - peripheral | 2.35 |



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Table 3: Spread of Mangarau Stream flood resilience targeted rate over 3 years

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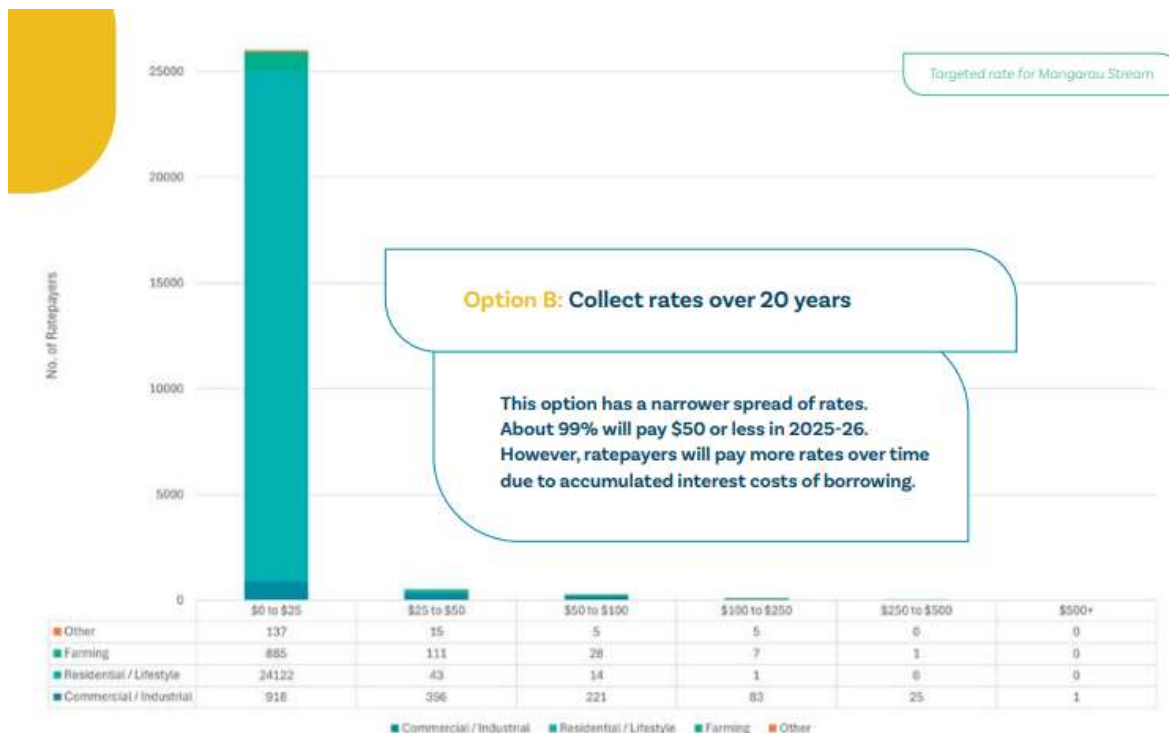


Table 4: Spread of Mangarau Stream flood resilience targeted rate over 20 years

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Targeted rate for Mangarau Stream

The table below shows sample rates for both Option A and Option B. Sample rates are a way to see what the indicative impact on your rates will be.

Sample properties from the differential rating area (DRA 1)

| | | | Option A: 3 years | Option B: 20 years |
|----------|--------------------------------|------------|----------------------------|---------------------------|
| Category | | Land value | 2024-25 Current HBRC rates | |
| | | Total \$ | Proposed amount per annum | Proposed amount per annum |
| | | Total \$ | Total \$ | Total \$ |
| | Commercial/Industrial (High) | 7,860,000 | 14,365.77 | 1,074.23 |
| | Commercial/Industrial (Medium) | 1,160,000 | 2,342.48 | 185.52 |
| | Commercial/Industrial (Low) | 405,000 | 1,825.96 | 70.66 |
| | Farming (High) | 9,710,000 | 5,727.02 | 384.00 |
| | Farming (Medium) | 2,220,000 | 2,320.32 | 87.80 |
| | Farming (Low) | 800,000 | 1,103.94 | 46.53 |
| | Residential/Lifestyle (High) | 2,700,000 | 2,113.95 | 119.34 |
| | Residential/Lifestyle (Medium) | 690,000 | 984.15 | 27.29 |
| | Residential/Lifestyle (Low) | 240,000 | 456.02 | 13.96 |

Table 5: Sample rates for paying the Mangarau Stream targeted rate over 3 and 20 years

Why are we consulting on this?

Under the Local Government Act 2002, we must consult when making funding decisions such as setting a new rate as this requires a change to our Revenue and Financing Policy.

Refer to the [Statement of Proposal](#) in our supporting information to amend our Revenue and Financing to see the proposed change.

Funding for six flood resilience projects under the cost-share agreement with the Crown – Wairoa, Whirinaki, Waiohiki, Pākōwhai, Omāhu, and Pōrangahau were consulted on as part of HBRC's Three-Year Plan 2024-2027. The added complexity of joint responsibility with HDC for Mangarau Stream resulted in consultation in this Annual Plan rather than last year's Three-Year plan.



Targeted rate for Mangarau Stream

How many years should Regional Council collect the targeted rate for flood resilience work for Mangarau Stream in the Hastings district?

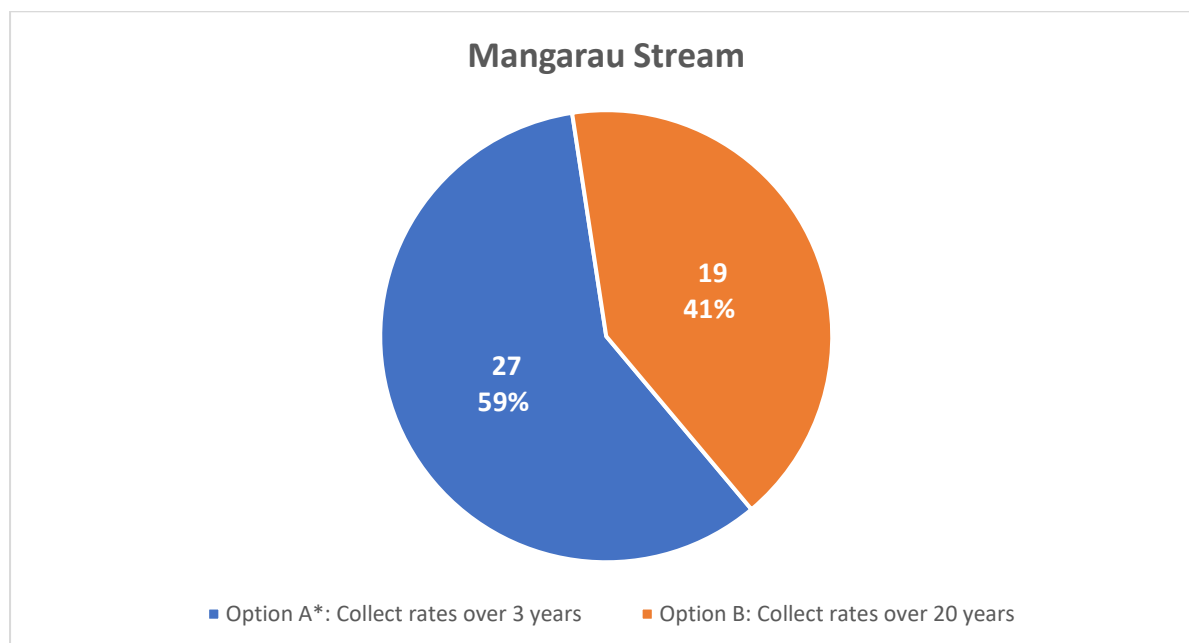


Have your say at haveyoursayhb.co.nz

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Submissions received

11. Of the submissions received on this topic, 27 supported the Council's preferred option (Option A) of collecting rates over 3 years and 19 supported the alternative option (Option B) of collecting rates over 20 years.



12. Seven submitters made a comment under this topic.

13. Key themes were:

Theme 1: The rating area is too broad adding extra rating burden to ratepayers not close to the stream.

Theme 2: The rating area is not broad enough - support for general rate funding the activity similar to other flood schemes currently in place.

Theme 3: Maintenance issues in the past resulting in urgent work now.

Theme 4: Confusion around how the rate is set and the impact.

Summary of submissions and staff analysis

Theme 1: There was concern expressed that the rating area was too broad adding extra rating burden to ratepayers not close to the stream

“This targeted rate should be confined to Havelock North” (#41)

“...And it seems that people like me who do not live on the Mangarau, but border on other streams (herehere in my case) are included in the targeted rate. That is also unfair” (#31)

Staff response

14. Mangarau Stream assets are owned by Hastings District Council (HDC) and not by HBRC.
15. HBRC will be rating and passing on the rates received to HDC for them to carry out the improvement work.
16. If HDC were to rate for this work, they advised that they would rate Differential Rating Are 1 (DRA1) in their general rate scheme based on land value using existing differentials. This new rate will impact about 27,000 ratepayers The map below shows the suburbs of Hastings in DRA1.
17. Mirroring the rating method HDC would use for their asset is considered the most appropriate method as it ensures the same properties will be charged the rate regardless of which Council invoices for it.



Theme 2: Some support for general rate funding the activity similar to other flood schemes currently in place

"The work is needed because the Council failed to properly maintain the streams in the past. If that work had been done, it would have been paid for out of the general rate, i.e. from everyone's rates payments. Now you are expecting only those affected to pay the targeted rate. That is not fair!" (#31)

Staff Response

18. As part of its Three Year Plan 2024-2027, the Regional Council resolved to use the general rate to fund the initial capital costs for category 2 general works and new flood schemes impacting mostly residential properties in Whirinaki and Pōrangahau. The Council also resolved to use the existing 70/30 targeted and general funding split for new flood defences within the existing Heretaunga Plains Flood Control Scheme - Pākōwhai, Omahu and Waiohiki as well as Whirinaki (Industrial). These are large scale flood protection schemes that have community as a whole benefits such as economic and social resilience from protected arterial transport routes and utilities.
19. Unlike the schemes above, the Mangarau Stream work was not deemed to have region-wide and whole of community benefits so general rate funding this work was not considered appropriate by the Regional Council and therefore was not consulted on as an option. As noted above, this asset is owned and maintained by HDC therefore the preferred rating method mirrors the way the owner of that asset (HDC) would rate.
20. Further, the proposed rating method is how HDC applies its general rate so in effect, submitter #31's preferred approach is being proposed.

Theme 3: Maintenance issues in the past resulting in urgent work now

"I do not agree with this. HDC neglected to maintain their asset in the first place. It should not be the people of Havelock North, yet again, to be covering the cost of the Cyclone" (#75)

"This work should have already been done, poor planning in past 20 years is what it is, why should we have to pay for what should have been planned for in advance anyway?" (#115)

"...THIS SHOULD HAVE BEEN ADDRESSED AT LEAST 10 years AGO not wait till an event happened and NOW TRY and tell us as rate payers that we HAVE TO FOOT THIS COST" (#121)

Staff Response

21. Maintenance of the Havelock North streams and dams is HDC's responsibility as the asset owner.
22. All rates collected for this activity will be passed on to HDC to do the resilience work and HDC will rate directly for ongoing maintenance and operations.

Theme 4: Confusion around how the rate is set and impact

"I am in the dark as to how much extra you are planning to collect from me. It seems very opaque which makes me uncertain as to whether I should be supporting the proposed 3 years or not." (#33)

"I am not commenting on your choice of options. I am concerned about your "targeted rates". Who is targeted and why?" (#31)

Staff Response

23. Staff endeavoured to explain the proposed rating method in a variety of ways in the consultation document including:
 - 23.1. in words
 - 23.2. financial information (including average rates for residential, commercial/industrial, other

- as well as a bar graph showing the rates distribution and a table of sample rates)
- 23.3. a map illustrating the affected area with a table showing the differentials, and
 - 23.4. promoting the online rates look up tool (which showed the actual rates for that property)
24. A *haveyoursay* email and designated staff member was also available to answer email and phone enquiries.
 25. Targeted letters with a flyer were sent to around 1000 of the most affected ratepayers and directed to the online consultation for more information and to submit.

Scope of the decision

26. The scope of the decision is to collect the rate over 3 years (option A) or collect the rate over 20 years (option B) as consulted on. These are bookends and the Council is able to choose a timeframe within these bookends.

Revenue and Financing Policy change

27. As noted in paragraph 9, the Council must amend its *Revenue and Financing Policy* to implement this new targeted rate.
28. It appeared in our consultation document under point 1 as below:

Revenue and Financing Policy

Changes to the Revenue and Financing Policy

What is this policy?

The Revenue and Financing Policy sets out who pays for the Council's activities and services.

What are we proposing

We are proposing to make some changes to this policy as discussed in Part 2 of this document and some other more minor amendments.

Changes include:

1. A new rate for Mangarau Stream. This is to collect funding for the resilience work on the Mangarau Stream which Hastings District Council will undertake. The funds the Regional Council collect will be passed through to Hastings District Council.
2. Removing the range under the description for the UAGC (Uniform Annual General Charge) to allow for more flexibility in rate setting.
3. Adjusting the wording for the Regional Economic Development activity to reflect the decision adopted during the Three-Year Plan 2024-2027 to no longer fund tourism promotion.
4. Amending the funding needs assessment for the Sustainable Land Management (includes rural partnerships & water efficiency) activity. This wording change is to make it clear that parts of the community receive a greater benefit thereby supporting part of the activity being funded by a targeted rate.
5. Adjusting the Upper Tukituki Flood Scheme. Adding an indirect rate recognises that the district as a whole benefits from flood mitigation and spreads the cost.
6. Adjusting the Passenger Transport targeted rate. A new differential split has been proposed and includes an indirect charge to all of Napier, Hastings, and Central Hawke's Bay for access to Total Mobility.

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29. If submitters wanted to see the specific changes, they were highlighted in the following documents which could be found online on the Annual Plan engagement pages under Supporting documents.
 - 29.1. Statement of proposal to amend the Revenue and Financing Policy
 - 29.2. Amended Revenue and Financing Policy for consultation
30. The *Revenue and Financing Policy* incorporating the decision made on the rating method will be presented to Council for adoption within the final Annual Plan 2025-26 on 25 June 2025.

Decision making considerations

31. Council and its committees are required to make every decision in accordance with the requirements of the Local Government Act 2002 (the Act). Staff have assessed the requirements in relation to this item and have concluded:
 - 31.1. The decision does not significantly alter the service provision or affect a strategic asset, nor is it inconsistent with an existing policy or plan.
 - 31.2. The use of a consultation process required under s82 of the Local Government Act 2002 has been followed.
 - 31.3. The persons affected by this decision are the region's ratepayers.

Recommendations

That Hawke's Bay Regional Council:

1. Receives and considers the *Setting a targeted rate for flood resilience work for Mangarau Stream* staff report.
2. Agrees that the Council can exercise its discretion and make decisions on this issue, having undertaken the consultation process required under s82 of the Local Government Act 2002.
3. Agrees to (Option a) collect a targeted rate over 3 years within Hastings District Council's Differential Rating Area DRA1, for flood resilience work for Mangarau Stream.

OR

4. Agrees to (Option B) collect a targeted rate over 20 years within Hastings District Council's Differential Rating Area DRA1, for flood resilience work for Mangarau Stream.

OR

5. Agrees to collect a targeted rate over xx (between 3 and 20) years within Hastings District Council's Differential Rating Area DRA1, for flood resilience work for Mangarau Stream.

and

6. Agrees to amend its Revenue and Financing Policy to implement the rating decision as per 3, 4, or 5 above.

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Desiree Cull
Strategy & Governance Manager

Vanessa Fauth
Finance Manager

Chris Comber
Chief Financial Officer

Approved by:

Susie Young
Group Manager Corporate Services

Attachment/s

There are no attachments for this report.

Subject: Amending the Passenger Transport rate

Reason for report

1. This deliberations report provides the Council with staff analysis of submissions and seeks a decision on the consultation topic – *Amending how we rate for Passenger Transport*.

Staff recommendation

2. Staff recommend that the Council considers the submissions received on the *Amending how we rate for Passenger Transport* consultation topic alongside the staff analysis to enable an informed decision.

Consultation topic

3. *Amending how we rate for Passenger Transport* was a key consultation topic that the Council sought public submissions on described on pages 22-31 of the *Have your say Hawke's Bay on Our resilience-focused Annual Plan 2025-26* consultation document.
4. The specific question posed was "Which rating method do you prefer for Passenger Transport?"
5. Two tick box options were provided:
 - 5.1. Option A: A new rating method
 - 5.2. Option B: Keep the current rating method
6. To help submitters decide between the two options we presented the spread of rates and sample rates under each option in the consultation document.
7. Submitters were also able to add any further comments on this topic in a text box provided under these options on both the online and printable submission form.
8. Council consulted on the associated change to our Revenue and Financing Policy concurrently with the Annual Plan 2025-26.
9. The topic was presented in the consultation document as follows.

About passenger transport

We provide the following services which are partially funded through our Passenger Transport targeted rate:

- a bus service, goBay, that operates in the urban areas of Napier, Hastings, Havelock North, Bay View, and Clive. This includes a commuter express service between Napier and Hastings.
- a Total Mobility service to assist eligible people with a permanent disability that makes it difficult for them to use our public transport, to instead access alternative subsidised transport services. Total Mobility operates across Napier, Hastings, and Central Hawke's Bay. It does not operate in Wairoa as the district does not have an approved taxi service.

Regional Council does not operate school buses.



This impacts ratepayers from Napier, Hastings, and Central Hawke's Bay

What are we proposing and why

We are proposing a new method for the Passenger Transport rate. This was a big topic of discussion during our Three-Year Plan 2024-2027. Council has undertaken further assessment of who benefits from having access to our services and who should pay.

Preferred option

Option A: A new rating method

There are three components to the new method. We propose to:

1. Split the Passenger Transport rate to include an indirect targeted rate of 10% for the Total Mobility Service – to be charged to all ratepayers in Napier, Hastings, and Central Hawke's Bay. This will be calculated using capital value.

This rate acknowledges that the Total Mobility service is available for eligible people living in Napier, Hastings, and Central Hawke's Bay. Ratepayers outside the direct rating area, including Central Hawke's Bay, have not previously been rated for this but have had access to the service. Wairoa does not have access to the Total Mobility service as there is no approved taxi service.

The average amount will be **\$8.46** a year for ratepayers and will vary depending on the capital value of your property.

An indirect and direct rate is used to differentiate based on benefit received.

Ratepayers in the direct rate have greater access to the service so are deemed to benefit more, therefore pay more, and vice versa.



Figure 2: Proposed direct and indirect areas for the Passenger Transport rate

Option A: A new rating method continued

2. Change how we allocate the rest (90% and rated as the 'direct' rate) of the Passenger Transport rate.

All non-commercial/industrial ratepayers (eg residential, lifestyle) will now pay 72.5% of the direct rate as a fixed charge per SUIP*. Commercial/industrial ratepayers will continue to pay the Passenger Transport rate calculated on capital value for the remaining 17.5% of the rate.

The introduction of a fixed charge per SUIP for non-commercial/industrial will standardise the amount paid, reducing the range paid by these ratepayers for access to the same service.

This is based on feedback to the changes made in 2024 to the way we rate for public transport, which led to large differences in rates within neighbourhoods for the same service depending on capital values.

*A SUIP is a separately used or inhabited part of a rating unit. Properties that have multiple units or dwellings, such as retirement homes or apartment complexes will have more SUIPs.

A non-commercial property with one SUIP within the direct footprint will pay \$82.90 plus the indirect rate.

3. Remove five rating areas (valuation rolls) from paying the direct Passenger Transport targeted rate.

In response to feedback from ratepayers, Council reviewed its criteria for deciding what areas should be charged the direct rate. It decided areas that were less developed and populated (i.e. urbanised) should be excluded.

Council set the threshold at 50% urbanisation, meaning areas less than this will not be rated the direct rate. We will conduct an annual review to ensure growing areas are included in this rate once they are over the threshold.

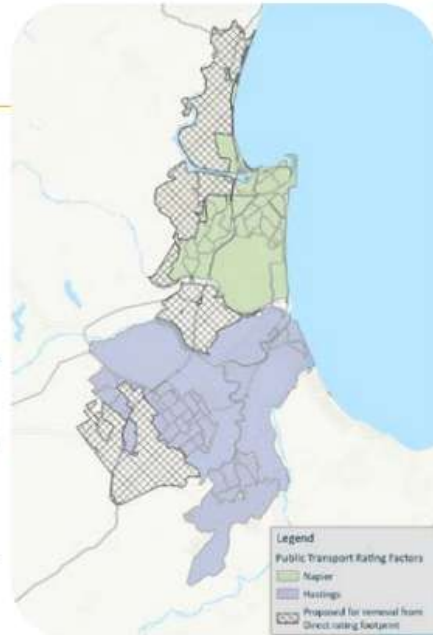
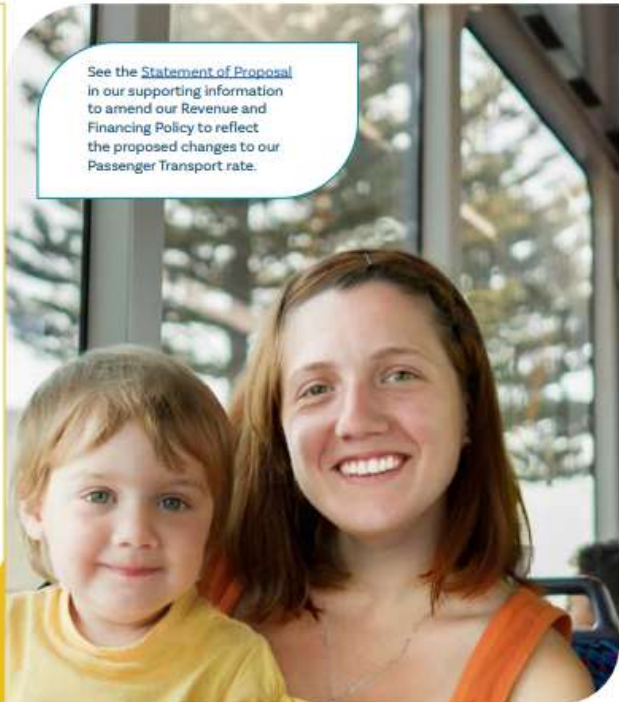


Figure 3: Proposed ratings areas to remove from paying the Passenger Transport rate.

Option B: Keep the current rating method

Under this option we would keep rating properties in the map based on capital value as we do this year. The large difference between properties would remain. There would be no indirect rate. This means ratepayers within the current rating footprint (direct rating area, including the five rolls with less than 50% urbanisation) would continue to subsidise the Total Mobility service for ratepayers in the wider Napier, Hastings, and Central Hawke's Bay districts.

See the [Statement of Proposal](#) in our supporting information to amend our Revenue and Financing Policy to reflect the proposed changes to our Passenger Transport rate.



What does this mean for me?

To help you decide between the two options we have presented the spread of rates as well as sample rates for each option.



Figure 6: Spread of Passenger Transport rate with proposed rating method



Figure 7: Spread of Passenger Transport rate with current rating method

| Passenger Transport rate | | | Option A: A new rating method | Option B: Keep the current rating method |
|--------------------------|------|------------------|----------------------------------|--|
| | | | Proposed amount per annum | Proposed amount per annum |
| Property Type | SUIP | Capital Value \$ | Total \$ | Total \$ |
| CHB | | | | |
| Residential | N/A | 1,140,000 | 9.34 | - |
| Pastoral | N/A | 4,100,000 | 33.58 | - |
| Pastoral | N/A | 8,560,000 | 70.11 | - |
| Pastoral | N/A | 15,200,000 | 124.74 | - |
| Pastoral | N/A | 22,410,000 | 183.55 | - |
| Pastoral | N/A | 561,000 | 4.59 | - |
| Lifestyle | N/A | 359,000 | 2.94 | - |
| Napier | | | | |
| Residential | 1 | 2,760,000 | 103.37 | 314.89 |
| Residential | 4 | 1,240,000 | 340.81 | 141.47 |
| Commercial | N/A | 7,020,000 | 921.31 | 800.92 |
| Residential | 22 | 3,940,000 | 1,853.09 | 449.52 |
| Commercial | N/A | 24,350,000 | 3,195.70 | 2,778.11 |
| Residential | 1 | 880,000 | 89.43 | 100.40 |
| Lifestyle | N/A | 2,480,000 | 18.39 | 282.95 |
| Hastings | | | | |
| Residential | 1 | 780,000 | 88.56 | 87.01 |
| Other | 1 | 9,190,000 | 149.52 | 1,025.19 |
| Commercial | N/A | 3,250,000 | 417.05 | 362.56 |
| Industrial | N/A | 9,270,000 | 1,189.56 | 1,034.12 |
| Commercial | N/A | 20,600,000 | 2,643.47 | 2,298.04 |
| Commercial | N/A | 35,050,000 | 4,497.74 | 3,910.02 |
| Forestry | N/A | 8,090,000 | 58.64 | - |
| Horticulture | N/A | 1,702,000 | 12.34 | - |

This table shows sample rates for both Option A and Option B. Sample rates are a way to see what the indicative impact on your rates will be.

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Table 8: Passenger Transport sample rates

Passenger Transport rate

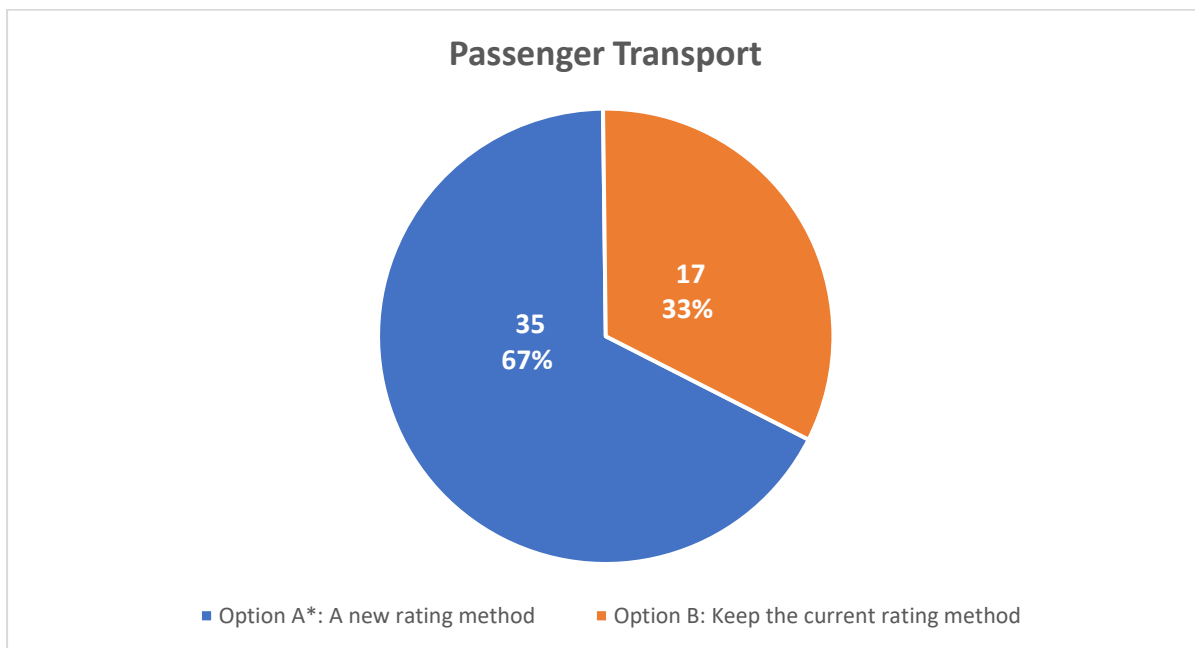
Tell us what you think of our proposed new rating method for passenger transport.

Have your say at haveyoursayhb.co.nz

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Submissions received

- Of the submissions received on this topic, 35 supported the Council's preferred option (option A) of a new rating method and 17 supported (option B) keeping the current rating method.



11. Eight submitters made a comment under this topic.

12. Key themes were:

Theme 1: Non-urban ratepayers should be excluded from the direct rate

Theme 2: Indirect rate on a capital value is unfair.

Theme 3: Indirect rate to Central Hawke's Bay is unfair.

Summary of submissions and staff analysis

Theme 1: Non-urban ratepayers should be excluded from the direct rate

"...While some areas have been excluded there are still a large group of ratepayers who have been made to pay the targeted rate, via changes last year, who have no practical way to utilise passenger transport because of their distance from any transport services. How is a ratepayer who lives many km from a bus stop supposed to utilise public transport? This has never been explained by councillors or council staff. I propose the changes are amended to exclude all non-urban ratepayers from the targeted rate." (#54 RPTP submission)

Staff Response

13. One of the three components of the new proposed rating method is to apply a 50% threshold related to urbanisation within the direct public transport rating footprint. This will be assessed yearly to ensure developing areas are included in the direct footprint once they reach the threshold.
14. Full valuation rolls are used as this aligns with the guiding principles of the Council's rates setting, which is to be clear, fair, simple, consistent and flexible. The downside is one roll can have diverse land use within it. The threshold is designed to address this in a consistent way.
15. This new threshold has resulted in the removal of five valuation rolls from paying the direct rate.
16. Public transport provides broader benefits to the community — such as reduced congestion, lower emissions, and improved accessibility to jobs and essential services for those without personal vehicles. Even those who cannot access public transport benefit from it being provided, for instance when they drive into town and experience less traffic, even if they don't use the service personally.

Theme 2: Indirect rate on a capital value is unfair

“...a fixed rate is a much fairer option. Disappointed that a portion is still being calculated on the capital value” (#137)

“...suggests that the Total Mobility Service indirect rate be charged on a SUIP basis, similar to the direct rate. This is because the Total Mobility Service is people-based and not related to capital value of the property” (#169)

Staff Response

17. Council could take another look at the rating method for the indirect charge as part of a future Revenue and Financing Policy Review including consultation. However, staff note that with the 30% cap on fixed rate charging, there is little flexibility to include the indirect public transport rate as a fixed rate without further reducing the UAGC. A reduction such as this would raise the general rate on ratepayers with higher capital values. Although this is feasible, the impact would need to be reviewed and considered.

Theme 3: Indirect rate to Central Hawke’s Bay is unfair.

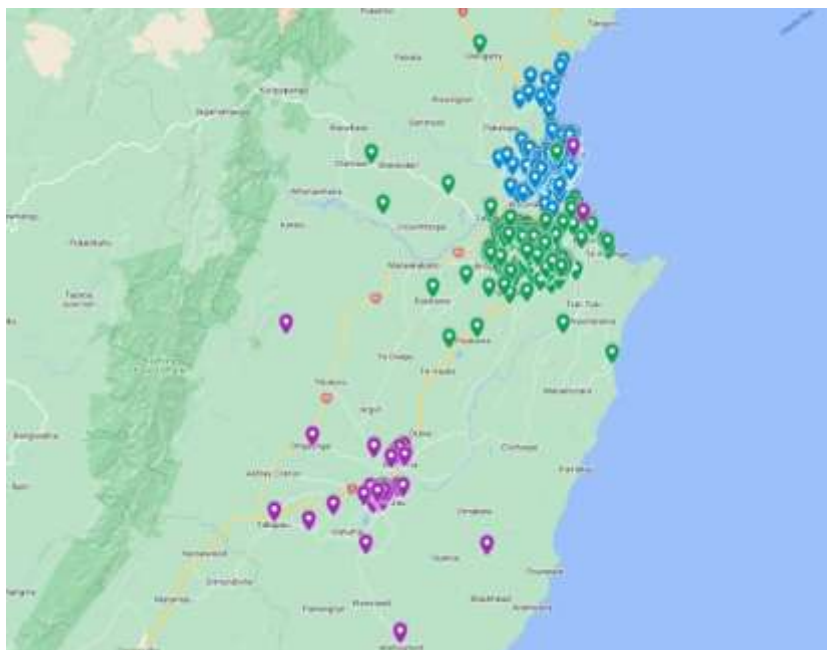
“...totally against being charged for this” (#163)

“...It is not available to rural people in CHB so rural people should not be charged the indirect targeted rate of 10%” (#152)

“I take you on your word that it is fairer. Don’t understand why CHB ratepayers are involved” (#119)

Staff Response

18. Total Mobility is a service to assist eligible people with a permanent disability that makes it difficult for them to use our public transport, to instead access alternative transport services. These services operate across Napier, Hastings, and Central Hawke’s Bay (CHB).
19. Three districts have access to Total Mobility through registered providers, however, under the current rating method, only a portion of Napier and Hastings ratepayers are being rated for that service through the direct rating footprint. The proposed rating method recognises that a much wider part of the community has access to the service and associated benefits both direct and indirect and should therefore be rated for that service.
20. Below is a map of active Total Mobility users showing the wide geographic spread.



Scope of the decision

21. The scope of the decision is to adopt the proposed new rating method as consulted on or revert to the status quo. Council also has the ability to adopt one or other of the three components of the proposed new method to:
 - 21.1. Split the Passenger Transport rate to include an indirect targeted rate of 10% for the Total Mobility Service to be charged on all ratepayers in Napier, Hastings, and Central Hawke's Bay. This will be calculated using capital value.
 - 21.2. Change how we allocate the rest (90% and rated as the 'direct' rate) of the Passenger Transport rate.
 - 21.3. Remove five valuation rolls from paying the direct Passenger Transport targeted rate (resulting from applying a 50% urbanisation threshold).
22. Staff do not recommend any changes to the proposal consulted on based on submissions.

Revenue and Financing Policy change

23. As noted in paragraph 8, the Council must amend its *Revenue and Financing Policy* to adjust the wording for the description of the rate to ensure it covers the new rating method
24. It appeared in our consultation document under point 6 as below:

Revenue and Financing Policy

Changes to the Revenue and Financing Policy

What is this policy?


The Revenue and Financing Policy sets out who pays for the Council's activities and services.

What are we proposing

We are proposing to make some changes to this policy as discussed in Part 2 of this document and some other more minor amendments.

Changes include:

1. A new rate for Mangarau Stream. This is to collect funding for the resilience work on the Mangarau Stream which Hastings District Council will undertake. The funds the Regional Council collect will be passed through to Hastings District Council.
2. Removing the range under the description for the UAGC (Uniform Annual General Charge) to allow for more flexibility in rate setting.
3. Adjusting the wording for the Regional Economic Development activity to reflect the decision adopted during the Three-Year Plan 2024-2027 to no longer fund tourism promotion.
4. Amending the funding needs assessment for the Sustainable Land Management (includes rural partnerships & water efficiency) activity. This wording change is to make it clear that parts of the community receive a greater benefit thereby supporting part of the activity being funded by a targeted rate.
5. Adjusting the Upper Tukituki Flood Scheme. Adding an indirect rate recognises that the district as a whole benefits from flood mitigation and spreads the cost.
6. Adjusting the Passenger Transport targeted rate. A new differential split has been proposed and includes an indirect charge to all of Napier, Hastings, and Central Hawke's Bay for access to Total Mobility.


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25. If submitters wanted to see the specific wording in the policy, changes were highlighted in the following documents which could be found online on the Annual Plan engagement pages under Supporting document.
 - 25.1. Statement of proposal to amend the Revenue and Financing Policy
 - 25.2. Amended Revenue and Financing Policy for consultation
26. The *Revenue and Financing Policy* incorporating the decisions made today on rating methods will be presented to Council for adoption within the final Annual Plan 2025-26 on 25 June 2025.

Decision-making considerations

27. Council and its committees are required to make every decision in accordance with the requirements of the Local Government Act 2002 (the Act). Staff have assessed the requirements in relation to this item and have concluded:
 - 27.1. The decision does not significantly alter the service provision or affect a strategic asset but makes a change to an existing policy or plan.
 - 27.2. The use of a consultation process required under s82 of the Local Government Act 2002 has been followed.
 - 27.3. The persons affected by this decision are the region's ratepayers.

Recommendations

That Hawke's Bay Regional Council:

1. Receives and considers the *Amending the Passenger Transport rate* staff report.
2. Agrees that the Council can exercise its discretion and make decisions on this issue, having undertaken the consultation process required under s82 of the Local Government Act 2002.
3. Agrees to change the Passenger Transport rate as per the proposal consulted on, to:
 - 3.1. Remove five valuation rolls from the direct rating footprint.
 - 3.2. Conduct an annual review of urbanisation on full rolls in the area to possibly amend the direct footprint.
 - 3.3. Split out 10% of the total rate to charge as an indirect charge to all ratepayers in Central Hawke's Bay, Hastings District, and Napier City based on capital value.
 - 3.4. Split the direct footprint on the remaining 90%
 - 3.4.1. 17.5% charging commercial/industrial ratepayers based on capital value.
 - 3.4.2. 72.5% on a fixed charge per SUIP.
4. Agrees to amend its Revenue and Financing Policy to implement this *Passenger Transport* rating decision as per 3. above.

OR

5. Agrees to retain the status quo for the Passenger Transport rate.

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Approved by:

Susie Young
Group Manager Corporate Services

Attachment/s

There are no attachments for this report.

Subject: Amending the Upper Tukituki Flood Resilience Scheme rate

Reason for report

1. This deliberations report provides the Council with staff analysis of submissions and seeks a decision of Council on the consultation topic – *Amending how we rate for the Upper Tukituki Flood Resilience Scheme*.

Staff recommendation

2. Staff recommend that the Council considers the submissions on the *Amending how we rate for the Upper Tukituki Flood Resilience Scheme* consultation topic alongside the staff analysis to enable an informed decision.

Consultation topic

3. *Amending how we rate for the Upper Tukituki Flood Resilience Scheme* was a key consultation topic that the Council sought public submissions on described on pages 22-23 and 32-39 of the *Have your say Hawke's Bay on Our resilience-focused Annual Plan 2025-26* consultation document.
4. The specific question posed was "Which rating method do you prefer for the Upper Tukituki Flood Resilience Scheme?"
5. Two tick box options were provided:
 - 5.1. Option A: A new rating method
 - 5.2. Option B: Keep the current rating method.
6. To help submitters decide between the two options we presented the spread of rates and sample rates under each option in the consultation document.
7. Submitters were also able to add any further comments on this topic in a text box provided under these options on both the online and printable submission form.
8. Council consulted on the associated change to our Revenue and Financing Policy concurrently with the Annual Plan 2025-26.
9. The topic was presented in the consultation document as follows.

About the Upper Tukituki Flood Resilience Scheme

The Upper Tukituki Flood Resilience Scheme is one of two major flood schemes we administer, the other being Heretaunga Plains.

The scheme covers the low lying historic river plains of the Upper Tukituki River and its tributaries. It protects around 24,750 hectares of land and around 7,000 properties within the scheme boundaries. This includes the urban centres of Waipawa, Waipukurau, Ongaonga, and a small number of properties (130) in the Hastings district.

In line with all our flood schemes we collect a targeted rate (70%) and use the general rate (30%) to fund repairs, improvements, and maintenance work. The targeted rate amount depends on the location of your property within the scheme boundary and is calculated on capital value. The general rate component is also calculated on capital value across the whole region.

Properties within the scheme are assessed as high, medium, or low (known as bandings or rating factors) to reflect the benefit they receive from the scheme. Most properties (5,600) are in the low banding.



This impacts ratepayers from Central Hawke's Bay and some parts of Hastings district

What are we proposing and why

We are proposing a new rating method for the Upper Tukituki Flood Resilience Scheme.

This is to address the cumulative impact of policy changes and increases in activity through our Three-Year Plan 2024-2027 which led to large increases particularly for ratepayers with higher capital value properties in the medium and high bandings.

Preferred option

Option A: A new rating method

There are two components to the new method. We propose to:

1. Split the Upper Tukituki Flood Resilience Scheme rate to include a new, indirect targeted rate – 10% of the total targeted rate – to be charged to all ratepayers in Central Hawke's Bay, and parts of the Hastings district within the scheme's footprint. This will be calculated using capital value.
2. Change the proportional split of how we collect the direct rate. The direct rate is 90% of the Upper Tukituki Flood Resilience Scheme targeted rate and calculated on capital value.

The indirect rate component recognises that the whole Central Hawke's Bay district, plus parts of Hastings, benefit from flood resilience. The scheme improves resilience through protecting utilities and roading as well as private property. It ensures access within and through the district to essential services such as health care and supermarkets, and protects productive land uses on which the economy depends.

The average amount will be around \$17 a year for most ratepayers and will vary depending on the capital value of your property.

We are proposing to increase the proportion of the direct rate collected from properties in the low band and to adjust the proportion for the Hastings district to match Central Hawke's Bay for the same banding levels. This will reduce rates for those in the medium and high bands resulting in a fairer allocation of costs.

Figure 4: Proposed indirect rating area for the Upper Tukituki Flood Resilience Scheme rate



Upper Tukituki Flood Resilience Scheme rate

Option B: Keep the current rating method

Under this option we would keep the current proportional split. This means we would have no indirect rate to recognise that the whole Central Hawke's Bay district, plus parts of Hastings, benefit from flood resilience.

It means the rate remains with a small allocation to the low banding and those Hastings district properties in the scheme paying less than their Central Hawke's Bay equivalents.

See the [Statement of Proposal](#) in our supporting information to amend our Revenue and Financing Policy to reflect the proposed changes to our Upper Tukituki Flood Resilience Scheme rate.

Upper Tukituki Flood Resilience Scheme rate

What does this mean for me?

To help you decide between the two options we have presented the spread of rates as well as sample rates for each option.

Preferred option

Option A: A new rating method

This option has more ratepayers paying less. 2% of the direct ratepayers will pay more than \$1,000 (excluding the indirect portion) and only one ratepayer's direct charge portion will exceed \$10,000 in 2025-26.





Table 10: Spread of Upper Tukituki Flood Resilience Scheme rate with current rating method

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This table shows sample rates for both Option A and Option B. Sample rates are a way to see what the indicative impact on your rates will be.

| | | | Option A: A new rating method | Option B: Keep the current rating method |
|---------------------|----------------------------|------------------|-------------------------------|--|
| | | | Proposed amount per annum | Proposed amount per annum |
| Property Type | Banding (or rating factor) | Capital Value \$ | Total \$ | Total \$ |
| Central Hawke's Bay | | | | |
| Horticulture | High, Medium, & Low | 36,400,000 | 6,211.98 | 5,366.32 |
| Pastoral | High & Medium | 5,100,000 | 3,168.20 | 6,249.12 |
| Industrial | High | 1,580,000 | 1,474.79 | 2,932.37 |
| Residential | High | 1,080,000 | 1,008.08 | 2,004.40 |
| Pastoral | Medium | 1,572,000 | 568.60 | 1,102.17 |
| Residential | Medium | 460,000 | 166.38 | 322.52 |
| Lifestyle | Medium & Low | 425,000 | 62.82 | 43.98 |
| Residential | Low | 245,000 | 30.92 | 4.37 |
| Commercial | Low | 102,000 | 11.90 | 1.68 |
| Other | Low | 51,000 | 5.95 | 0.84 |
| Hastings | | | | |
| Other | Medium & Low | 4,790,000 | 695.88 | 97.36 |
| Horticulture | Medium & Low | 2,140,000 | 415.74 | 75.06 |
| Pastoral | Low | 1,580,000 | 163.14 | 11.53 |
| Lifestyle | Low | 620,000 | 64.02 | 4.53 |
| Pastoral | Low | 341,000 | 30.87 | 2.14 |
| Residential | Low | 150,000 | 15.49 | 1.10 |

Table 11: Upper Tukituki Flood Resilience Scheme sample rates

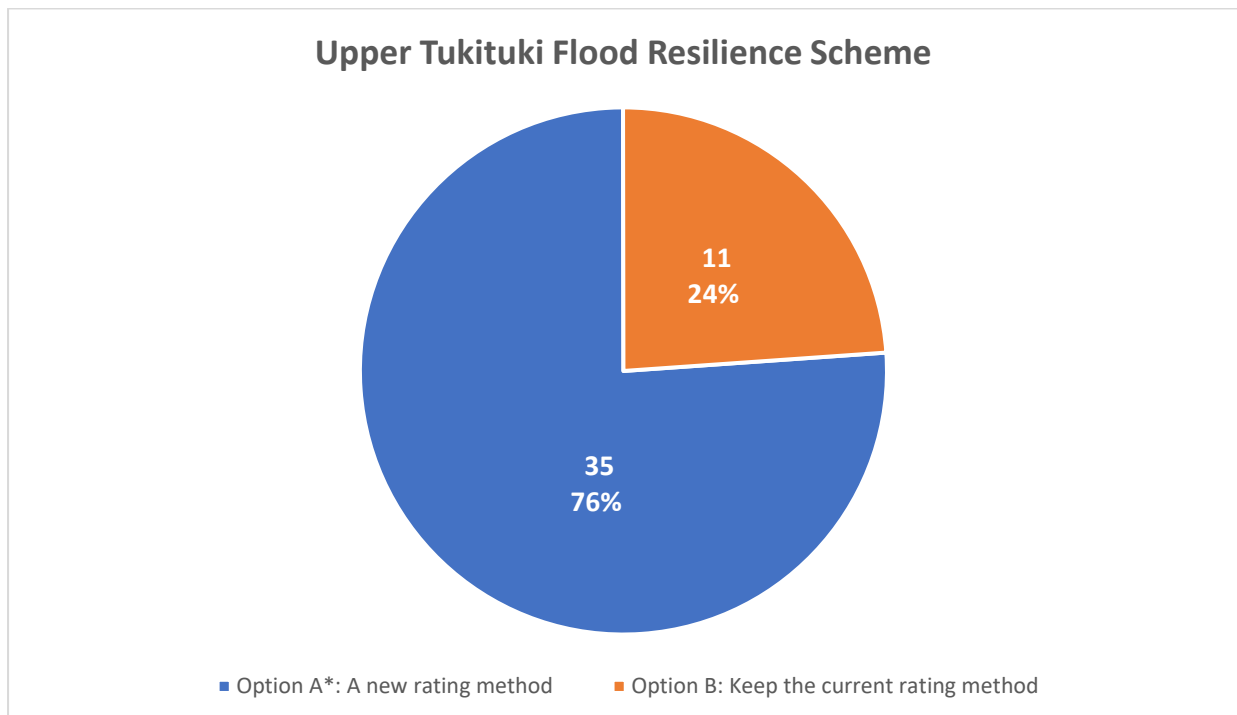
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Submissions received

10. Of the submissions received on this topic, 35 supported the Council's preferred option (Option A) of a new rating method and 11 supported (Option B) of keeping the current rating method.



11. Seven submitters made a comment under this topic.
12. Key themes were:
- Theme 1: Fairness of the rating method
 - Theme 2: Proximity to the flood zone in relation to a rating charge

Summary of Submissions and Staff Analysis

Theme 1: Fairness of the rating method

“My wife and I always felt aggrieved at the high rate cost on land near the river but which we would never build. But we were paying for other people to be protected downstream” (#74)

“A much fairer plan” (#79)

Staff response

13. In response to the submissions received during the Three Year Plan 2024-2027, Council relooked at the rating method to ensure fairness and equity amongst the ratepayers in the Upper Tukituki Flood Control Scheme (UTTFCS). Council worked through options over multiple workshops to ensure that the ratepayers in all bandings, as well as different districts, would have a fairer, more equitable rates distribution. To bring the rates burden down for the medium and high banding which felt unfairly rated, the proportion was changed which raised the low banding and also ensured Hastings was charged similar to CHB.
14. The proposed rating method for this scheme has been well received.

Theme 2: Proximity to the flood zone in relation to a rating charge

“our rates need to reflect that we are most definitely not flood prone being in the very upper reaches of the Tukituki catchment” (#93)

“...Those that benefit from flood resilience directly should pay a higher rate” (#140)

“I take you on your word that it is fairer; looks like we will pay more but not get any direct benefit” (#119)

Staff response

15. Reassessing benefits, including due to proximity was outside of the scope of this review. However, the Council is currently undertaking reviews of its two major flood schemes, the Heretaunga Plains the Upper Tukituki schemes. Council could consider proximity to the flood zone as part of these reviews which would require relooking at the banding including which ratepayers are in which band.
16. Staff note that any review of this nature would require consultation and working with outside organisations, such as QV, if any changes were to be made.

Scope of the decision

17. The scope of the decision is to adopt the proposed new rating method as consulted on or revert to the status quo.
18. Staff recommend no change to the proposal consulted on based on submissions.

Revenue and Financing Policy change

19. As noted in paragraph 8, the Council must amend its *Revenue and Financing Policy* to implement the proposed change for the rates description and rating method

20. It appeared in our consultation document under point 5 as below.

Changes to the Revenue and Financing Policy

What is this policy?

The Revenue and Financing Policy sets out who pays for the Council's activities and services.

What are we proposing

We are proposing to make some changes to this policy as discussed in Part 2 of this document and some other more minor amendments.

Changes include:

1. A new rate for Mangarau Stream. This is to collect funding for the resilience work on the Mangarau Stream which Hastings District Council will undertake. The funds the Regional Council collect will be passed through to Hastings District Council.
2. Removing the range under the description for the UAGC (Uniform Annual General Charge) to allow for more flexibility in rate setting.
3. Adjusting the wording for the Regional Economic Development activity to reflect the decision adopted during the Three-Year Plan 2024-2027 to no longer fund tourism promotion.
4. Amending the funding needs assessment for the Sustainable Land Management (includes rural partnerships & water efficiency) activity. This wording change is to make it clear that parts of the community receive a greater benefit thereby supporting part of the activity being funded by a targeted rate.
5. Adjusting the Upper Tukituki Flood Scheme. Adding an indirect rate recognises that the district as a whole benefits from flood mitigation and spreads the cost.
6. Adjusting the Passenger Transport targeted rate. A new differential split has been proposed and includes an indirect charge to all of Napier, Hastings, and Central Hawke's Bay for access to Total Mobility.

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21. If submitters wanted to see the specific changes, they were highlighted in the following documents which could be found online on the Annual Plan engagement pages under Supporting documents:
- 21.1. Statement of proposal to amend the Revenue and Financing Policy
 - 21.2. Amended Revenue and Financing Policy for consultation.
22. The *Revenue and Financing Policy* incorporating the decisions made today on rating methods will be presented to Council for adoption within the final Annual Plan 2025-26 on 25 June 2025.

Decision-making considerations

23. Council and its committees are required to make every decision in accordance with the requirements of the Local Government Act 2002 (the Act). Staff have assessed the requirements in relation to this item and have concluded:
- 23.1. The decision does not significantly alter the service provision or affect a strategic asset but makes a change to an existing policy or plan.
 - 23.2. The use of a consultation process required under s82 of the Local Government Act 2002 has been followed.
 - 23.3. The persons affected by this decision are the region's ratepayers.

Recommendations

That Hawke's Bay Regional Council:

1. Receives and considers the *Amending the Upper Tukituki Flood Resilience Scheme rate* staff report.
2. Agrees that the Council can exercise its discretion and make decisions on this issue, having undertaken the consultation process required under s82 of the Local Government Act 2002.
3. Agrees to the proposed new rating method for the Upper Tukituki Flood Resilience Scheme as consulted on, including:
 - 3.1. An indirect portion totalling 10% of the rate to all ratepayers in Central Hawke's Bay and those ratepayers in the direct footprint within Hastings.
 - 3.2. The remaining 90% as a direct charge and adjusted proportions for Central Hawke's Bay Low, Hastings District Low, and Hastings District Medium.
4. Agrees to amend its Revenue and Financing Policy to implement the Upper Tukituki Flood Resilience Scheme decision as per 3 above.

OR

5. Agrees to retain the status quo for the Upper Tukituki Flood Resilience Scheme rate.

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Desiree Cull
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Vanessa Fauth
Finance Manager

Approved by:

Susie Young
Group Manager Corporate Services

Attachment/s

There are no attachments for this report.

Subject: Policy changes consulted on and other feedback

Reason for report

1. This deliberations report seeks a decision of Council on the two policies consulted on – *Changes to Rates Remission and Postponement Policies* and *Changes to the Revenue and Financing Policy*.
2. It also covers *other feedback* raised in submissions, specifically rates affordability and proposed biodiversity cuts.

Staff recommendation

3. Staff recommend the Council considers the submissions received on the two policies consulted on and submissions related to proposed budget cuts and rates affordability alongside the staff analysis to inform decisions on the Annual Plan 2025-26.

Policy changes

4. *Changes to Rates Remission and Postponement Policies* and *Changes to the Revenue and Financing Policy* were consulted on concurrently with the Annual Plan 2025-26.
5. Key changes were outlined on pages 46-47 of the *Have your say Hawke's Bay on Our resilience-focused Annual Plan 2025-26* consultation document (shown following). A Statement of Proposal and marked-up policy were available online.
6. We didn't pose a specific question but asked for feedback on proposals:
 - 6.1. "We are proposing three amendments to our Rates Remission and Postponement Policies. Tell us what you think."
 - 6.2. "We are proposing six amendments to our Revenue and Financing Policy. Tell us what you think."

Changes to Rates Remission and Postponement Policies

What are these policies?

Rates remission and postponement policies allow the Council to remit or postpone rates - partially or fully - under certain circumstances where it is considered fair and reasonable to do so.

What are we proposing

We are proposing to remove the following policies:

1. **Significant Impact Remission resulting from changes to the Rating Policy.** This was a single year remission to provide relief to local authorities within the utilities rolls as a standout ratepayer impacted by the change in the general rate from land value to capital value.
2. **Postponement of Sustainable Homes Voluntary Targeted Rate.** The Sustainable Homes programme concluded 30 June 2024, and the sustainable homes accounts are currently being amalgamated into the primary rate accounts removing the need for this postponement policy.

And adjust the wording on:

3. **Hardship Remission resulting from changes to the Rating Policy.** The purpose of this amendment is to ensure the policy remains applicable to future changes as the Regional Council progresses regular policy reviews to minimise likelihood of sudden significant rate changes. The wording will clarify that a remission will only apply for one year in the first year a change is implemented, to assist ratepayers experiencing extreme financial hardship with budgeting.

See the [Statement of Proposals](#) in our supporting information with marked-up changes

Tell us what you think
haveyoursayhb.co.nz

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Revenue and Financing Policy

Changes to the Revenue and Financing Policy

What is this policy?

The Revenue and Financing Policy sets out who pays for the Council's activities and services.

What are we proposing

We are proposing to make some changes to this policy as discussed in Part 2 of this document and some other more minor amendments.

Changes include:

1. A new rate for Mangarau Stream. This is to collect funding for the resilience work on the Mangarau Stream which Hastings District Council will undertake. The funds the Regional Council collect will be passed through to Hastings District Council.
2. Removing the range under the description for the UAGC (Uniform Annual General Charge) to allow for more flexibility in rate setting.
3. Adjusting the wording for the Regional Economic Development activity to reflect the decision adopted during the Three-Year Plan 2024-2027 to no longer fund tourism promotion.
4. Amending the funding needs assessment for the Sustainable Land Management (includes rural partnerships & water efficiency) activity. This wording change is to make it clear that parts of the community receive a greater benefit thereby supporting part of the activity being funded by a targeted rate.
5. Adjusting the Upper Tukituki Flood Scheme. Adding an indirect rate recognises that the district as a whole benefits from flood mitigation and spreads the cost.
6. Adjusting the Passenger Transport targeted rate. A new differential split has been proposed and includes an indirect charge to all of Napier, Hastings, and Central Hawke's Bay for access to Total Mobility.

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Other feedback

7. The proposed budget cuts particularly in biodiversity, and rates affordability were raised in some submissions so for completeness are discussed here. Of the 99 submissions received in total, 7 commented on biodiversity or affordability/equity.

Summary of submissions and staff response

8. This paper goes into detail to understand the points submitted quoting actual submissions and provides staff responses to the topics/issues raised.

Changes to Rates Remission and Postponement Policies

9. Of the 5 submitters that commented on this topic, 3 supported the proposed changes being made and 2 did not.

10. One submitter commented

"I think it is Unfair to people who have to pay all their rates. Remission should not be allowed"
(#152)

Staff response

11. Under the LG (Rating) Act 2002, a council may remit all or part of the rates on a rating unit if they have adopted a rates remission policy and if they are satisfied that the conditions are met.
12. Some parts of the remission policies are legislative and must be in the policy. Whereas other parts aid the Council in assisting in unusual circumstances not covered by existing policy, or for a rating policy change that is significant, and unexpected where a remission component provides a reasonable rate of change for highly impacted properties.
13. Under remissions requiring application in the Remissions Policy, staff ensure that the conditions are met if the ratepayer is to receive a remission. All applications for remission go through a thorough process, including multiple approvers checking conditions are met and the total remission which should be given.
14. One submitter misunderstood the change proposed.

"...The purpose of the amendments is stated to make the policy relevant over time, but we do not see how this is being achieved because the policy's scope is now narrowed to only the first year of implementation of a rating change following a Revenue & Financing Policy review."
(#169)

Staff response

15. In response to the Revenue and Financing review a new remission was adopted as part of the Three-Year Plan 2024-2027. This was the *Hardship Remission resulting from changes to the Rating Policy*. This was to assist ratepayers facing financial hardship due to the changes made during the review as it was the first thorough review in a long time.
16. To avoid the cumulative impact that a large review of that scale creates, it is intended to complete mini reviews often to cover any known issues resulting in a need for change and to ensure that all changes happen more often meaning more stability in how the rates are set for our ratepayers. With this in mind and understanding that any change could drive financial hardship for some ratepayers, the *Hardship Remission resulting from changes to the Rating Policy* was adjusted so that every year following a review if a ratepayer is experiencing financial hardship due to that change, they can apply for a remission.
17. Council completed a mini Revenue and Financing Policy review this year focusing particularly on Upper Tukituki Flood Control Scheme, Public Transport, and Mangarau Streams. By adjusting this remission, if these rate changes are adopted, a ratepayer facing financial hardship in 2025-26 due to these specific changes could apply for a remission.
18. This allows more flexibility for our ratepayers and allows Council to ensure changes still happen as required.

Changes to the Revenue and Financing Policy

19. Of the six submitters that commented on this topic, the majority supported the proposed changes being made.
20. Comments have been bundled into two key themes:

Theme 1: Previously adopted changes.

Theme 2: UAGC.

Theme 1: Previously adopted changes.

[“I agree with the Tourism funding being stopped and removed” \(#152\)](#)

[“Sustainable Land Management – I am charged the targeted rate even though I get no greater benefit due to improved livelihood from my property and surrounding area” \(#152\)](#)

Staff response

21. As part of its Three Year Plan 2024-2027, the Regional Council consulted on phasing out funding for Hawke’s Bay Tourism. This funding ends 30 June 2025. The Revenue and Financing Policy (R&F Policy) has been amended to reflect this decision.
22. Changing how we rate for Sustainable Land Management is out of scope for this consultation. This rate was changed as part of the comprehensive R&F Policy review completed in February 2024 and implemented for the 2024-2025 rating year. A key change at that time was to replace the 4-hectare rating threshold with full non-urban valuation rolls to ensure smaller parcels of land pay their share and remove the administrative burden. The rate is applied 75% general rate and 25% targeted rate on land value by non-urban valuation roll footprint
23. If Council feels that there are issues with the ratepayers included in this rate, it could indicate they would like to undertake a review of how this activity is funded and look at other options. All options would go through a thorough review looking at rating impacts due to the changes proposed and would need to be consulted on. This could be done as part of the next R&F Policy mini review.

Theme 2: UAGC

[“...Removing the 20% minimum is concerning” \(#169\)](#)

Staff response

24. During the R&F Policy review, a 20% to 30% range was added in the policy under the description of the UAGC (Uniform Annual General Charge). The 30% upper limit sets a cap on the allowable portion of fixed charges and is set by legislation. Councils are not required to set a lower limit.
25. Removing the range allows more flexibility for rates setting. This allows Council the flexibility to set the rate without focusing on a specific percentage; instead ensuring comparisons are completed for review of fairness and equity in the spread.
26. The UAGC is used as a general rate smoothing tool. There is a 30% cap for UAGC plus all rates set on a uniform basis. The rates which Council currently has set on a fixed basis other than UAGC are shown below:

| | Budget 2024/25 | Budget 2025/26 |
|---|-------------------|-------------------|
| <u>Targeted Rates set on a uniform basis:</u> | | |
| Emergency Management | 3,496,030 | 3,665,541 |
| Coastal Erosion | 221,379 | 224,303 |
| Economic Development | 429,318 | 202,362 |
| Public Transport | | 3,571,716 |
| Opoho | 42,731 | 32,673 |

27. Once the fixed charges are identified, the UAGC is calculated at the same percentage as the prior year. This is then monitored to ensure we are within our limit. If not, the UAGC is adjusted.
28. Public Transport was proposed to have a portion of the direct rate as a fixed charge starting 2025-26. The effect that this has is adding \$3.5M to the fixed charges. This reduces the total we could potentially charge as a UAGC.
29. As shown below, we maintained the same percentage as prior year but have a reduced the UAGC due to the increase in the Public Transport uniform charge:

| | | Budget | Budget |
|---|----------|-------------------|-------------------|
| | | 2024/25 | 2025/26 |
| Total HBRC Rates | General | 24,850,890 | 29,004,758 |
| | Targeted | 22,646,601 | 24,116,506 |
| | | 47,497,491 | 53,121,264 |
| UAGC Units | | 76,462 | 77,115 |
| UAGC (Excl GST) | | 109.52 | 81.16 |
| UAGC (Inxcl GST) | | 125.95 | 93.33 |
| | | | |
| Uniform Annual General Charge | | 8,374,351 | 6,258,544 |
| <u>Targeted Rates set on a uniform basis:</u> | | | |
| Emergency Management | | 3,496,030 | 3,665,541 |
| Coastal Erosion | | 221,379 | 224,303 |
| Economic Development | | 429,318 | 202,362 |
| Public Transport | | | 3,571,716 |
| Opoho | | 42,731 | 32,673 |
| Total Rates set on a Uniform Basis | | 12,563,809 | 13,955,140 |
| | | | |
| %age excluding Sustainable Homes VTI | | 26% | 26% |

30. This, therefore, means that there is more being charged as a general rate. This impacts all ratepayers, but the largest impact will be those with a large capital value.
31. Staff note that UAGC is set fairly uniformly year over year, and it is likely that Council will continue to have the total fixed charges within the 20% to 30% range. However, to ensure flexibility this was proposed to be removed.
32. A shift in the UAGC total will have small benefits to those with larger capital values (around a 1% rate decrease from the proposed rates shown at consultation) but will increase the rates more substantially (around the 5%-10% range) for those in lower socio economic zones which typically have a lower capital value.

Other feedback received

33. Of the seven submitters that gave other feedback, the majority of comments were on proposed budget cuts particularly biodiversity, and the remainder on affordability.

Theme 1: Proposed budget cuts

"I am very concerned to hear of the significant reduction in environmental monitoring by HBRC in our region" (#41)

"...However, we are concerned that the proposed reduction in biodiversity funding risks undermining this commitment. Biodiversity should not be viewed as a discretionary expense, but rather as a strategic investment in the region's long-term ecological and economic resilience." (#113)

“...We acknowledge that Councils have a hard job in balancing budgets with public expectations and needs but any budgets relating to cuts to funding solutions to the Tubeworm problem risks a possible 'solvable' issue rapidly becoming an even more expensive problem.” (#147)

Staff response

34. The Council tasked staff with finding saving to reduce the rates increase from the 18.3% forecast for year two of the Three-Year Plan 2024-2027. Staff undertook a thorough review of all possible savings and the associated impact on levels of service. Pages 8 – 10 of the consultation document explain how we went from a forecast 18.3% to a proposed 9.9% average rates increase for 2025-26.
35. Biodiversity was one of several areas where operational costs were reduced, however as it was one of the more significant areas, more detail on what the proposed budget cuts would mean for the two key biodiversity programmes - Priority Ecosystems (PEP) and Environmental Protection and Enhancement (EPEP) - was provided on pages 12-13 of the consultation document. Importantly, performance targets for new and maintained priority ecosystem sites are still achievable. Reduced EPEP funding means project requiring greater investment will be more difficult to support.
36. If Council chose to increase the spend in the biodiversity area, this would raise the average rates which have been proposed. This would most likely impact on the variable portion of the general rate which is calculated based on capital value.

Theme 2: Rates affordability

“Rates are not affordable. I am a single parent” (#75)

“Every year you keep putting up rates, yet have wasted over 20 million on a failed dam , get some accountability and stop using us as walking ATMs” (#96)

“...more funding is shifted onto the UAGC and off the general rate. This will mean that all ratepayers are contributing the same toward the activities which provide them with the same benefit, rather than the contributions being uneven due to their differing land or capital values” (#169)

Staff response

37. The Annual Plan 2025-26 consultation went out with a proposed 9.9% increase (with an additional amount for those in the Hastings District Rating Area 1 due to the Mangarau Streams targeted rate).
38. As part of rates proposals that went out for consultation, a change to the Hardship Remission resulting from changes to the Rating Policy was proposed. This change will allow any ratepayer experiencing financial hardship due to the Revenue & Financing Policy changes in the year following the adoption, to apply for a remission due to this. This change was proposed to ensure affordability issues which may arise from a rate change could be addressed for the ratepayer.
39. Once a budget is proposed, the general rate and the targeted rate portions are set. The only further flexibility Council has as to where the rates fall (without adjusting the budget) is to utilise the Uniform Annual General Charge (UAGC). Historically, the UAGC is set at the same percentage (or as close to as possible) as the year before. As per the LG (Rating) Act 2002, there is a cap on the total fixed charges a Council can charge – this is 30%.
40. Analysis has been completed on what the implications of an increase in the UAGC (pushing total fixed charges closer to 30%) would be on the proposed rates. That analysis showed the majority of people would see a minimal change to their proposed rates. However, those ratepayers with a lower capital value and only a single SUIP on their property would see a larger increase. This would predominantly affect lower socio-economic areas such as Wairoa, Flaxmere, etc.

Scope of the decisions

41. The scope of the decision is to adopt the policy amendments as consulted on or revert to the status quo, i.e. the existing policies.
42. Staff do not recommend any changes to the policies as consulted on or the proposed budget cuts and associated average rates increase based on submissions.

Decision-making considerations

43. Council and its committees are required to make every decision in accordance with the requirements of the Local Government Act 2002 (the Act). Staff have assessed the requirements in relation to this item and have concluded:
 - 43.1. The decision does not significantly alter the service provision or affect a strategic asset but makes a change to an existing policy or plan.
 - 43.2. The use of a consultation process required under s82 of the Local Government Act 2002 has been followed.
 - 43.3. The persons affected by this decision are the region's ratepayers.

Recommendations

That Hawke's Bay Regional Council:

1. Receives and considers the *Policy Changes consulted on and other feedback* staff report.
2. Agrees that the Council can exercise its discretion and make decisions on this issue, having undertaken the consultation process required under s82 of the Local Government Act 2002.
3. Agrees to adopt the proposed changes to the *Rates Remission and Postponement Policies* as consulted on, being:
 - 3.1. To remove the Significant Impact Remission resulting from changes to the Rating Policy.
 - 3.2. To remove the Postponement of Sustainable Homes Voluntary Targeted Rate.
 - 3.3. To adjust the wording of the Hardship Remission resulting from changes to the Rating Policy to clarify that a remission will only apply for one year in the first year a change is implemented, to assist ratepayers experiencing extreme financial hardship with budgeting.
4. Agrees to adopt the proposed changes to the *Revenue and Financing Policy* as consulted on, being:
 - 4.1. To include a new rate for Mangarau Stream.
 - 4.2. To remove the range under the description for the UAGC (Uniform Annual General Charge) to allow for more flexibility in rate setting.
 - 4.3. To adjust the wording for the Regional Economic activity to reflect the Council decision to no longer fund tourism promotion.
 - 4.4. To amend the funding needs assessment for the Sustainable Land Management activity.
 - 4.5. To adjust the Upper Tukituki Flood Scheme rate.
 - 4.6. To adjust the Passenger Transport targeted rate.

Authored by:

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Approved by:

Susie Young
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Attachment/s

There are no attachments for this report.

Subject: Commissioner delegations for Resource Consent applications

Reason for report

1. This item seeks an amendment to the Council's previous delegation of decisions on consent applications lodged under the Severe Weather Emergency Recovery (Hawke's Bay Flood Protection Works) Order 2024 (the Order) to independent commissioners.

Staff recommendations

2. Council previously conferred delegations to four independent hearing commissioners to make decisions on flood protection works applications made under the Order.
3. The delegation only provides for decisions to be made on controlled activities under the Order. The Order contains a spatially delineated area in which the proposed works may occur. It is now apparent that, in some cases, the proposed flood protection works may fall outside of the delineated area, and normal RMA consents processes will apply to these aspects of the works.
4. Staff recommend that the existing delegation is extended so that the commissioners can also decide on the aspects of applications that fall outside the Order area.

Executive summary

5. The Order requires that independent commissioners consider and make decisions on consent applications for flood protection works in eight specified areas.
6. The Order establishes a bespoke and streamlined non-notified consent process for flood protection work applications. The applications will need to be considered and decided on within tight timeframes. These timeframes cannot be extended.
7. Delegation has already been obtained for four Making Good Decisions (MGD) certified planning practitioners so that they can be engaged, as required, to decide on flood protection works applications under the Order.
8. The flood protection works proposed may include aspects that fall outside of the specified areas under the Order. These aspects will fall to be considered under normal RMA processes.

Background

9. The Order came into force on 7 June 2024. It modifies the Resource Management Act 1991 (the RMA) to facilitate the carrying out of flood protection works at eight specified locations in the Hawke's Bay region.
10. The eight sites included are:
 - 10.1. Wairoa
 - 10.2. Porangahau
 - 10.3. Ohiti
 - 10.4. Whirinaki
 - 10.5. Waiohiki
 - 10.6. Havelock North (Mangarau Stream)
 - 10.7. Awatoto
 - 10.8. Omahu.

11. One application (Waiohiki) has been received and granted to date.
12. Council's resolution of 26 June 2024 was:
 3. In relation to resource consent applications made under the Severe Weather Emergency Recovery (Hawke's Bay Flood Protection Works) Order 2024, agrees to delegate the following duties, functions and powers:
 - 3.1. *in relation to a resource consent for flood protection works:*
 - 3.2. *consideration of an application under section 104 of the RMA*
 - 3.3. *decision to grant a resource consent under section 104A(a) of the RMA:*
 - 3.4. *imposition of conditions on a resource consent*
 - 3.5. *giving of notice of its decision under section 114 of the RMA.*
13. This delegation is specific to decisions under s104(A)(a) of the RMA, which relates to controlled activities.
14. The proposed works are, in some cases, likely to contain elements that fall outside of the areas for works that are specified in the Order for each site. Applications in relations to the 'non-OIC' works will need to be considered and decided on under the normal RMA consenting provisions. It is therefore recommended that the delegation is extended to cover decisions on all RMA activity classes (s104A-D) and to cover decisions on notification (s95A-95E).
15. This will allow the commissioners to consider and decide on applications for proposed flood works in full, as part of a single decision-making process.

Financial and resource implications

16. The decision will not impact the HBRC budget because all costs incurred will be charged to the applicant(s) in accordance with the Fees and User Charges Policy.

Decision-making process

17. Council and its committees are required to make every decision in accordance with the requirements of the Local Government Act 2002 (the Act). Staff have assessed the requirements in relation to this item and have concluded:
 - 17.1. The decision does not significantly alter the service provision or affect a strategic asset, nor is it inconsistent with an existing policy or plan.
 - 17.2. The use of the special consultative procedure is not prescribed by legislation.
 - 17.3. The decision is not significant under the criteria contained in Council's adopted Significance and Engagement Policy.
 - 17.4. The persons affected by this decision are HBRC and TLAs in their role as applicant under the Order.
 - 17.5. Given the nature and significance of the issue to be considered and decided, Council can exercise its discretion and make a decision without consulting directly with the community or others having an interest in the decision.

Recommendations

That Hawke's Bay Regional Council:

1. Receives and considers the *Commissioner delegations for Resource Consent applications* staff report.
2. Agrees that the decisions to be made are not significant under the criteria contained in Council's adopted Significance and Engagement Policy, and that Council can exercise its discretion and make decisions on this issue without conferring directly with the community or persons likely to have an interest in the decision.

3. In relation to resource consent applications made under the RMA for flood protection works that are associated with proposed works applied for under the Severe Weather Emergency Recovery (Hawke's Bay Flood Protection Works) Order 2024, agrees to extend the existing delegations given on 26 June 2024 to also include the following duties, functions and powers:
 - 3.1. in relation to a resource consent for flood protection works:
 - 3.1.1. decision on notification of an application under sections 95A-95E
 - 3.1.2. consideration of an application under section 104 of the RMA
 - 3.2. decision to grant a resource consent under section 104A - D of the RMA:
 - 3.2.1. imposition of conditions on a resource consent
 - 3.2.2. giving of notice of its decision under section 114 of the RMA.
4. The delegations are to the following independent commissioners:
 - 4.1. Janeen Kydd-Smith (Sage Planning)
 - 4.2. Philip McKay (Mitchell Daysh Ltd)
 - 4.3. Alison Francis (Bay Planning Ltd)
 - 4.4. Rob van Voorthuysen (vVEnvironmental Limited).

Authored by:

Paul Barrett
Manager Consents

Approved by:

Katrina Brunton
Group Manager Policy & Regulation

Attachment/s

There are no attachments for this report.

Subject: Affixing of Common Seal**Reason for report**

1. The Common Seal of the Council has been affixed to the following documents and signed by the Chair or Deputy Chair and Chief Executive or a Group Manager.

| | | Seal No. | Date |
|-------|--|--------------|--------------------------------|
| 1.1 | Leasehold Land Sales | | |
| 1.1.1 | Lot 26 DP 10556 CT E2/378 - Transfer | 4608 | 21 May 2025 |
| 1.2 | Staff Warrants | | |
| 1.2.1 | J. Southern H. Hargreaves <i>(Delegations under Resource Management Act 1991 (Sections 34A(1) and 38(1);</i> | 4606 4607 | 16 April 2025 16 April 2025 |

2. The Common Seal is used twice during a Leasehold Land Sale, once on the Sale and Purchase Agreement and once on the Land Transfer document. More often than not, there is a delay between the second issue (Land Transfer document) of the Common Seal per property. This delay could result in the second issue of the Seal not appearing until the following month.
3. There were 3 sales. The current numbers of Leasehold properties owned by Council are:
 - 3.1 No cross lease properties were freeholded, with 60 remaining on Council's books
 - 3.2 3 single leasehold properties were freeholded, with 70 remaining on Council's books.

Decision-making considerations

3. Council is required to make every decision in accordance with the provisions of Sections 77, 78, 80, 81 and 82 of the Local Government Act 2002 (the Act). Staff have assessed the requirements contained within these sections of the Act in relation to this item and have concluded the following:
 - 4.1 Sections 97 and 88 of the Act do not apply.
 - 4.2 Council can exercise its discretion under Section 79(1)(a) and 82(3) of the Act and make a decision on this issue without conferring directly with the community or others due to the nature and significance of the issue to be considered and decided.
 - 4.3 That the decision to apply the Common Seal reflects previous policy or other decisions of Council which (where applicable) will have been subject to the Act's required decision-making process.

Recommendations

That Hawke's Bay Regional Council:

1. Agrees that the decisions to be made are not significant under the criteria contained in Council's adopted Significance and Engagement Policy, and that Council can exercise its discretion and make decisions on this issue without conferring directly with the community or persons likely to have an interest in the decision.
2. Confirms the action to affix the Common Seal.

Authored by:

Vanessa Fauth
Finance Manager

Diane Wisely
Executive Assistant

Approved by:

Nic Peet
Chief Executive

Attachment/s

There are no attachments for this report.

Subject: Update on the North Island Weather Events (NIWE) Flood Resilience Programme**Reason for report**

1. This item provides a high-level update on the North Island Weather Events (NIWE) Flood Resilience Programme, including governance, funding, delivery progress and key risks.

Background

2. The Crown and Hawke's Bay Regional Council (HBRC) entered into the North Island Weather Events (2023) – Hawke's Bay Crown Funding Agreement on 10 October 2023 (the NIWE Agreement).
3. The NIWE Resilience Programme is delivering a portfolio of flood resilience projects across Hawke's Bay. It includes infrastructure upgrades such as stopbanks, pump stations, telemetry systems, and scheme reviews. The programme is administered by the National Infrastructure Funding and Financing Ltd (NIFF) and delivered by HBRC's Infrastructure Programme Management Office (IPMO).
4. The packages of work funded through this agreement are highlighted below.

| | Original Agreement | | | Current | | |
|----------------------------|--------------------|---------------|----------------|----------------|---------------|----------------------------------|
| | Crown Funding | HBRC Funding | Total | Crown Funding | HBRC Funding | New re-baselined/ approved total |
| Wairoa | 70,000 | 0 | 70,000 | 70,000 | 0 | 70,000 |
| Whirinaki | 8,300 | 2,750 | 11,050 | 17,300 | 5,750 | 23,050 |
| Waiohiki | 7,515 | 2,485 | 10,000 | 7,078 | 2,341 | 9,419 |
| Ohiti | 7,515 | 2,485 | 10,000 | 7,515 | 2,485 | 10,000 |
| Pākōwhai | 37,575 | 12,425 | 50,000 | 37,575 | 12,425 | 50,000 |
| Porangahau | 9,770 | 3,230 | 13,000 | 10,963 | 3,625 | 14,588 |
| Subtotal | 140,675 | 23,375 | 164,050 | 150,431 | 26,625 | 177,057 |
| Level of Service Upgrades | 22,545 | 7,455 | 30,000 | 22,545 | 7,455 | 30,000 |
| Telemetry | 3,760 | 1,240 | 5,000 | 3,760 | 1,240 | 5,000 |
| Pumpstation | 22,545 | 7,455 | 30,000 | 22,545 | 7,455 | 30,000 |
| Scheme Review | 2,250 | 750 | 3,000 | 2,250 | 1,737 | 3,987 |
| Total | 191,775 | 40,275 | 232,050 | 201,531 | 44,512 | 246,044 |
| Havelock North | 7,515 | 2,485 | 10,000 | 7,515 | 2,485 | 10,000 |
| Beach Road, Tangoio | 4,210 | 1,390 | 5,600 | 0 | 0 | 0 |
| Total | 203,500 | 44,150 | 247,650 | 209,046 | 46,997 | 256,044 |
| Waipawa Waste Water | 0 | 0 | 0 | 3,457 | 1,143 | 4,600 |
| Total (Incl Others) | 203,500 | 44,150 | 247,650 | 212,503 | 48,140 | 260,644 |

Summary

5. Programme Governance has been strengthened through the reinvigoration of the Programme Board, Technical Advisory Group (TAG), and Programme Leadership Team. This will better define the role of the Programme Steering Committee whose role is to monitor and assure the delivery of the Programme.

6. The programme demonstrated strong overall progress, successfully reaching significant milestones across all projects.
7. All Project Delivery Plans (PDPs) have now been approved, and funding schedules are being finalised. The first project claims have been submitted and paid.
8. Please refer to **Attachment 1** for our NIWE Programme Summary April 2025.

Programme progress highlights

9. **Waiohiki:** Construction phase commenced; Land Category shift from Category 2C to Category 1; Consent issued; first project to receive full funding and begin delivery.
10. **Whirinaki:** Fully funded and progressing toward consent lodgment.
11. **Wairoa:** PDP approved; land access remains a critical risk.
12. **Ōhiti/Omāhu:** work completed on Okawa stream with over 7,000m³ of silt removed from under the bridge and rock revetment placed by the bridge; advancing through design and engagement phases; cost and land access challenges being addressed.
13. **Pākōwhai, Pōrangahau:** Advancing through design and engagement phases; cost and land access challenges being addressed.
14. **Telemetry, Scheme Reviews:** On track, with funding schedules submitted and works well underway.
15. **Pump Stations:** On track, with funding schedule submitted and design/build procurement well advanced.

Financial position

16. Total spend to date across the programme to April 2025 is \$19.1million (refer **Attachment 1**).
17. The first project claim has been approved and paid, with subsequent claims to follow upon finalisation of the remaining project schedules. A regular claims process is being implemented to mitigate ongoing cashflow impacts.
18. We have also sought advice from PricewaterhouseCoopers (PwC) on how to best account for our overheads to optimise eligible costs within the funding agreement.
19. Ministerial approval has enabled the reallocation of \$9 million from the Category 3 funding to the HBRC NIWE Flood Resilience Programme, supplemented by \$3 million confirmed by Council at its 26 March meeting, enabling the Whirinaki project to proceed.
20. Project Schedules and Budgets have been re-baselined in March, with vigorous change processes required from here on to ensure any variances and reasons for these are appropriately approved including the drawdown of project contingencies.

Key risks

21. Please refer to **Attachment 2** Enterprise Risk Dashboard – NIWE Programme risk profile.

Ability to Gain Land Access

22. Projects in Wairoa and Ōhiti/Omāhu areas involve multiple parcels of Whenua Māori. Council acknowledges the significance of these lands and are committed to working in a meaningful way with landowners. Officers are engaging early and coordinating with the Māori Land Court and Māori Trustee in many cases to ensure landowners are fully supported. This is further supported by the Crown Manager and a specialist Māori Land Court lawyer to assist navigating the legal processes. These efforts are designed to uphold the rights and aspirations of Māori landowners while progressing project delivery in a respectful and collaborative manner

23. Engagement and negotiations on general title land are progressing, though some delays have occurred as land access requirements are refined through design and value engineering. Regular communication with property specialists is ongoing to ensure we can progress through delays to a desired outcome.

Certainty of Costing and Funding

24. Several projects are experiencing budget pressures. Value engineering and design reviews are underway to align costs with funding envelopes. A Cost Manager (in-house Quantity Surveyor) is being recruited to oversee cost control and contractor claims. They will undertake rapid cost assessments of revised design options as well as overseeing and coordinating external QS resources as well as verifying contractor claims as they are received in the construction phase.
25. Delays in PDP approvals have required Council to pre-fund Crown contributions, creating unbudgeted interest costs. Whilst this has mostly been offset by other funds held to date, this is no longer available moving forward. A structured claims process is being implemented to mitigate this risk.

Procurement and Performance of Contractors

26. Procurement processes are being carefully managed with legal and technical expertise advising Officers of best practice. We also have Probity Officers engaged to oversee our large procurements and are providing Probity reviews throughout the process.
27. Recruitment of a Construction Manager is underway to support in-house quality assurance across the programme during the delivery phase.

Resource Consenting and Regulator Compliance

28. The Order in Council (OIC) consenting pathway is progressing with the first consent issues for Waiohiki. An amendment to the OIC is being sought for Wairoa, with formal consultation scheduled.

Alignment of expectations, accountabilities and authority

29. The scale and diversity of the programme require strong coordination across multiple stakeholders. Governance structures are in place to manage interdependencies and ensure strategic alignment.

Solution design, constructability, secondary effects and scope creep

30. In response to the cost pressures a number of projects (Pākōwhai, Ōhiti, Pōrangahau) are facing, value engineering and other initiatives are being pursued to pull estimated construction costs back into budget wherever possible. These initiatives include:
31. A cross-disciplinary “tiger team” has been established comprising HBRC Project Managers, designers, and external geotechnical and construction specialists. This team is conducting on-site walkovers to identify practical, cost-effective design refinements. Reviews have been completed for Whirinaki and Pākōwhai projects, with the Ōhiti scheduled next.
32. Another strategy being pursued to address cost escalations involves reassessing the design standards initially adopted. This includes reviewing climate change allowances, topsoil requirements, freeboard levels, and stopbank specifications (e.g. batter slopes and crest widths). This process is being undertaken in close consultation with the HBRC Asset Management Group and the Technical Advisory Group (TAG). Any proposed departures from the original design standards will be progressively presented to TAG and the Programme Board for consideration and approval.

Procurement update

33. Over the past month considerable effort has continued to be applied to the procurement requirements of the main earthworks programme including:
 - 33.1. Defining tender evaluation criteria and form of tender and with the decision to adopt a weighted attribute approach to tender evaluation with outlier prices from the median price to be excluded from tender consideration.
 - 33.2. Preparing appropriate contract terms based on NZ3910:2023 with engagement of a specialist construction lawyer for this purpose.
 - 33.3. Clarifying key matters such as insurance requirements, bonds, retentions, and liquidated damages.
 - 33.4. Identifying how the Contract Administrator and Independent Certifier roles will be undertaken as well as MSQA with the decision made to in-house the MSQA function as far as possible with the recruitment of a suitably qualified Construction Manager – this recruitment is underway.
 - 33.5. Holding a preferred supplier briefing for the 10 contractors in this group on 17 April and a Contractors workshop to go over preparatory items prior to Request for Tender on 12 May.
 - 33.6. An independent review of the tender documents that will accompany the Waiohiki project construction tender, which will be issued by 29 May, to ensure it is complete and fit for purpose.

Order In Council update

34. The consenting processes under the Orders in Council (OIC) are progressing well, with a range of supporting reports for consent applications either underway or completed.
35. The first project consent (Waiohiki) has now been issued. The conditions of the consent are in line with what we expected, and plans are in place to address all conditions.
36. A comprehensive schedule of consent timelines is now substantially complete. This schedule ensures that consents are submitted promptly upon completion of preliminary designs, supported by all necessary documentation, including ecological reports, cultural impact assessments, archaeological reports, and landscape assessments.
37. It has been determined that an OIC amendment will now only be sought for Wairoa. The process for this amendment is being coordinated with the Regional Recovery Agency (RRA), Ministry for the Environment (MfE), and the Department of the Prime Minister and Cabinet (DPMC). The amendment process is well advanced, with the Cabinet report scheduled for consideration on 26 May and final approval by the Governor-General anticipated in late August. Formal consultation, as required under the OIC process, will take place from 27 to 30 May 2025. A hui will be held in Wairoa on 28 May to support this consultation. The existing OIC will be expanded to include the additional area required to provide maximum flexibility as the floodway alignment is finalised.

What is coming up at programme level?

38. Progressing first claims for approved projects, with target for all of them to be submitted by end of June 2025.
39. Intense community engagement work by land access specialists, with land valuations continuing for approved projects.
40. Obtaining and submitting geotech, ecology, CIA and contamination reports to consent consultants for inclusion in OIC lodgment. Pōrangahau is scheduled to be the next project for consent lodgment (expected end of June).

41. Preparing required detailed procurement plans for second step closed tender processes and preparing relevant Tender documentation.
42. Progressing Closed Tender procurement for the Main Contractor on the Waiohiki. Project.

Decision-making considerations

43. Staff have assessed the requirements of the Local Government Act 2002 in relation to this item and have concluded that, as this report is for information only, the decision-making provisions do not apply.

Recommendation

That Hawke's Bay Regional Council receives and notes the *Update on the North Island Weather Events (NIWE) resilience programme* staff report.

Authored by:

Andrew Caseley
Manager Regional Projects / Programme
Director IPMO


Jess Bennett
Programme Finance & Controls Manager

Approved by:

Chris Dolley
Group Manager Asset Management

Attachment/s

- 1 [↓](#) NIWE Programme Summary April 2025

| <div> <div>NIWE RESILIENCE PROGRAMME</div> <div>MONTHLY PROGRAMME PROGRESS REPORT – APRIL 2025</div> <div>   </div> </div> | | | | | | | | | |
|--|------------------------------|----------------|---------------------|---------------------------|----------------------|---------------------|---------------|--------------|----------------------------|
| Project Progress Summary | Project Delivery Plan status | PROJECT STATUS | | | COSTS | | FUNDING SPLIT | | |
| | | Project phase | Project Risk status | Construction phase timing | Actual spend to date | Forecast Final Cost | Crown Funding | HBRC Funding | New approved total Funding |
| Wairoa | Approved ✓ | Initiation | Major concern | Q1 2026 - Q1 2027 | 3,698 | 70,000 | 70,000 | 0 | 70,000 |
| Whirinaki | Approved ✓ | Planning | Minor concern | Q3 2025 - Q3 2026 | 3,503 | 23,050 | 17,300 | 5,750 | 23,050 |
| Waiohiki | Approved ✓ | Planning | On track | In Progress - Q2 2026 | 2,206 | 9,414 | 7,078 | 2,341 | 9,419 |
| Ōhiti | Approved ✓ | Planning | Minor concern | In Progress - Q2 2026 | 1,453 | 10,000 | 7,515 | 2,485 | 10,000 |
| Pākōwhai | Approved ✓ | Initiation | Major concern | Q4 2025 - Q2 2027 | 2,498 | 50,000 | 37,575 | 12,425 | 50,000 |
| Pōrangahau | Approved ✓ | Planning | Minor concern | Q3 2025 - Q4 2026 | 903 | 14,588 | 10,963 | 3,625 | 14,588 |
| Subtotal Land Cat Projects | | | | | 14,261 | 177,052 | 150,431 | 26,625 | 177,057 |
| Level of Service Upgrades | Approved ✓ | Initiation | On track | Q4 2025 - Q2 2027 | 435 | 30,000 | 22,545 | 7,455 | 30,000 |
| Telemetry | Approved ✓ | Execution | On track | In Progress* - Q2 2026 | 959 | 5,000 | 3,760 | 1,240 | 5,000 |
| Pumpstation upgrades | Approved ✓ | Planning | On track | Q3 2025 - Q1 2027 | 1,229 | 30,000 | 22,545 | 7,455 | 30,000 |
| Scheme Reviews | Approved ✓ | Execution | Minor concern | In Progress* - Q1 2026 | 2,278 | 3,987 | 2,250 | 1,737 | 3,987 |
| Total (HBRC Projects) | | | | | 19,162 | 246,039 | 201,531 | 44,512 | 246,044 |
| Havelock North (HDC delivered) | | | | | 1,010 | 10,000 | 7,515 | 2,485 | 10,000 |
| Total (Incl other projects) | | | | | 20,172 | 256,039 | 209,046 | 46,997 | 256,044 |

Note: figures in NZD (000)

*Construction term is not applicable for Telemetry and Scheme Review projects and instead showing Project completion forecast dates

Subject: Confirmation of Public Excluded Minutes

That Hawke's Bay Regional Council excludes the public from this section of the meeting being Confirmation of Public Excluded Minutes Agenda Item 14 with the general subject of the item to be considered while the public is excluded. The reasons for passing the resolution and the specific grounds under Section 48 (1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are:

| General subject of the item to be considered | Grounds under section 48(1) for the passing of the resolution | Reason for passing this resolution |
|--|---|---|
| Whirinaki NIWE project next steps | <p>s7(2)(c)(ii) Excluding the public is necessary to prevent disclosure of information which is subject to an obligation of confidence (or which any person has been or could be compelled to provide) and would damage the public interest.</p> <p>s7(2)(j) Excluding the public is necessary to prevent the disclosure or use of official information for improper gain or improper advantage.</p> <p>s7(2)(i) Excluding the public is necessary to enable the local authority holding the information to carry out, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p> | <p>The public interest is served by continuing negotiations. This process is confidential between the parties and the information being made public would significantly prejudice those negotiations and could lead to a poor outcome for ratepayers</p> <p>The information could be exploited by various parties for financial or other advantages, such as property speculation on property values in the affected areas and market manipulation by commercial interests in contracts arising in associated industries.</p> <p>Ongoing negotiations to achieve favourable outcomes for HBRC ratepayers and communities could be jeopardised or unfairly influenced.</p> |

Authored by:

Leeanne Hooper
Team Leader Governance

Approved by:

Desiree Cull
Strategy & Governance Manager

28 May 2025

Subject: Central Hawke's Bay Managed Aquifer Recharge Project

That *Hawke's Bay Regional Council* excludes the public from this section of the meeting, being Agenda Item 15 Central Hawke's Bay Managed Aquifer Recharge Project with the general subject of the item to be considered while the public is excluded. The reasons for passing the resolution and the specific grounds under Section 48 (1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are:

| General subject of the item to be considered | Grounds under section 48(1) for the passing of the resolution | Reasons for passing this resolution |
|--|---|---|
| Error! No document variable supplied. | <p>s7(2)(f)(ii) Excluding the public is necessary to maintain the effective conduct of public affairs by protecting councillors and/or council employees and contractors/ consultants from improper pressure or harassment.</p> <p>s7(2)(i) Excluding the public is necessary to enable the local authority holding the information to carry out, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p> <p>s7(2)(j) Excluding the public is necessary to prevent the disclosure or use of official information for improper gain or improper advantage.</p> | <p>Sensitive commercial and pricing information in the report has the potential to adversely impact commercial negotiations and, at this preliminary stage, may be misrepresented publicly and negatively impact the project's ongoing commercial negotiations.</p> <p>Further, deliberations have the potential to impact the privacy of landowners, and commercial arrangements between the Council and the Crown under current, amended or future funding proposals.</p> |

Authored by:

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Projecthaus

James Park
Management Accountant

Approved by:

Richard Wakelin
Acting Group Manager Integrated Catchment Management

Attachment/s

There are no attachments for this report.

