

Thursday, 28 August 2025

Te Hui o Te Kaunihera ā-Rohe o Heretaunga
Hastings District Council
Council Meeting

Kaupapataka **Agenda**

Te Rā Hui:
Meeting date: **Thursday, 28 August 2025**

Te Wā:
Time: **1:00 PM**

Te Wāhi:
Venue: **Council Chamber
Ground Floor
Civic Administration Building
Lyndon Road East
Hastings**

Te Hoapā:
Contact: **Democracy and Governance Services
P: 06 871 5000 | E: democracy@hdc.govt.nz**

Te Āpiha Matua:
Responsible
Officer: **Chief Executive - Nigel Bickle**

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HASTINGS DISTRICT COUNCIL
207 Lyndon Road East, Hastings 4122 | Private Bag 9002, Hastings 4156
Phone **06 871 5000** | www.hastingsdc.govt.nz
TE KAUNIHERA Ā-ROHE O HERETAUNGA

Thursday, 28 August 2025

Te Hui o Te Kaunihera ā-Rohe o Heretaunga

Hastings District Council

Council Meeting

Kaupapataka

Agenda

Tiamana

Chair: Mayor Sandra Hazlehurst

Mematanga:

Membership:

Ngā KaiKaunihera

Councillors: Ana Apatu, Marcus Buddo, Alwyn Corban, Malcolm Dixon, Michael Fowler, Damon Harvey, Henry Heke, Kellie Jessup, Tania Kerr (Deputy Mayor), Hana Montaperto-Hendry, Simon Nixon, Wendy Schollum, Heather Te Au-Skipworth and Kevin Watkins and one councillor vacancy

Tokamatua:

Quorum:

8 members

Apiha Matua

Officer Responsible:

Chief Executive – Nigel Bickle

Te Rōpū Manapori me te

Kāwanatanga

Democracy and

Governance Services:

Louise Stettner (Extn 5543)

Te Rārangi Take

Order of Business

1.0 Opening Prayer – *Karakia Whakatūwheratanga*

2.0 Apologies & Leave of Absence – *Ngā Whakapāhatanga me te Wehenga ā-Hui*

At the close of the agenda no apologies had been received.

Leave of Absence had previously been granted to Councillor Jessup

3.0 Conflict of Interest – *He Ngākau Kōnatunatu*

Members need to be vigilant to stand aside from decision-making when a conflict arises between their role as a Member of the Council and any private or other external interest they might have. This note is provided as a reminder to Members to scan the agenda and assess their own private interests and identify where they may have a pecuniary or other conflict of interest, or where there may be perceptions of conflict of interest.

If a Member feels they do have a conflict of interest, they should publicly declare that at the start of the relevant item of business and withdraw from participating in the meeting. If a Member thinks they may have a conflict of interest, they can seek advice from the General Counsel or the Manager: Democracy and Governance (preferably before the meeting).

It is noted that while Members can seek advice and discuss these matters, the final decision as to whether a conflict exists rests with the member.

4.0 Confirmation of Minutes – *Te Whakamana i Ngā Minitī*

There are no Minutes to confirm.

5.0 Adoption of the Water Service Delivery Plan

7

6.0 Proposed Amendments To Schedule Of Meetings

15

7.0 Minor Items – *Ngā Take Iti*

8.0 Urgent Items – *Ngā Take Whakahihiri*

Thursday, 28 August 2025

Item 5

Te Hui o Te Kaunihera ā-Rohe o Heretaunga
Hastings District Council: Council Meeting

Te Rārangi Take

Report to Council

Nā: Jess Noiseux, Strategic Financial Advisor
From: Graham Watson, Chief Financial Officer
Craig Thew, Group Manager: Infrastructure
Bruce Allan, Deputy Chief Executive

Te Take:
Subject: Adoption of the Water Service Delivery Plan

1.0 Executive Summary – *Te Kaupapa Me Te Whakarāpopototanga*

- 1.1 Hastings District Council, together with Napier City Council and Central Hawke's Bay District Council, have developed a joint Water Services Delivery Plan (WSDP) to support the establishment of a regional Water Services Council-Controlled Organisation (WSCCO). This is a statutory requirement under the Local Government (Water Services Preliminary Arrangements) Act 2024 (the Act) with the WSDP required to be submitted to the Secretary for Local Government by 3 September 2025.
- 1.2 The WSDP demonstrates how water services will be delivered in a financially sustainable way by 30 June 2028, detailing current asset conditions, investment needs, financial projections, revenue arrangements, and an implementation plan for transitioning to the WSCCO. Officers have incorporated updated financial modelling, including the correction of a minor interest cost calculation error, resulting in slightly lower costs per connection and improved affordability for Hastings residents.
- 1.3 The WSDP also aligns with strengthened regulatory standards, supports housing growth and urban development plans, and provides assurance that water services will be resilient and sustainable.
- 1.4 For the purpose of this report, Council is being asked to:
 - **Adopt the WSDP** for Hastings District Council in its joint form with Napier and Central Hawke's Bay councils; and
 - **Delegate authority to the Chief Executive to sign the WSDP** for submission to the Secretary for Local Government by the statutory deadline.
- 1.5 Adopting the WSDP ensures statutory compliance, confirms Hastings' commitment to regional collaboration, and provides a clear pathway to a financially sustainable and resilient water services delivery model.

2.0 Recommendations - Ngā Tūtohunga

- A) That the Council receive the report titled Adoption of the Water Service Delivery Plan dated 28 August 2025.
- B) That Council notes that this matter and decision is recognised as being of high significance in accordance with Council's Significance and Engagement policy.
- C) That Council notes that the Local Government (Water Services Preliminary Arrangements) Act 2024 requires Council to produce and submit a Water Services Delivery Plan to the Department of Internal Affairs by 3 September 2025.
- D) In accordance with Recommendations B) and C) above, Council conducted formal consultation from 12 May 2025 to 15 June 2025 in accordance with the Local Government (Water Services Preliminary Arrangements) Act 2024.
- E) That Council adopts the joint Water Services Delivery Plan, attached as **Appendix A** to this report.
- F) That Council authorises the Chief Executive Officer to make minor changes (if required) to the Water Services Delivery Plan (WSDP) to allow for certification and joint submission, and delegates the Chief Executive to sign the WSDP on behalf of Council.
- G) That Council notes that following the adoption of the WSDP by all participating councils, the Chief Executive will continue to progress the joint work programme and implementation plan as previously delegated by Council and as outlined in the Heads of Agreement.

3.0 Background – Te Horopaki

- 3.1 At its meeting on 31 July 2025, Hastings District Council resolved to adopt as its future water services delivery model a joint Water Services Organisation (in the form of a CCO), together with other participating territorial authorities in the Hawke's Bay region.
- 3.2 The Chief Executive was directed to prepare a WSDP in conjunction with confirmed participating councils, and to return the draft to Council for approval prior to the Secretary for Local Government by the statutory deadline of 3 September 2025.
- 3.3 Just prior to that decision, Wairoa District Council had confirmed its intention to establish a standalone council-controlled organisation and is therefore no longer a participant in the joint arrangement.
- 3.4 A joint WSDP has been developed between Central Hawke's Bay District Council, Hastings District Council and Napier City Council.

Water Service Delivery Plans

- 3.5 The requirement for every territorial authority to prepare a Water Services Delivery Plan is set out in the Act as part of the Government's Local Water Done Well policy. The one-off transitional WSDPs are designed to demonstrate how councils will ensure financially sustainable delivery of water services no later than 30 June 2028.
- 3.6 WSDPs must reflect the intended delivery model for water services, and include investment requirements for drinking water, wastewater, and stormwater. The plans are also required to set out the current state of services and outline a clear pathway for achieving financial sustainability while meeting strengthened regulatory standards.

- 3.7 The WSDP must cover at least ten years of consecutive financial forecasts, starting with the 2024-25 financial year, and they are required to:
- Describe the current state of water services, levels of service, and areas serviced
 - Assess compliance with regulatory requirements
 - Outline required capital and operational expenditure
 - Assess current network conditions and asset management approach
 - Provide financial projections for a minimum of 10 years (2025-2034)
 - Identify issues, risks and constraints impacting or potentially impacting the delivery of water services
 - Confirm how revenue separation from other council activities would occur
 - Propose how financial sustainability will be achieved by 30 June 2028
 - Provide an implementation plan for the water services delivery model
 - Summarise the consultation approach taken to determine the water service delivery model
- 3.8 The WSDP is intended to demonstrate the future pathway (including indicative price paths) to meet legislative requirements and support the chosen delivery model. More detailed financial planning, including confirmed price paths, will be provided in the initial Water Services Strategy, which is required to be produced every three years.

4.0 Discussion – *Te Matapakitanga*

Joint Water Service Delivery Plan

- 4.1 As outlined above, the WSDP being presented for adoption is a joint WSDP between Central Hawke's Bay District Council, Hastings District Council and Napier City Council, reflecting the decision on 31 July 2025 to establish a joint WSCCO across these three councils for the delivery of water services.
- 4.2 Officers from across the three councils have worked collaboratively to prepare this WSDP. The plan draws heavily on the extensive financial modelling that has already been undertaken at a regional level, alongside key inputs from Long-Term Plans, Annual Plans, Asset Management Plans, and the recently developed Heads of Agreement.

Purpose of the WSDP

- 4.3 The WSDP must:
- Describe the current state of water services
 - Publicly demonstrate the TA's commitment to delivery water services in a financially sustainable way, meeting all relevant regulatory standards, complying with drinking water quality requirements and supporting the TA's housing growth and urban development plans.
- 4.4 The WSDP attached as **Attachment 1** demonstrates how the WSCCO will meet the Government's requirements, including ensuring sufficient investment, revenue, and debt capacity to respond to regional growth and renewal needs, manage water quality in line with legislative requirements, and provide resilient services for the Hastings, Napier, and CHB communities.
- 4.5 Once established, the WSCCO will be responsible for delivering ongoing reporting under the Local Water Done Well planning and accountability framework, including three-yearly Water Services Strategies.
- 4.6 A draft of the WSDP has been reviewed by the Department of Internal Affairs (DIA), with the initial review focusing on identifying areas for improvement or additional narrative prior to final submission, including feedback on financial sustainability and compliance with key legislative requirements. Officers have addressed this feedback in preparing the final version presented to Council for adoption.

Structure of the WSDP

- 4.7 DIA have provided a template for all councils to follow, which has been used for the joint WSDP. The WSDP is structured into five core parts plus supporting documentation.

Part A: Statement of financial sustainability, delivery model, implementation plan and assurance

- 4.8 Provides the overall statement of financial sustainability, sets out the joint CCO delivery model, summarises the implementation plan, and records consultation and engagement undertaken by each council. The implementation plan is presented as a high-level summary of activities and milestones required to establish the WSCCO and transition services. A more detailed programme will follow during the establishment phase once the dedicated project team is in place.

Part B: Network performance

- 4.9 Sets out investment needed to meet levels of service, comply with regulatory standards, and respond to growth needs. This includes an assessment of each council's current asset base, condition assessments (noting that many are still based on age and material rather than physical verification), and the forward investment programme required to address renewal backlogs, capacity constraints and planned responses to growth.
- 4.10 A significant challenge identified is the backlog of renewals and the high proportion of assets in poor to very poor condition. Work programmes are being developed to improve the accuracy of condition data.

Part C: Revenue and financing arrangements

- 4.11 This section summarises current charging and billing arrangements, projected revenue requirements, funding sources, and affordability assessments for communities. It also covers financing requirements, debt levels, and insurance arrangements. While future revenue arrangements for the WSCCO are not specified at this stage, it is expected that the WSCCO will transition away from land-value-based charging within five years of operation, as required under the *Local Water Done Well* legislative framework.

Part D: Financial sustainability assessment

- 4.12 Confirms that water services can be delivered in a financially sustainable manner by 30 June 2028 under the joint delivery model. It includes an overview of actions required to achieve financially sustainable delivery, as well as an assessment of the risks and constraints of achieving it.
- 4.13 Part D demonstrates compliance with DIA's three key financial sustainability metrics:
- Revenue sufficiency (enough revenue to cover operating and investment needs)
 - Investment sufficiency (appropriate levels of capital investment to maintain and renew assets)
 - Financing sufficiency (adequate debt and borrowing capacity to fund investment)
- 4.14 DIA's initial feedback confirmed that the draft plan met these requirements at the time. Officers are confident this remains the case for the final WSDP.

Part E: Projected financial statements for water services

- 4.15 Presents detailed 10-year financial forecasts for total water services and then detailed down to drinking water, wastewater, and stormwater including:
- Funding Impact Statements
 - Statement of comprehensive revenue and expenses
 - Statement of Cashflows
 - Statement of Financial Position

Additional Information

- 4.16 This section provides a schedule of all material capital projects included in the investment projections within the WSDP, covering drinking water, wastewater, and stormwater services. It also discloses associated risks and material assumptions underpinning water services delivery.
- 4.17 Risks have been assessed individually for each council, with the most significant risks identified as key considerations for the proposed Water Services Council-Controlled Organisation (WSCCO).
- 4.18 The WSDP has been developed in accordance with the Department of Internal Affairs' (DIA) guidance and templates, ensuring compliance with the Act.

Financial implications

- 4.19 Establishing and implementing a regional WSCCO between the participating councils will have significant financial implications for Hastings District Council. The full extent of these impacts is not yet known but will be a key focus during the establishment phase. Matters such as stranded overheads, costs associated with service level agreements, and shared services will be reported back to Council as part of ongoing establishment and transition updates.
- 4.20 The WSDP sets out how the Council's chosen delivery option provides sufficient revenue, sufficient investment, and sufficient debt to respond to growth and renewal needs, manage water quality in line with legislative requirements, and ensure resilient services for the community. It demonstrates that water services will be delivered in a financially sustainable way by the WSCCO by 30 June 2028.
- 4.21 The financial modelling outlined in the WSDP is based on:
 - 10-year projected investment requirements
 - Continuing to deliver current levels of service as described in the Long-Term Plan
 - Remaining within borrowing limits
- 4.22 During the finalisation of the WSDP, council officers were advised by PwC of a modelling error in the regional financial projections for late 2024 and early 2025. The error related to interest cost calculations, where the cumulative impact of changes to debt over multiple years had not been fully captured. Because the FFO/interest coverage ratio had been targeted by adjusting revenue to achieve a specific benchmark, the overstated interest costs also led to an overstated average cost per connection. This has now been corrected.
- 4.23 The revised figures indicate that:
 - The FY34 cost per connection is lower across all councils compared to the original modelling.
 - For Hastings and Napier, the change is minor and within the margin of error.
 - For Central Hawke's Bay, the reduction in cost per connection is more substantial.
- 4.24 Importantly, the assessment of delivery options against the financial criteria of sufficient investment, sufficient revenue, and sufficient financing remains unchanged. The options were assessed against both financial and non-financial criteria, and the revised numbers confirm that the joint WSCCO remains the lowest-cost and most financially sustainable delivery model for each participating council.
- 4.25 The updated figures have been incorporated into the WSDP and relate to specific lines in the modelling around debt, interest costs, and the projected price path. Ultimately, they reflect better affordability for households.
- 4.26 As the WSCCO progresses through the establishment phase and the first Water Services Strategy is developed, further refinements to the financials, including the detailed price paths, are expected. The Water Services Strategy, as an enduring planning document, will supersede this transitional WSDP.

5.0 Next steps – *Te Anga Whakamua*

5.1 Following Council adoption of the WSDP:

- Chief Executives will sign the WSDP for submission to the Secretary for Local Government, after any minor formatting or editing checks have been finalised.
- LWDW moves into the implementation phase, continuing the joint work programme as previously agreed by the member councils and outlined in the Heads of Agreement. The implementation phase will include convening the Transitional Governance Group (TGG) which will appoint the Establishment Board which will ultimately appoint an Establishment Chief Executive. It is expected that the TGG will have its inaugural meeting in early September.

Attachments:

1 ↗	Hawke's Bay WSCCO - Water Service Delivery Plan	CG-17-1-01765	Under Separate Cover
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Summary of Considerations - *He Whakarāpopoto Whakaarohanga*

Fit with purpose of Local Government - *E noho hāngai pū ai ki te Rangatōpū-ā-Rohe*

The Council is required to give effect to the purpose of local government as set out in section 10 of the Local Government Act 2002. That purpose is to enable democratic local decision-making and action by (and on behalf of) communities, and to promote the social, economic, environmental, and cultural wellbeing of communities in the present and for the future.

Link to the Council's Community Outcomes – *Ngā Hononga ki Ngā Putanga ā-Hapori*

This proposal promotes the <Enter text> wellbeing of communities in the present and for the future.

Māori Impact Statement - *Te Tauākī Kaupapa Māori*

Council has and will continue to engage with the various groups through the process to develop how representation and involvement can be incorporated into the organisational setup.

Sustainability - *Te Toitūtanga*

The Regional model adopted has the resources and focus required to operate and manage the 3 waters services in a way that minimises the effect on the environment, makes efficient usage of finite resources and provides the ability to build resilience and adapt to new climate realities

Financial considerations - *Ngā Whakaarohanga Ahumoni*

The detailed financial considerations relating to the establishment of the Waters CCO were considered at the 31 July 2025 meetings. A summary of the financial implications are contained in the body of the report.

Significance and Engagement - *Te Hiranga me te Tūhonotanga*

This decision/report has been assessed under the Council's Significance and Engagement Policy as being of high significance.

Consultation – internal and/or external - *Whakawhiti Whakaaro-ā-roto / ā-waho*

The recommendation on July 31 was the culmination of an extensive consultation process with the outcomes of that consultation process reflected in that report. An overview of the Consultation process has been included in Part of the WSDP. There is no further need to consult on the WSDP.

Risks

The establishment of a new regional WSCCO does come with some risk. There is a lot to do to establish a new entity and all endeavours must be taken to ensure the entity is established to achieve the best outcomes. During any transition period it is important that all risk mitigation measures are implemented to maintain the delivery of these critical services.

Rural Community Board – *Te Poari Tuawhenua-ā-Hapori*

There a few rural water schemes and one rural wastewater scheme that exist in the areas covered by the Rural Community Board. The funding of the rural water schemes is via an overall drinking water targeted rate. The requirement to assess the small community water supplies exists for all options, with the WSCCO being best placed to facilitate future investment / extension of supply should this be found necessary.

Thursday, 28 August 2025

Te Hui o Te Kaunihera ā-Rohe o Heretaunga
Hastings District Council: Council Meeting

Te Rārangi Take

Report to Council

Nā:
From: Louise Stettner, Manager, Democracy & Governance Services

Te Take:
Subject: Proposed Amendments To Schedule Of Meetings

1.0 Purpose and summary - *Te Kaupapa Me Te Whakarāpopototanga*

1.1 The purpose of this Report is to consider amendments to the schedule of Council and Committee Meetings for the 2024 Meetings Calendar which was adopted by Council on 7 November 2024.

1.2 The Local Government Act 2002, Schedule 7, Clause 19 states:

“A local authority must hold meetings at the times and places that it appoints”.

If a local authority adopts a schedule of meetings-

a) The schedule-

i) may cover any future period that the local authority considers appropriate, and

ii) may be amended.

Although a local authority must hold the ordinary meetings appointed, it is competent for the authority at a meeting to amend the schedule of dates, times and number of meetings to enable the business of the Council to be managed in an effective way.

1.3 It is proposed that the meeting schedule be amended as outlined in the Recommendations of this Report.

2.0 Recommendations - *Ngā Tūtohunga*

- A) That Council receive the report titled Proposed Amendments To Schedule Of Meetings dated 28 August 2025.
- B) That Council adopt changes to the 2025 Schedule of Meetings as follows:

Tuesday, 23 September 2025 at 1pm Council Chambers	New Meeting	Council
Tuesday, 9 September 2025 at 10am Council Chambers	Cancellation	Risk and Assurance

Attachments:

There are no attachments for this report.