

Tuesday, 23 September 2025

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

Kaupapataka

Agenda

Te Rā Hui:
Meeting date: **Tuesday, 23 September 2025**

Te Wā:
Time: **1.00pm**

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

Tuesday, 23 September 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.

At the close of the agenda no requests for leave of absence had been received.

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*

No minutes to be confirmed.

Whakatū West Stormwater Scheme - further consideration of submissions

Attachment 1 to this report is confidential in accordance with the Local Government Official Information and Meetings Act 1987 Section 7 (2) (a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.

5.0

Attachment 2 to this report is confidential in accordance with the Local Government Official Information and Meetings Act 1987 Section 7 (2) (a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.

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6.0 Waipātiki Wastewater Treatment Plant - Update and Next Steps

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7.0 Minor Items – Ngā Take Iti

8.0 Urgent Items – *Ngā Take Whakahihiri*

Tuesday, 23 September 2025

Item 5

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

Te Rārangi Take

Report to Council

Nā: Lex Verhoeven, Manager - Strategy
From: Steve Cave, 3 Waters Manager

Te Take: Whakatū West Stormwater Scheme - further consideration of
Subject: submissions

1.0 Executive Summary – *Te Kaupapa Me Te Whakarāpopototanga*

- 1.1 The purpose of this report is to put before Council the further feedback received during the second stage consultation process on the Whakatū West Stormwater Scheme proposal, and to seek a decision on that proposal.
- 1.2 This matter arises from Council resolutions passed on 17 June 2025 to defer a decision on the matter until a revised rating strategy was developed to be put before the community. That revised rating strategy being a response to the first round of submissions received on the proposal, which Council considered did not show a satisfactory level of support for the scheme.
- 1.3 The original proposal was adopted by Council on 29 April 2025 and was open for consultation through to 6 June 2025. This second round of consultation has covered the period through early August to 12 September and included 2 further landowner meetings and a range of scheme update material for landowners to consider.
- 1.4 4 submitters have opted to present to Council and these submissions will be heard at the commencement of the meeting as follows:
 - Liz Davis (Johnston Park)
 - Aku Coombs (Engineering Welding and Maintenance Limited)
 - Tony Ashworth (Ortem Trading Co Ltd)
 - Phil Hocquard (Graeme Lowe Tannery Ltd)
- 1.5 As part of this engagement process 77% of the total property owners have responded with their views to Council. Importantly, 90% of responses have been received when measured against the quantum of the total rate being proposed to be contributed toward the scheme.
- 1.6 A total of 47 responses were received to the question of whether landowners supported the Whakatū West Stormwater Scheme as an infrastructure solution for the area. Of those responses (62%) indicated their support and (38%) indicated they did not support.

- 1.7 A key part of the consultation was exploring views on the revised rating strategy (a differentiated rate based on two zones of benefit).
- 1.8 When the responses to the actual funding of the scheme (from the 47 responses received) are assessed (based on the quantum of rate take supporting the scheme) the total support was 38% and those not supporting was 62%. This is arguably the more important way to interpret the data as it indicates the landowner's willingness to pay.
- 1.9 The report overviews three legitimate pathways following the hearing and consideration of submissions, having now completed this process in accordance with the Local Government Act 2002. Note: A material modification to the revised rating strategy consulted on is not recommended and would come with some procedural risk (unless it was formalised under a follow-up process such as via the 2026/27 Annual Plan).

2.0 Recommendations - Ngā Tūtohunga

- A) That Council receive the report titled Whakatū West Stormwater Scheme - further consideration of submissions dated 23 September 2025.
- B) That Council determines a course of action as broadly outlined within the options section of this report following its consideration of the feedback received.

3.0 Background – Te Horopaki

- 3.1 The Whakatū West Stormwater Scheme proposal was developed after a level of due diligence was completed, which then progressed to a concept and detailed design for a pumped stormwater and detention solution for the scheme area. The proposal would consist of a pump station and detention areas, that will provide for a 1:50 year storm event level of service.
- 3.2 The new scheme is defined from rain on grid modelling data and is based on the catchment that collects stormwater in a 1:50 storm event.
- 3.3 Consultation on the original proposal ran from 29 April 2025 to 6 June 2025. The views on the original scheme were mixed and are summarised in the table below (excluding non-responses):

Funding Support Summary	Properties	% of Total	\$ Value	% of Total
Yes	19	46%	235,881	39%
No or Amend Proposal	22	54%	376,662	61%

Note: the results above exclude the 20 landowners which did not respond.

- 3.4 Based on the feedback above and the written and verbal submissions received the Council resolved to defer a decision on the proposal. Council officers were instructed to investigate and develop a revised rating strategy that responded to the feedback received and reflected a more detailed analysis of the beneficiaries from the scheme.
- 3.5 That revised rating strategy has subsequently been tested with landowners via a second round of consultation which ran through early August to 12 September 2025. Two additional landowner meetings were held on 20 August and 3 September. The revised rating strategy, and its specific impact on landowners along with further information has helped to inform landowners of the revised proposal.
- 3.6 A matter which was raised during the initial consultation phase was concern about a gap in the stopbank adjacent to the Karamu stream. Hastings District Council has worked proactively with the Hawkes Bay Regional Council on a solution to this matter which now has a detailed engineering plan.

Subject to a few remaining details the solution is proposed to be implemented by June 2026. This was presented to the landowner meeting on 20 August and was well received.

4.0 Discussion – *Te Matapakitanga*

- 4.1 The feedback to the revised rating strategy is mixed.
- 4.2 Reasonable support for the scheme (infrastructure solution) itself was received with 62% support from the responses received.
- 4.3 However, the responses to the funding of the scheme are more challenging and are outlined below.
- 4.4 In terms of Council decision making the onus on Council is to follow proper process as set out in the Local Government Act 2002. The Council then needs to during its decision-making process give consideration to the views and preferences of persons likely to be affected by, or to have an interest in the matter (section 78 LGA 2002).
- 4.5 To assist Council to understand the views and preferences (particularly of those directly impacted by the proposal) an updated landowner preference form was distributed to each property owner. The Council will need to consider feedback received in both written form and from those that have chosen to present their views to Council (section 83 LGA 2002).
- 4.6 The following table categorises the responses received to the revised funding strategy. These categories are defined by both the number of scheme properties and by the value of the proposed **annual targeted rate share**:

Funding Support Summary	Properties	% of Total	\$ Value	% of Total
Yes	26	55%	291,245	38%
No	21	45%	482,646	62%

Note: 14 landowners did not respond (and are excluded from the results above).

Note: 2 landowners indicated their preference for the differentiated rate if a targeted rate was levied by Council but disagreed with the need for the scheme in the first instance. For the purposes of the table above these have been counted as support for the revised rating strategy.

- 4.7 Arguably the more important parameter to consider is the support represented by the proportion of the value of the targeted rate that would be levied, as this indicated the landowner willingness to pay. The results to the revised rating strategy are almost identical to the original proposal (albeit individual landowners have altered their responses) and indicates a lack of majority support to the funding of the scheme based on the criteria within the revised rating strategy.
- 4.8 The report overviews three legitimate decision pathways following the hearing and consideration of submissions, having now completed this process in accordance with the Local Government Act 2002. Note: A material modification to the rating strategy for implementation on 1 July 2026 is not recommended without further landowner engagement.
- 4.9 **Other Relevant Matters to the decision**
- 4.10 Land Negotiations
- 4.11 The Whakatū Stormwater Scheme and Pumpstation design requires land to both house the pumpstation facility and accommodate a level of stormwater detention. Under the original proposal land negotiations were completed with the relevant landowner for the required land. A draft land agreement was written (without prejudice) conditional on a single targeted rate being struck by Council.
- 4.12 Under the revised rating strategy renegotiation for the required land is needed. Negotiations are in progress in attempt to reach agreement with acceptable conditions to both parties. Negotiations continue at time of writing.

4.13 Scheme Costs

4.14 The construction cost estimate was refreshed on 2 September 2025. Costs have increased slightly since June. The cost increase is able to be contained within the original allocated contingency provision. Contractor market conditions remain favourable for competitive tendering of the construction contract.

4.15 Potential Boundary Adjustments

4.16 The scheme catchment boundary may require redrawing as a landowner seeks to regrade their property so it no longer forms part of the scheme catchment area. This could see the catchment area reduce by approximately 7.9ha. This would mean \$439,000 to be redistributed under the revised rating strategy to the remaining catchment area.

4.17 Cost Redistribution

4.18 In addition to the above another landowner has made their support conditional on recategorisation of part of their property to the lower rated outer zone. That would have the impact of redistributing funding to be paid by other landowners. The impact would not be limited here either as other landowners in a similar situation may make the same case, and this principle would need to be applied fairly. Based on an initial assessment circa \$850,000 would be redistributed based on the impact of the effects of paragraphs 4.15 and 4.17 above. The Council will need to consider the materiality of this cost transfer in its decision making and whether such a proposal (if it had Council support) should be tested across the landowners within the scheme, given the difference it would make to the contribution requested from each landowner.

4.19 Resource Consent

4.20 If a rating strategy is approved resource consent will be required ahead of construction.

5.0 Options – Ngā Kōwhiringa

Option One

5.1 **Confirm the setting of a targeted rate on landowners commencing from 1 July 2026 for a 10-year term, on the general basis outlined within the revised rating strategy (with or without minor modifications):**

Advantages

- Would resolve a long-standing matter in respect of stormwater risk in the Whakatū West area and enable further development of some land holdings.
- No further cost and manages project cost risk escalation.

Disadvantages

- Not majority support. The financial implications on properties are significant, and the feedback suggests there will be considerable discontent with this decision. That could present itself with some legal risk to Council, however the process undertaken by Council is considered to be robust.
- A number of properties within the lower lying area (with the higher rating differential) have expressed their lack of support for the revised rating strategy – which is the area deemed to get most benefit from the new pumped solution being proposed.
- The scheme currently lacks the formalisation of a land agreement to facilitate the schemes consenting and construction pathway.

Note: If this option is chosen it is recommended that Council instructs officers to place the necessary alerts on the properties, to advise any potential purchases of the impending liability for a new targeted rate effective from 1 July 2026.

Note: The original rating proposal has been discounted as an option on the basis of Council's earlier direction (based on insufficient landowner support), and the fact a modified and more current proposal has now been put before the landowners.

Option Two

5.2 Do not confirm the setting of a targeted rate on landowners and cease further work on the scheme proposal.

Consequences of not progressing with a scheme upgrade.

Current level of service

The current level of service provided by the outlet gravity pipe is to a 1 in 5-year rain event excluding climate change adjustments. This means that over time (next 30 to 50 years), the level of service will be reduced through more frequent and higher intensity rain.

The current scheme also caters for overland flow via pipes, open drains and swales within the roads to convey stormwater to the gravity pipe in larger 1 in 50-year events, however, excess surface flow still results in ponding and flooding within properties due to the natural topography of the land. Eventually, all overland and piped flow, discharges into the low-lying land at Johnston Way. This is a natural detention basin that is connected to the gravity outlet pipe via the Works Drain.

Future Impacts

Without further upgrades, the frequency of effects can be expected to increase over time. The impact of overland flow on properties and roads will be marginally increased however they will be experienced more regularly. Most of the future impacts will be to the lowest lying parts of the catchment in around Johnston Way. The low-lying land in Johnston Way is likely to be inundated more frequently and be wetter for longer periods further reducing any development potential. The frequency of flooding to properties in Johnston Way will be increased due to the inability of the gravity pipe to pass increased flows from more regular higher intensity events that exceed the original 1 in 5 design.

The current gravity pipe system is not dependant on the natural detention area (that sits across several private properties to deliver the design level of service (1 in 5) but it does provide buffer to the impact of larger rain events that compromise gravity discharge when the Clive River is in flood and to store overland flow from the catchment above. Without a pump station, the natural detention area is critical to storing excess flood volumes and reducing the risk to other properties in Johnston Way.

Legal Obligations

The Council has obtained legal advice regarding explicit obligations to provide stormwater services in the Whakatū industrial area.

The officer's advice is that there are no explicit obligations. The fact that land is zoned industrial does not mean that it can be developed for industrial purposes without the need in individual cases to address the effects of that development.

Zoning is a technique to give effect (through policies and rules etc) to the obligations of a Council under the relevant provision of the RMA. It does not, of itself, constitute a warranty by Council, or place an obligation on Council to ensure, that the land can be so used without imposing more obligations on Council.

Council will often exercise functions as a local authority under the Local Government Act 2002 to facilitate industrial (or other) development in areas identified as generally appropriate (such as by zoning). In that context Councils will often take the lead on infrastructure development for the benefit of the landowners within the zone, but there is no obligation to do so.

Status Quo Outlook

If the detention area remains in its current state, it will continue to provide buffer storage for larger rain events as it has done so even prior to development in the Whakatū industrial area or the stage 1 stormwater scheme. Increased effects (flooding in and around Johnston Way) will be driven by climate change factors and an inability for stormwater to be adequately managed via the gravity pipe alone. Ongoing constraints on the use of private land where detention occurs will continue to impact property owners who have a desire to develop their land that floods.

Advantages

- Would meet the preferences of those either opposed to the scheme or opposed to paying for the scheme.
- Would mean no further cost to Council.
- Would bring this matter to a conclusion, with landowners understanding the risks and making their own risk mitigation decisions.

Disadvantages

- Would leave the catchment without an upgraded or improved level of service.
- With climate change the level of service will decline over time.

Note: The detailed modelling provides a high degree of confidence in determining the areas of land that are subject to flooding and depicts the existing flooding extent as well as the future flood area if the pump station and modified detention was in place. Regardless of what stormwater option is adopted, Council is obligated to provide information including in Land Information Memorandums (LIMs) on natural hazards and the impacts of climate change that could affect land.

5.3 Option Three

5.4 **Defer a decision at this time and instruct officers to put the work completed to date before the incoming Council for further refinement and potential consideration within a future engagement process.**

Advantages

- Would provide more time to try to find the optimal funding solution (a potential hybrid of what has been engaged on to date), however on the basis of work undertaken to date this is likely to continue to be problematic.
- Would provide more time to complete the land arrangements to facilitate the infrastructure solution (either with the current landowner, or an alternative arrangement).
- The Council would continue to seek a return on its investment toward the scheme concept and design cost it has funded.

Disadvantages

- Delaying a final decision and delaying potential construction of the scheme, may increase the scheme cost.
- More officer time would need to be dedicated to the scheme, which has already had considerable support focus.
- It leaves the incoming Council with the decision and pathway forward.

6.0 **Next steps – Te Anga Whakamua**

- 6.1 The broad options for Council are outlined above. This is a decision for Council, having considered the information presented to support this two-pronged consultation process on the Whākatu Stormwater Proposal.

Attachments:

1	Submission - Liz Davis (Johnston Park) <i>Confidential in accordance with Section 7 (2) (a) of the Local Government Official Information and Meetings Act 1987</i>	CP-01-01-25-107	PX Attachment
2	Submission - Akuhata Combs <i>Confidential in accordance with Section 7 (2) (a) of the Local Government Official Information and Meetings Act 1987</i>	CP-01-01-25-108	PX Attachment
3	Submission - Tony Ashworth (Orten Tradung Co Ltd) <i>Confidential in accordance with Section 7 (2) (a) of the Local Government Official Information and Meetings Act 1987</i>	CP-01-01-25-109	PX Attachment
4	Submission - Graeme Lowe Tannery Ltd <i>Confidential in accordance with Section 7 (2) (a) of the Local Government Official Information and Meetings Act 1987</i>	CP-01-01-25-110	PX Attachment
5	Submission - Lineage Logistics <i>Confidential in accordance with Section 7 (2) (a) of the Local Government Official Information and Meetings Act 1987</i>	CP-01-01-25-111	PX Attachment
6	Submission - Lucknow Holdings Ltd <i>Confidential in accordance with Section 7 (2) (a) of the Local Government Official Information and Meetings Act 1987</i>	CP-01-01-25-112	PX Attachment
7	Submission - DG Logistics Limited <i>Confidential in accordance with Section 7 (2) (a) of the Local Government Official Information and Meetings Act 1987</i>	CP-01-01-25-113	PX Attachment
8	Submission - Midgard Holdings Ltd <i>Confidential in accordance with Section 7 (2) (a) of the Local Government Official Information and Meetings Act 1987</i>	CP-01-01-25-114	PX Attachment
9	Submission - William Russell Agnew <i>Confidential in accordance with Section 7 (2) (a) of the Local Government Official Information and Meetings Act 1987</i>	CP-01-01-25-115	PX Attachment
10	Submission - BLH Limited <i>Confidential in accordance with Section 7 (2) (a) of the Local Government Official Information and Meetings Act 1987</i>	CP-01-01-25-116	PX Attachment
11	Submission - Transpower <i>Confidential in accordance with Section 7 (2) (a) of the Local Government Official Information and Meetings Act 1987</i>	CP-01-01-25-117	PX Attachment
12	Submission - LAMZ Services <i>Confidential in accordance with Section 7 (2) (a) of the Local Government Official Information and Meetings Act 1987</i>	CP-01-01-25-118	PX Attachment
13	Submission - Toby Payton (Rufbarn Property Ltd)	CP-01-01-25-119	PX Attachment

	<i>Confidential in accordance with Section 7 (2) (a) of the Local Government Official Information and Meetings Act 1987</i>		
14	Submission - Gunn Investments Limited <i>Confidential in accordance with Section 7 (2) (a) of the Local Government Official Information and Meetings Act 1987</i>	CP-01-01-25-120	PX Attachment
15	Submission - Graham Neil Hammond <i>Confidential in accordance with Section 7 (2) (a) of the Local Government Official Information and Meetings Act 1987</i>	CP-01-01-25-121	PX Attachment
16	Submission - Silverfern Farms Limited <i>Confidential in accordance with Section 7 (2) (a) of the Local Government Official Information and Meetings Act 1987</i>	CP-01-01-25-122	PX Attachment
17	Submission - Bruce Reay (Progressive Leathers Limited) <i>Confidential in accordance with Section 7 (2) (a) of the Local Government Official Information and Meetings Act 1987</i>	CP-01-01-25-123	PX Attachment
18	Submission - Shane Brooker (Johnston Way Developments / Whakatu Investments) <i>Confidential in accordance with Section 7 (2) (a) of the Local Government Official Information and Meetings Act 1987</i>	CP-01-01-25-124	PX Attachment
19	Submission - Greg McGale (Bidfood) <i>Confidential in accordance with Section 7 (2) (a) of the Local Government Official Information and Meetings Act 1987</i>	CP-01-01-25-125	PX Attachment
20	Submission - Daniel Montaperto <i>Confidential in accordance with Section 7 (2) (a) of the Local Government Official Information and Meetings Act 1987</i>	CP-01-01-25-126	PX Attachment
21	Submission - Timothy Sherratt <i>Confidential in accordance with Section 7 (2) (a) of the Local Government Official Information and Meetings Act 1987</i>	CP-01-01-25-127	PX Attachment
22	Submission - Kenah Family Trust <i>Confidential in accordance with Section 7 (2) (a) of the Local Government Official Information and Meetings Act 1987</i>	CP-01-01-25-128	PX Attachment
23	Submission - Peter & Jillian Lawry <i>Confidential in accordance with Section 7 (2) (a) of the Local Government Official Information and Meetings Act 1987</i>	CP-01-01-25-129	PX Attachment
24	Submission - Toto Investments <i>Confidential in accordance with Section 7 (2) (a) of the Local Government Official Information and Meetings Act 1987</i>	CP-01-01-25-130	PX Attachment
25	Submission - Nuprop Limited <i>Confidential in accordance with Section 7 (2) (a) of the Local Government Official Information and Meetings Act 1987</i>	CP-01-01-25-131	PX Attachment

26	Submission - Devco1 Limited <i>Confidential in accordance with Section 7 (2) (a) of the Local Government Official Information and Meetings Act 1987</i>	CP-01-01-25-132	PX Attachment
27	Submission - Mike Walmsley Ltd <i>Confidential in accordance with Section 7 (2) (a) of the Local Government Official Information and Meetings Act 1987</i>	CP-01-01-25-133	PX Attachment

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 both the economic and environmental wellbeing of communities in the present and for the future.

Māori Impact Statement - *Te Tauākī Kaupapa Māori*

Aspects of the proposed scheme of particular interest to Māori are proposed to be considered via the consenting process for the scheme.

Sustainability - *Te Toitūtanga*

Sustainability and environmental considerations associated with the scheme will be addressed via the consenting process for the scheme with the Hawke's Bay Regional Council.

Financial considerations - *Ngā Whakaarohanga Ahumoni*

The rating strategy and other financial considerations were addressed within the original Statement of Proposal and thereafter within the revised rating strategy.

Significance and Engagement - *Te Hiranga me te Tūhonotanga*

This decision has been assessed under the Council's Significance and Engagement Policy as being of significance to the affected landowners in the Whakatū West Scheme area. Therefore a consultative process in accordance with the Local Government Act 2002 has been followed.

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

See above:

Risks

A matter of procedural risk has been addressed in the report.

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

Not Applicable

Tuesday, 23 September 2025

Item 6

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

Te Rārangi Take

Report to Council

Nā: Lex Verhoeven, Manager - Strategy
From: Steve Cave, 3 Waters Manager

Te Take:
Subject: Waipātiki Wastewater Treatment Plant - Update and Next Steps

1.0 Executive Summary – *Te Kaupapa Me Te Whakarāpopototanga*

1.1 The purpose of this report is twofold:

- To update Council more broadly on the integrated scheme, which has two distinct components being the community wastewater scheme and the campground connection – with separate pathways proposed for each.
- To seek direction from Council to engage with landowners prior to December 2025 on the Community Wastewater Scheme component, as a precursor to formal consultation via the 2026/27 Annual Plan process.

1.2 This report contains key updates since the previous scheme update to Council relating to:

- Clarity on the Council's legal obligations in respect of wastewater management for the Waipātiki campground;
- Update on the consenting process for the scheme;
- Confirmation of the infrastructure solution for the Waipātiki area;
- Confirmation of the total scheme cost, and the community scheme share of the total cost;
- Background on remaining matters to be addressed in respect of the campground, the timeframe to do so, and suggested approach;
- Development of the funding proposal for the community wastewater scheme to be discussed with landowners prior to December 2025.

1.3 In respect of the above the recommended course of action within the report is to:

- Continue to develop the scheme as an integrated wastewater solution for the area;
- Continue to progress the resource consenting process for an integrated scheme to enable optionality for campground connection to the community treatment plant;

- To separate the campground implementation (funding and construction) timeline and process (enabling time to address the campground matters in the report with the various parties involved) from the community scheme;
- To initiate engagement with landowners on the community scheme component, as a precursor to formal engagement via the 2026/27 Annual Plan process;
- For Officers to continue to update Council on the matters raised in the report in an appropriate timeframe.

2.0 Recommendations - Ngā Tūtohunga

- A) That Council receive the report titled Waipātiki Wastewater Treatment Plant - Update and Next Steps dated 23 September 2025.
- B) That Council notes the further work required to advance matters raised in the report in respect of the campground and the timeframe to do so. That the Chief Executive is instructed to advance a pathway forward with the Hawkes Bay Regional Council.
- C) That Council approve pre-engagement with landowners on the community scheme component of the overall project.
- D) That the incoming Council further considers the scheme proposal as part of its development of the 2026/27 Annual Plan.

3.0 Background – Te Horopaki

- 3.1 HDC's regional resource consent for the existing Waipātiki community wastewater scheme expired in May 2025. Prior to expiry, HDC lodged a new resource consent application and secured the ability to continue to operate under the existing scheme in accordance with Section 124 of the Resource Management Act (RMA).
- 3.2 The proposal set out in the resource consent application reflects the preferred option identified via extensive, multi-disciplinary optioneering, undertaken by a technical team that included a cultural expert appointed by Maungaharuru-Tangitū Trust (MTT) as mana whenua of Waipātiki. The preferred option is an integrated one in that it includes connecting the Campground to the community system, in addition to the primary works needed to upgrade the community treatment plant to ensure on-going efficacy of treatment and reduce physical risks at the treatment plant site and environmental risks associated with the discharge of wastewater. The resource consent application includes several accompanying environmental impact assessments, including cultural impact assessment undertaken by MTT.
- 3.3 The Hawkes's Bay Regional Council (HBRC) resource consent for the Waipātiki Campground wastewater system expired in May 2024. To remain compliant, HBRC applied for a new, short-term consent in February 2024. The campground consent expires in 2034 (but after 5 years the consent holder – HBRC, has to undertake a complete assessment of the system). The premise for the short-term consent is that the activity will be subsumed into HDC's consent if/once the campground is connected to the community scheme.

4.0 Discussion – Te Matapakitanga

- 4.1 **HDC Obligations Regarding Wastewater Management for the Waipātiki Campground**
- 4.2 Since the previous scheme update, HDC Officers have obtained additional legal clarification and advice regarding its obligations for wastewater management for the Waipātiki Campground. The Deed of Nomination agreement signed between HDC and Hawke's Bay Regional Council as part of

the Sale and Purchase agreement for the campground in 2016. Specifically, the Deed states at Clause 3(h) that HDC must:

Maintain an effective wastewater system for the Campground at all times. Hastings will connect the campground to the Waipātiki sewerage scheme owned and operated by Hastings by 30 June 2018, unless Hastings and Regional agree an alternate later date for such connection;

- 4.3 Previously, Officers understood that this obligation had been met via the installation of a sewer pipe between the Campground wastewater treatment system and the community treatment plant as part of the Waipātiki Drinking Water Treatment Plant construction works in 2021.
- 4.4 However, further advice obtained from legal advisors Bannister and von Dadelszen has confirmed that HDC is responsible for funding any upgrades to the campground wastewater system needed in order to enable connection to the community treatment plant and disposal system. This advice also highlighted the need for HDC and HBRC to formally agree on on-going operational and maintenance responsibilities and any HDC cost recovery arrangements.
- 4.5 HDC's resource consent application (see section below) therefore encompasses an integrated solution for wastewater management for Waipātiki - i.e. presents a proposal that includes connection of the campground to the community treatment plant.
- 4.6 However, further discussions are required with HBRC regarding capital expenditure required for the necessary upgrades, and potential remediation works, if the campground is to be connected to the community scheme as well as the on-going operational and cost recovery arrangements as highlighted in legal advice obtained by HDC.
- 4.7 **Consenting Update**
- 4.8 Consenting for the integrated solution is in progress. Subsequent to lodgement of the application in February 2025, additional consultation and engagement has been occurring with potentially affected parties including Maungaharuru-Tangitū Trust. This work is on-going. Additionally, HBRC, as consent authority, issued a substantial section 92 request for further information in respect of the application on 4 September 2025. Officers and advisors are currently working through a strategy to address the request in an appropriate and timely manner.
- 4.9 It appears that all matters will be able to be addressed and that processing and decision making on the application will be able to continue once HDC prepares a comprehensive response. However, this process carries some risk/uncertainty and will have time and cost implications (costs to address s92 RMA matters have been provided for in the consenting budget). It is also anticipated that Taumata Arowai will issue National Wastewater Standards later in 2025. Based on discussion documents earlier this year, it appears the Standards may assist the consenting process but this is highly uncertain because the form and specific content of the Standards has not been publicly released.
- 4.10 Additionally, upcoming changes to the RMA and national planning instruments may have an impact. HDC has undertaken a robust optioneering and environmental assessment process and it is considered that the preferred option is likely to remain the preferred option through these changes, but it is important to highlight that the extent of the request for further information means the consent process will take longer than initially anticipated and may be impacted by legislative changes.
- 4.11 **Funding Strategy**
- 4.12 The schedule of costs developed for the project show an estimated total project cost of \$2.4m (including the integration of the campground).
- 4.13 The schedule of costs also breaks down the costs associated with both the community scheme and the campground and indicates a cost share of \$1.2m for each component.
- 4.14 As noted in the report officers are recommending more time to work through various matters on the campground component, **therefore the focus of this funding strategy outline is restricted to the community wastewater scheme.** The report also outlines that the two components can be delinked and progress over different timeframes if required.

4.15 The Section 101 Analysis attached (a requirement of the Local Government Act 2002) outlines the rationale for the 3-tiered funding approach. The 3 tiers consist of the following:

Public Good – wider ratepayer funding (10%) \$120,000

- The assessment undertaken suggests that given the significant recreational value of Waipātiki beach, the inlet and reserve and the broader coastal environment that public good benefits exist from this project (acknowledging that the primary need for the project is triggered from both the campground and the Waipātiki residents).
- Whilst difficult to quantify the public good benefit, the assessment suggests that a 10% allocation could be in line with that allocated to the East Clive Wastewater Treatment facility, acknowledging the similarity in the benefits received, but also acknowledging the difference in scale. The Council's guidance is sought on this matter.

Wastewater Connectivity and Level of Service - Scheme Harmonisation (20%) \$240,000

- The Council several years ago amalgamated its various water supplies to acknowledge the benefit of having a minimum standard level of service given the public health implications. Amalgamating the schemes enabled the various needs of all water supplies to be funded from the consolidated funding pool.
- That same principal is proposed to be applied with the urban and Waipātiki wastewater schemes. The 2024-34 Long Term Plan anticipated the need for this to occur in the future for the purposes of operational cost sharing.
- The operational targeted rate for Waipātiki wastewater has been set at twice the urban wastewater rate. This reflects the higher cost of operating the scheme and the Waipātiki contribution to the project consenting costs. The 2026/27 Annual Plan is proposed to now formalise this by amalgamating the schemes with the 2 times differential for Waipātiki.
- The degree of scheme harmonisation (i.e. the 20%) is a matter officers are seeking Council guidance on.

Direct Scheme Beneficiaries (70%) \$840,000

- The majority of the cost is proposed to be allocated to the Waipātiki community with the ability to connect to the Waipātiki Community Wastewater Treatment Scheme.
- These properties both trigger the need for the scheme and incur the majority of the benefit from having a compliant scheme in place.
- That benefit is assessed as occurring equally across the properties able to connect to the scheme and proposed to be charged that way via a uniform targeted rate. The estimated cost including GST and financing (based on a 10-year repayment term) would be \$1,670 per annum per property, a total cost of \$16,700.
- Details such as the preferred repayment term would be a point for discussion with property owners at the proposed impending residents' meetings.

Note: As this is a capital project with longer-term benefits it would be funded from debt.

5.0 Options – Ngā Kōwhiringa

Option One - Recommended Option - Te Kōwhiringa Tuatahi – Te Kōwhiringa Tūtohunga

- 5.1 **That the Council engages with the Waipātiki community on undertaking upgrades at the community treatment plant site (stabilisation and additional treatment equipment).** Noting that that the Chief Executive will develop further with the Hawke's Bay Regional Council the pathway for upgrades (replacement of primary treatment system, installation of secondary treatment) at the campground to enable connection.

Advantages

- Makes best use of and protects existing investment and infrastructure
- Provides a long term, sustainable solution to wastewater management at Waipātiki for residents
- Aligns with the proposal supported by mana whenua
- Long term resource consent likely to be able to be secured
- Ensures efficacy of treatment that can continue if/when campground is connected

Disadvantages

- Financial implication for residents and campground (if connected)
- Flooding and subsidence risks cannot be mitigated entirely, failure is still possible

Option Two – Status Quo - Te Kōwhiringa Tuarua – Te Āhuetanga o nāianei

5.2 **Status Quo - do nothing.**

Advantages

- No capital expenditure required at this time

Disadvantages

- Fails to protect existing assets from known risks of flooding and subsidence
- Fails to address potential environmental risks from overflows and treatment issues
- Likely to be problematic for consenting/unable to secure long term resource consent
- Makes no further steps towards enabling connection of the campground to the treatment plant

5.3 **Other options considered**

Abandon a community scheme and revert to onsite property systems

Advantages

- Reduces on-going cost and operational burden for HDC

Disadvantages

- Likely high capital cost associated with removal of equipment and site remediation
- Unlikely to find favour with the community or mana whenua
- Provides no connection option for the campground
- Would be a step backwards environmentally and in terms of level of service

Build a New Treatment Plant at a different site

Advantages

- Enables the campground to connect to the treatment plant without pre-treatment on-site
- Moves the treatment plant further away from the flood hazard zone and could potentially be located on a more stable site

Disadvantages

- Very high capital cost
- Lack of suitable land and moving higher up in the catchment presents increased risk to groundwater and the community drinking water source and potentially significant ecological impacts
- Introduces increased risk of pipe failure and associated spill of untreated wastewater

6.0 Next steps – *Te Anga Whakamua*

6.1 The pathway outlined within this report would result in the following next steps:

Campground

- Further liaison with HBRC regarding capital expenditure required for the necessary upgrades, and potential remediation works, if the campground is to be connected to the community scheme as well as the on-going operational and cost recovery arrangements.

Community Scheme

- Landowner meetings in Waipātiki, facilitated in conjunction with the Waipātiki Residents Association, to discuss the proposal and rating strategy.

Note: The consenting pathway (applicable to both above) would also be further progressed with the Hawkes Bay Regional Council. Updates on the status of the project will be provided to the incoming Council in 2025 to inform the development of the 2026/27 Annual Plan.

Attachments:

1↓ Waipātiki Wastewater Scheme SOP Final Update CG-17-1-01840

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 environmental and social wellbeing of communities in the present and for the future.

Māori Impact Statement - *Te Tauākī Kaupapa Māori*

Refer background section in the report in respect of Maungaharuru- Tangitū Trust's involvement in developing the preferred option and undertaking CIA, and as a potentially affected party in respect of the resource consent application.

Sustainability - *Te Toitūtanga*

This project is subject to the Hawkes Bay Regional consenting rules and processes and those processes will address environmental considerations.

Financial considerations - *Ngā Whakaarohanga Ahumoni*

The section 101 Analysis attached outlines the proposed funding strategy and the financial considerations which are associated with the three-tiered funding strategy.

Significance and Engagement - *Te Hiranga me te Tūhonotanga*

This decision has been assessed under the Council's Significance and Engagement Policy as being of significance to the directly affected residents in the Waipātiki community. A best practice engagement process is therefore being proposed with the community. That will initially be via more informal residents meetings prior to December 2025. Should the project proceed on current timeframes then a formal proposal would be included in the 2026/27 Annual Plan and feedback would be sought from residents under the provisions of the Local Government Act 2002. The other financial considerations within the report are assessed at the lower end of the significance continuum and would be included in the 2026/27 Annual Plan in any case.

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

See section above

Risks

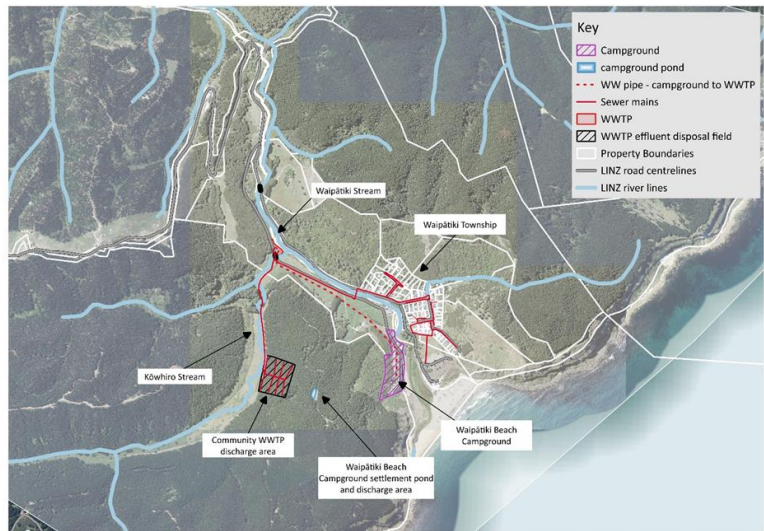
- There is a risk that long term consent for preferred option as proposed will be unable to be obtained. The compliance risk associated with this is mitigated by the fact that HDC has secured section 124 RMA rights to continue to operate under the existing consent until the new consent is determined. In terms of necessary changes to the proposal which become clear through the process of further affected party engagement, responding to the request for further information, and/or with HBRC as campground owner on the matter of connecting to the community scheme, it is anticipated that these will be able to be accommodated in the existing process and will not require a new application.
 - In terms of decision making by the consent authority, there is a risk of public notification of the application and the consenting budget currently does not provide for this, due to the fact that the application is for an existing wastewater scheme and the application for the existing scheme was not publicly notified. In addition to the notification decision, the decision as to whether or not to grant consent to the proposal rests with the consent authority. The risk of public notification and the risk of decline of consent has been and continues to be mitigated throughout the project via robust optioneering, and continued meaningful engagement with potentially affected parties and the consent authority and its technical experts.
 - The scheme cost estimates carry some risk of being underestimated. Throughout the project, a 'worst case' or conservative approach has been taken to estimating costs of options, including provision for contingencies to mitigate this risk. Additionally, since the last update to Council, more detailed design for the proposed works has been undertaken which has enabled further consideration and subsequent verification of cost estimates, including obtaining market prices for some key elements of the proposed works.
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- The project team has worked to present a wastewater solution for the campground that is cost effective, and meets requisite environmental and cultural standards. There is however a risk that further discussions with HBRC may result in a situation where there is no agreement about cost contribution, whether that be capital investment or contribution to on-going operational and maintenance costs. HDC has mitigated the effects of this risk on consenting and compliance by including the campground connection in the resource consent application on the basis that it could be removed but would be very difficult to add. The potential financial risk and risk to project (implementation of the preferred option) is mitigated by the decoupling the implementation timeline and funding aspects of the project into the works needed to protect HDC's existing investment in its community wastewater assets and the works required for the campground to connect.
-

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

This matter has not formally been to the Rural Community Board, however local board members are aware of the project. The intention is to update the incoming Community Board (post-election) on the project and to update the board on the community engagement undertaken this calendar year. The Rural Community Board are part of the Annual Plan development process.

Draft Statement of Proposal – Waipātiki Wastewater Scheme



This proposal is a draft for pre-engagement with the Waipātiki community. This is a pre-cursor to a full and final proposal to be submitted to the community in 2026.

PART A – NATURE AND SCOPE OF PROPOSAL

- Why invest in wastewater in Waipātiki?
- Background - What was achieved with the first scheme?
- A New Consent – The new scheme at a glance
- Why should the Waipātiki community pay?

PART B – THE INFRASTRUCTURE OPTIONS

- What are the reasonably practicable options?
- What's the preferred infrastructure solution?
- What are the options regarding timing?

PART C – SCHEME COST

- Capital cost
- Ongoing operating and renewal costs
- Separating the Campground decision from the community scheme

PART D – BENEFICIARIES AND FUNDING

- What's the serviceable and chargeable area of benefit?
- How would the scheme be paid for?
- How was the funding strategy arrived at?
- What are the payment options?

PART E – ASSURANCE

- Quality Assurance
- Key Assumptions

PART F – HOW TO HAVE YOUR SAY

APPENDIX – Local Government Act 2002 - Section 101 Analysis

Statement of Proposal – Waipātiki Wastewater Scheme

This is a pre-engagement draft proposal under the Local Government Act 2002. Its purpose is to cover the key aspects of the Waipātiki Wastewater Scheme for discussion with the community, prior to a full proposal being put before the community in 2026.

SCOPE OF PROPOSAL

This proposal seeks to undertake upgrades of the existing Waipātiki community wastewater system and works to connect the Waipātiki Campground wastewater system to the community system, and to recover the costs via a combination of funding tools.



Why invest in wastewater infrastructure in Waipātiki?

Ensuring long term, sustainable wastewater management at Waipātiki and making best use of existing assets

Waipātiki community wastewater discharge permit

- The Council's discharge permit for the discharge of treated wastewater from the community wastewater treatment plant has expired and is allowed to continue whilst the current application for a new consent proceeds.

Waipātiki campground discharge permit

- HDC has a responsibility to maintain a wastewater system for the Campground. The discharge permit for the existing wastewater system at the Campground, which is held by Hawkes Bay Regional Council as campground owner, has expired. To remain compliant a

short-term consent was obtained by HBRC pending connection of the campground into HDC's community wastewater treatment.¹

Background - What did the original wastewater scheme achieve?

Waipātiki is a gem of the Hastings District and the wider Hawke's Bay Region, with unique ecological characteristics and is a special place for residents and visitors alike.

The community wastewater scheme at Waipātiki was installed by HDC in 2006, after investigations since 2001 to identify options to improve wastewater management in order to protect public health and protect the receiving environment. The community system replaced per property on-site wastewater systems in the settlement, which were linked via water quality monitoring in the 1990s to degraded water quality in the Waipātiki Stream and Waipātiki Lagoon. The move to a reticulated network with effluent disposal in the pine forestry away from the stream and coastal area has resulted in improved environmental outcomes at Waipātiki. This has also contributed towards restoration of cultural values for Maungaharuru-Tangitū hapū, for whom freshwater and coastal water quality are critically important.

The existing scheme consists of primary treatment tanks on residential properties within the settlement which are connected to a centralised

wastewater plant for further treatment. Treated wastewater is then conveyed into forestry land and is discharged via spray irrigation.

A New Consent – The activities a glance

Expiry of the discharge permit for the existing scheme, taking into account connection of HDC's new Drinking Water Treatment Plant to the wastewater system, and the agreement with HBRC to provide a connection from the Campground to the system, required HDC to identify a 'best practicable option' for long term wastewater treatment and disposal at Waipātiki and to apply for a new resource consent accordingly.

The optioneering and assessments for consenting have considered what level of wastewater service to be provided to the community is, and how this can be delivered in a way that is cost effective, and that protects, and where possible enhances, the receiving environment and cultural values for mana whenua.

First and foremost, the proposal aims to make best use of existing infrastructure, taking into account the life cycle of the existing wastewater treatment assets. The treatment plant site is susceptible to flooding and subsidence, which is likely to intensify due to climate change. Therefore, some stabilisation works at and around the site are needed. Additionally, there is a need to add new treatment equipment and additional wastewater storage at the plant to ensure on-going efficacy of treatment. An option to to further contribute to environmental restoration and cultural values,

anticipation of the connection. The connection has not been utilised due to the upgrades required at both the community treatment plant and the campground to cater for the increase in volume and variable quality of wastewater from the campground.

¹ The campground was purchased by HBRC with joint funding from HDC and Napier City Council in 2016. A condition of the sale was that HDC would maintain an effective wastewater system for the campground, and would provide a connection to the community system in 2018. To date this has not yet occurred, although a pipeline to enable connection was installed during the construction of HDC's water treatment plant at Waipātiki in 2021 in

particularly in the Kowhiro and Waipātiki Streams, via planting of indigenous plant species in the area has been included in the resource consent application. To date however, this has not been agreed with Pan Pac Forestry as the landowner and is likely to be an activity that is considered at a later date and taking into account harvesting activities.

Secondarily to these works, if the Campground is going to be connected to the wastewater treatment plant, additional treatment equipment needs to be installed at the Campground. HDC's treatment plant cannot accept wastewater from the Campground's existing primary treatment system, and the secondary treatment equipment required cannot be installed at the treatment plant site due to a lack of available space.

Connection of the campground to the community treatment plant has been included in HDC's resource consent application to ensure that this remains a viable option from an RMA perspective. There is however a need to liaise further with HBRC, as Campground owner and consent holder for the existing wastewater system there, as to long term arrangements for the campground, funding of the works required for HDC's treatment plant to accept campground wastewater and any on-going fees/charges that may occur in relation to operational and maintenance costs for the wastewater system.

Existing Landowner Maintenance Requirements

Currently, HDC owns the primary treatment tanks that are located on each property within the serviced area (these tanks provide basic treatment before wastewater is conveyed to the treatment plant for further treatment and discharge), whilst landowners are responsible for the cost of maintenance of these systems. There is no proposed change to this

arrangement, and landowner awareness of the system and proper maintenance is an important and valued part of effective wastewater management at Waipātiki.

Why should the Waipātiki and Campground community pay?

The residents of Waipātiki settlement are direct beneficiaries of the community wastewater scheme, and landowners there paid for the construction of the original system. The proposal aims to ensure on-going investment in existing infrastructure so that an appropriate level of wastewater treatment and disposal services can be provided to the community.

Likewise, the campground will directly benefit if it is connected to the community system.



PART B – THE INFRASTRUCTURE OPTIONS

Outlined below are the key options and Council’s preferred option.

What are the reasonably practicable options?

▪ Status Quo – Do Nothing

Advantages

- No capital expenditure required at this time

Disadvantages

- Fails to protect existing assets from known risks of flooding and subsidence
- Fails to address potential environmental risks from overflows and treatment issues
- Likely to be problematic for consenting/unable to secure long term resource consent
- Makes no further steps towards enabling connection of the campground to the treatment plant

▪ Adopt the proposal – (invest \$2.4 million)

Securing consent is subject to HBRC’s (consent authority) assessment and decision making on the application. HDC has recently (04Sep25) received a substantial request for further information relating to the application. It appears that this will be able to be resolved but carries some risk/uncertainty and will have time and cost implications to address technical and planning matters in order to satisfy HBRC to continue to decision making. It is also anticipated that Taumata Arowai will issue National Wastewater Standards in October 2025. Based on discussion documents earlier this year, it appears the Standards may assist the

Advantages

- Makes best use of and protects existing investment and infrastructure
- Provides a long term, sustainable solution to wastewater management at Waipātiki for residents
- Aligns with the proposal supported by mana whenua
- Long term resource consent likely to be able to be secured²
- Ensures efficacy of treatment that can continue if/when campground is connected

Disadvantages

- Financial implication for residents and campground (if connected)
- Flooding and subsidence risks cannot be mitigated entirely, failure is still possible

▪ Other Options Considered

Abandon a community scheme and revert to onsite property systems

Advantages

consenting process but this is highly uncertain because the form and specific content of the Standards has not been publicly released. Additionally, upcoming changes to the RMA and national planning instruments may have an impact. HDC has undertaken a robust optioneering and environmental assessment process and it is considered that the preferred option is likely to remain the preferred option through these changes, but it is important to highlight that the extent of the request for further information means the consent process will take longer than initially anticipated and may be impacted by legislative changes.

- Reduces on-going cost and operational burden for HDC

Disadvantages

- Likely high capital cost associated with removal of equipment and site remediation
- Unlikely to find favour with the community or mana whenua
- Provides no connection option for the campground
- Would be a step backwards environmentally and in terms of level of service

Build a New Treatment Plant at a different site

Advantages

- Enables the campground to connect to the treatment plant without pre-treatment on-site
- Moves the treatment plant further away from the flood hazard zone and could potentially be located on a more stable site

Disadvantages

- Very high capital cost
- Lack of suitable land and moving higher up in the catchment presents increased risk to groundwater and the community drinking water source and potentially significant ecological impacts
- Introduces increased risk of pipe failure and associated spill of untreated wastewater

What’s the preferred infrastructure solution?

Make Best Use of Existing Infrastructure

Solution Components

- Upgrades to the treatment plant and site to ensure on-going effective treatment and protect asset
- Install secondary treatment system at the Campground to enable connection to the treatment plant for tertiary treatment and discharge
- Undertake enhancement in the discharge environment (plantings) if and when possible, to continue to contribute to overall environmental enhancement

What are the options regarding timing?

The current and proposed timeframe for works is:

Financial Year	Activities/Works
2024-2025	Primary (Regional) Resource Consent Application Lodged and Obtained (noting that assessment and decision making by the Consent Authority may extend into 2025-2026);

2025- 2026	Detailed Design Phase and Ancillary (District Land Use and Building if Required) sought and obtained;
2026-2027	Upgrade works at WWTP Site including driven pile reinforcing and erosion control and installation of new treatment equipment;
2027-2028	Campground system installed and wastewater conveying – this is subject to ongoing conversations with relevant parties.



The upgrade works at the treatment plant and site could be deferred, but not by more than 5 years without having significant consenting implications. This would also come with the risk that the site would continue to be subject to existing risk for some time (it is located immediately adjacent to a flood zone) without the proposed enhanced protection.

It would also be possible to defer the works at the campground to a later date, provided that works were commenced no later than May 2029 (the campground resource consent requires a substantial review in June 2029 which would be triggered if the connection to the community system were not made before then. NB the existing Campground lease expires in 2031).

PART C – SCHEME COST

Outlined below are the key costs associated with the scheme.

The capital cost

The total cost of the scheme upgrades has been estimated at \$2.4m (excl. GST), including technical assessments and investigations, consent lodgement, detailed design and construction and commissioning.

The apportionment of costs falls \$1.2m to the campground and \$1.2m to the community wastewater scheme.

Ongoing operating and renewal costs

The ongoing costs are not considered significant in the context of the total wastewater activity budget.

The scheme is being treated the same as the main urban wastewater network whereby operating costs are funded through the wastewater targeted rate.

The Council's Long-Term Plan 2024-34 anticipated the likely need for the amalgamation of wastewater schemes in the future for the purposes of operational cost sharing. The operational targeted rate for Waipātiki wastewater has been set at twice the urban wastewater rate. This reflects

the higher cost of operating the scheme and the Waipātiki contribution to the project consenting costs.

The harmonisation of targeted rates has a precedent, in that this occurred with the various water supply schemes across the district a number of years

ago. The principal being that all schemes have an acceptable base level of service given the public health implications.

It needs to be noted that under the Central Government's Local Water Done Well proposals it is possible that catchment charging could be put in place with specific wastewater rates for specific locations.

Separating the campground decision making process from the community wastewater scheme

A pathway to address the matters associated with the campground is in process and able to be de-linked from the community wastewater scheme, and potentially within a different timeframe.

For the purposes of this document the attention now turns to the community wastewater component of the overall scheme.



PART D – BENEFICIARIES AND FUNDING

Outlined below are the key matters in respect of who benefits from the scheme and how it should be paid for. A more detailed analysis is outlined in the appendix to this proposal.

What’s the serviceable and chargeable area of benefit?

The serviceable area of benefit has been defined as follows:

(1) Community Wastewater Scheme

Properties with the ability to connect to the community wastewater scheme. These are the properties who both benefit from having a compliant wastewater scheme and who trigger the need for the scheme in the first instance.

How would the scheme be paid for?

At a high level the funding would be split as follows:

Total Scheme Cost \$2.4m (including campground) (excl. GST)

Community Wastewater Component \$1.2m

Community (Rates) – (10% - \$120,000) broader environmental benefits associated with the recreational value of Waipātiki beach.

Wastewater Targeted Rate Harmonisation (20% - \$240,000) operational cost sharing approach – 2 times differential for Waipātiki.

Scheme Beneficiaries (Targeted Capital Rate) (70% - \$840,000) – direct beneficiaries of scheme - \$11,200 per property plus GST and interest costs.

Note: The total capital cost of the scheme proposed to be funded from Waipātiki property owners is, estimated at \$16,700 inclusive of GST and interest costs.

Should the scheme be able to be delivered for a lower cost, then the savings would be passed onto the scheme contributors and the targeted rate adjusted accordingly.

How was the funding strategy arrived at?

A summary is outlined below. More detail can be found in the full section 101 Analysis appended to this proposal.

(1) Community Wastewater Scheme

Community (Public Good) – Ratepayer loan funding

The matter of “Public Good” is a standard consideration when assessing funding for new projects.

The Council have undertaken an assessment and have determined that given the significant recreational value of Waipātiki beach, the inlet and reserve and the broader coastal environment that public good benefits exist from this project (acknowledging that the primary need for the project is triggered from both the campground and the Waipātiki residents).

Whilst difficult to quantify the public good benefit, the Council considers that a 10% allocation is in line with that allocated to the East Clive Wastewater Treatment facility, acknowledging the similarity in the benefits received, but also acknowledging the difference in scale.

Wastewater Connectivity and Level of Service - Scheme Harmonisation

The Council several years ago amalgamated its various water supplies to acknowledge the benefit of having a minimum standard level of service given the public health implications. Amalgamating the schemes enabled the various needs of all water supplies to be funded from the consolidated funding pool.

That same principal is proposed to be applied with the urban and Waipātiki wastewater schemes. The 2024-34 Long Term Plan anticipated the need for this to occur in the future for the purposes of operational cost sharing.

The operational targeted rate for Waipātiki wastewater has been set at twice the urban wastewater rate. This reflects the higher cost of operating the scheme and the Waipatiki contribution to the project consenting costs.

Direct Scheme Beneficiaries

The majority of the cost is proposed to be allocated to the Waipātiki community with the ability to connect to the Waipātiki Community Wastewater Treatment Scheme.

These properties both trigger the need for the scheme and incur the majority of the benefit from having a compliant scheme in place.

That benefit is assessed as occurring equally across the 75 properties and proposed to be charged that way via a uniform targeted rate.

How would the proposed targeted rate work?

The targeted rate would be levied on all properties within the defined area of benefit. This is detailed in the map appended. The rate would appear as a

separate line on each rates invoice and is linked to the property. Therefore, if the property is sold the rate is treated like all other rates and transfers to the new property owner.

What are the payment options?

Normal Council borrowing for capital assets is 25 years. Initial discussion with landowners is centred on a 10-year loan repayment option. This is a balance point between offering some form of time payment, but without burdening property owners with extended debt servicing costs.

The total per annum cost per property over 10 years would be \$1,670 including GST and financing costs.

Council is seeking your feedback on the most appropriate time payment period if you do not agree with the 10-year period proposed.



PART E – ASSURANCE

In preparing this proposal the Council has drawn on various data sources and has had various elements of the work peer reviewed and tested by appropriately qualified external entities.

Quality Assurance

Infrastructure Solution Review

The Waipātiki Wastewater Long Term solution project team is a multi-disciplinary one including planning strategy, consenting and environmental analysis from Good Earth Matters Consulting, project design and management, logistics and civils from Development Partners Limited, property advice from The Property Group and cultural values expertise from a Maungaharuru-Tangitū appointed expert. These experts undertook the optioneering including Multi-Criteria Assessment to identify the preferred infrastructure solution.

Additional inputs have included a post-cyclone assessment of the Campground wastewater pond by Tonkin and Taylor and ecological impact assessment by EAM consultants. Additional wastewater process expertise and peer review of the preferred option for connecting the campground and upgrades at the treatment plant has been provided by consultant Peter Trafford.

Costings

Costings for the preferred option have been developed with input from the project team by Development Partners who regularly provide infrastructure project costings to Hastings District Council, using a conservative approach

with contingencies for uncertainties where appropriate. Quoted prices have been used where available and appropriate.

Local Water Done Well

The Council has recently consulted on the options to deliver water services in the future as part of the governments “Local Water Done Well” strategy.

The model adopted is for the establishment of a multi entity council-controlled organisation incorporating the neighbouring councils of Napier and Central Hawkes Bay.

This would see the delivery of all water services (water supply, wastewater and stormwater) and the assets transferred to that new entity in the coming years.

The Waipātiki wastewater scheme would also transfer via that process along with the remaining responsibility for charging and collecting revenue. No consequential impacts are anticipated from this change.



Key Assumptions

Forecasting assumption and effect of uncertainty	Risk / Level of Uncertainty	Risk Mitigation
FUNDING The proposal is not underpinned by any external government funding. No risk of loss of funding identified.	Low	No mitigation required
COSTS / INFLATION Inflation can have an impact on construction pricing. The risk would be rising inflation and its impact on the forecast construction cost.	Low	Quoted prices have been obtained. Contingencies are built into the estimates.
INTEREST Interest has been assumed at 5.0% - the Council’s average cost of borrowing within its Long-Term Plan. The risk is that interest rates rise above this level over the term of the loan.	Low/Med	Assumption is based on advice from treasury advisors and is reviewed. Any fluctuations can be managed within Council’s overall cost of borrowing

PART F – HOW TO HAVE YOUR SAY

Finding out more

Scheme Meetings

To be determined

APPENDIX – SECTION 101 WORKING PAPER

The following is an analysis of funding needs for the Waipātiki Wastewater Scheme in accordance with section 101 of the Local Government Act 2002.

Note: This Analysis applies to the community wastewater scheme only. The campground component is subject to other decision-making processes and timing.

Local Government Act 2002 - Section 101 Financial management

- (1) A local authority must manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community.
- (2) A local authority must make adequate and effective provision in its long-term plan and in its annual plan (where applicable) to meet the expenditure needs of the local authority identified in that long-term plan and annual plan.
- (3) The funding needs of the local authority must be met from those sources that the local authority determines to be appropriate, following consideration of,—
 - a. in relation to each activity to be funded,—
 - i. the community outcomes to which the activity primarily contributes; and
 - ii. the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals; and
 - iii. the period in or over which those benefits are expected to occur; and
 - iv. the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and
 - v. the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities; and
 - b. the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community.

(3) a. i. The community outcomes to which the activity primarily contributes.

- 1) “Safe and Inclusive Place” (p. 9 Long Term Plan 2024-34).
- 2) “Healthy Environment and People” (p. 9 Long Term Plan 2024-34).

Relevant strategic goals within these community outcomes are:

1) “Our communities are safe and resilient”.

Council has a key role in infrastructure provision. Changing standards under a new three waters regulatory regime necessitate action and investment.

2) “The natural environment is enhanced and protected”.

Council has a key role in environment wellbeing, from infrastructure and regulation through to education.

(3) a. ii. The distribution of benefits between the community as a whole, any identifiable part of the community, and individuals.

(a) Community as a whole

The matter of “Public Good” is a standard consideration when assessing funding for new projects.

The Council have undertaken an assessment and have determined that public benefits primarily relate to the protection of the substantial recreational values of Waipātiki beach, and it’s surrounds. The benefits have similarity to the East Clive Wastewater Treatment Plant; however, the scale is considerably less. A 10% public good component is considered reasonable.

(b) Identifiable part of the community

The serviceable area of benefit has been defined as properties with the ability to connect to the wastewater treatment scheme.

These properties consist of circa 75 residential dwellings.

(3) a. iii. The period in or over which those benefits are expected to occur.

Acting now will result in a compliant wastewater system resilient to current and future conditions. The nature of the infrastructure being built (i.e. wastewater treatment plant with a multi-generation asset live) means that the benefit is assessed as long-term.

For long-term benefit projects (new assets) the normal loan funding duration of 25 years is typically used. However, its anticipated landowners will want to find a more optimal repayment period which incurs less debt servicing cost.

(3) a. iv. The extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity.

The need for the scheme can clearly be sheeted home to those needing to connect to the wastewater scheme to remain compliant with discharge consent conditions. These are residential dwellings in the area.

(3) a. v. The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities.

Separate targeted rates have been used by Council for many other similar functions as outlined in the Council's Revenue and Financing Policy. They are

considered a cost-effective way of charging the correct beneficiaries in a targeted and transparent way.

The basis of rating:

(a) Land Value, Land Area & Capital Value

A property value-based rate does not reflect the per property connection type characteristics of the service being provided to the households.

Any public benefit considerations are also more likely better apportioned in a uniform way, unrelated to the property value of households and businesses.

(b) Fixed Uniform Charge

Fixed uniform charges are already provided for within the Council's Revenue and Financing Policy as an appropriate way of recovering the cost of direct services – as a proxy for a user charge.

(3) b. The overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community.

The Council's Financial Strategy outlines the Council's current fiscal context with an explicit priority focus on debt reduction as an overriding priority for long-term community wellbeing. Any new initiative/project needs to be assessed against this overriding Council and Community priority.

A secondary contextual factor is that the Council is currently borrowing to fund its operations for 2 more years as part of its strategy to recover from Cyclone Gabrielle. Any new initiative that would attract any level of "whole of community" funding needs to be assessed against this context.

Irrespective of the funding solution, the scheme would be initially loan funded by Council consuming more of its limited debt capacity.

The Council will need to turn its mind to its relative priorities and what, if any, part of the capital programme can be moved to accommodate this project within the current debt profile.