

Wednesday, 26 November 2025

He hui e whakahaeretia nei e Te Kaunihera ā-Rohe o Heretaunga

Administered by Hastings District Council

Joint Hastings District, Central Hawke's Bay District & Napier City Councils

Transitional Governance Group Meeting

(Hawke's Bay Water Services Council Controlled Organisation (WSCCO) Project)

Kaupapataka

Agenda

Te Rā Hui:
Meeting date: **Wednesday, 26 November 2025**

Te Wā:
Time: **3:00 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: **Group Manager: Infrastructure - Craig Thew**

Transitional Governance Group Terms of Reference

(Hawke's Bay Water Services Council Controlled Organisation (WSCCO) Project)

Adopted by resolution of:

- Hastings District Council, 9 September 2025
- Napier City Council, 9 September 2025
- Central Hawke's Bay District Council, 9 September 2025

1 Name and status

- 1.1 The Transitional Governance Group (**TGG**) is a joint committee under clause 30(1)(b) of Schedule 7 of the Local Government Act 2002 (LGA 2002).

2. Purpose

- 2.1 The TGG is established under the *Regional Water Services Council Controlled Organisation Heads of Agreement (Heads of Agreement)* for the purpose of providing transitional governance and oversight of the project to establish the joint operating model for water services delivery for the Central Hawke's Bay District, Hastings District and Napier City Councils (**Councils**) (**Project**).
- 2.2 The joint operating model has been agreed between the Councils to be a jointly owned Water Services Council Controlled Organisation.
- 2.3 The Project will establish the Hawke's Bay Water Services Council Controlled Organisation (**WSCCO**), which will ultimately assume responsibility and asset ownership for the delivery of water services from the Councils.
- 2.4 These Terms of Reference are prepared pursuant to Clauses 30 and 30A of Schedule 7 of the LGA 2002 to guide the operations of the TGG. The TGG will not be discharged at the point of the next election, in accordance with Clause 30(7), Schedule 7 of the LGA 2002.

3. Objectives

- 3.1 The TGG shall:
- (a) Oversee the direction of the Project and provide governance leadership during the initial establishment and transition of water services to the WSCCO;
 - (b) Make certain decisions that are required to facilitate the initial establishment and transition to the WSCCO;
 - (c) Provide direction to the Project Steering Group (**PSG**) and the Establishment Board (once appointed);
 - (d) Ensure that the joint Water Services Delivery Plan (**WSDP**) and WSCCO establishment process reflects the Councils' objectives and statutory requirements.

4. Responsibilities

- 4.1 The TGG will be responsible for providing governance and oversight of the Project in accordance with Schedule 2 of the Heads of Agreement. This includes:
- (a) Overseeing the development of the Project Plan and monitoring progress against key milestones as set out in the Heads of Agreement and WSDP.
 - (b) Addressing any issues escalated to it by the PSG.

- (c) Monitoring progress and risks based on reporting from the PSG and Project Team.
 - (d) Approving material changes to the direction of the Project or Project Plan.
 - (e) Appointing the Establishment Board for the WSCCO and advising on the appointment of the Establishment Chief Executive.
- 4.2 Substantive decisions relating to the adoption of the WSDP and the final joint operating model foundational documents remain the responsibility of each Council separately.

5. Delegated authority

- 5.1 The Councils delegate to the TGG all powers, duties and functions needed to carry out its responsibilities in clause 4.1.
- 5.2 Where the TGG does not have delegated authority, it may make a recommendation to the Councils.

6. Membership

- 6.1 Per Schedule 1 of the Heads of Agreement, the TGG will comprise seven members. This includes:
 - (a) The Mayor of each Council and one other member from each Council (either elected or an appointee); and
 - (b) An Independent Chair appointed at the first meeting of the TGG by unanimous agreement of the other members of the TGG.
- 6.2 Each of the Councils may discharge their appointed member to the TGG and appoint another member in their stead. This does not apply to the Mayor of each of the Councils, who is to remain a member of the TGG as a standing appointment.
- 6.3 The Independent Chair may be removed or replaced by unanimous agreement of the other members of the TGG.

7. Chairperson and Deputy Chairperson

- 7.1 At the first meeting of the TGG the members shall:
 - (a) Appoint an independent Chair in accordance with clause 6.1(b); and
 - (b) Elect a Deputy Chair from the membership of the TGG.
- 7.2 The remuneration of the Independent Chair is to be determined by the TGG at the first meeting of the TGG.

8. Decision-Making and voting
 - 8.1 In accordance with clause 32(4) Schedule 7 of LGA 2002, each member (other than the Independent Chair) has full authority to vote and make decisions at meetings of the TGG within the scope of the delegated authority provided by the Council that appointed them, without further recourse to that Council.
 - 8.2 The TGG will use best endeavours to make decisions by consensus. Where consensus cannot be reached, the relevant motion will not be put and the matter will be referred to the Councils for their consideration. The matter may be referred back to the TGG for decision following the Councils' consideration.
 - 8.3 Where voting is required, each member (other than the Independent Chair) has one vote.
 - 8.4 The quorum will consist of a majority of members (excluding the Independent Chair).
 - 8.5 At least one member from each of the Councils will be required at any meeting to form a quorum.
9. Meetings
 - 9.1 The TGG will meet at least monthly, or at such other times and frequency as it determines.
 - 9.2 Meetings will be scheduled and supported by the Project Convenor and the Hawke's Bay Regional Recovery Agency (RRA).
 - 9.3 Agendas will be circulated at least three days in advance of a meeting, and minutes will be recorded and confirmed.
10. Reporting and Communication
 - 10.1 The TGG receives information and advice from the PSG, which is to be informed by the Project Team.
 - 10.2 The TGG will report at regular frequencies progress and key decisions back to the Councils.
 - 10.3 Media releases and public announcements related to the Project must be coordinated through the TGG, with the TGG to have final approval over any communications.
11. Term
 - 11.1 The TGG will operate from the Commencement Date of the Heads of Agreement until the earlier of:
 - (a) The establishment of the WSCCO and appointment of the Shareholders Representative Forum;
or
 - (b) Termination of the Heads of Agreement.
 - 11.2 It is expected that on termination, the TGG will be superseded by the Shareholders Representative Forum.
12. Review and variation
 - 12.1 These Terms of Reference will be reviewed by the Councils as required, and on the recommendation of the TGG, to ensure alignment with the Project implementation plan and requirements.
 - 12.2 Any amendments to the Terms of Reference must be agreed by all Councils before taking effect.
 - 12.3 These Terms of Reference are consistent with the requirements for joint committees as outlined in the LGA 2002.

Te Hui o Te Kaunihera ā-Rohe o Heretaunga

Hastings District Council

Transitional Governance Group Meeting

Kaupapataka

Agenda

Mematanga:

Membership:

Chair: Jon Nichols

Deputy Chair:

Members:

Hastings District Council

Mayor Wendy Schollum (HDC)

Cr Michael Fowler (HDC)

Napier City Council

Mayor Richard McGrath (NCC)

Cr Keith Price (NCC)

Central Hawke's Bay District Council

Mayor Will Foley (CHBDC)

Cr Brent Muggeridge (CHBDC)

Tokamatua:

Quorum:

4 members (being a majority of the members appointed – excluding the Independent Chair)

(At least one member from each of the Councils will be required)

Apiha Matua

Officer Responsible:

Group Manager: Infrastructure – Craig Thew

*Te Rōpū Manapori me te
Kāwanatanga*

Democracy &

Governance Services:

Lynne Cox (Extn (5632))

Te Rārangi Take

Order of Business

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

- 1.0** 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.

2.0 Conflict of Interest– Mahi Kai Huanga

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.

Confirmation of Minutes - Te Whakamana i Ngā Minitī

- 3.0** As this is the first meeting of the new triennium there are no minutes to confirm

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- 4.0 Chair's Verbal Update** **9**

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- 5.0 HBWSCCO - Transitional Governance Group Election of Deputy Chair** **11**

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- 6.0 HBWSCCO Outline of Council Engagements** **13**

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- 7.0 HBWSCCO Programme Risk Report** **19**

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- 8.0 HBWSCCO Adoption of Transitional Governance Group Meeting Schedule** **27**
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Wednesday, 26 November 2025

Item 4

Te Hui o Te Kaunihera ā-Rohe o Heretaunga

Hastings District Council: Transitional Governance Group

Te Rārangi Take

Report to Transitional Governance Group

Nā: Andrew Lebioda, Project Convenor, Hawke's Bay Regional
From: Recovery Agency

Te Take:
Subject: Chair's Verbal Update

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

- 1.1 The purpose of this report is to provide the opportunity for a verbal update from the Chair of the Transitional Governance Group.

2.0 Recommendations - *Ngā Tūtohunga*

That Council receive the report titled Chair's Verbal Update dated 26 November 2025.

Attachments:

There are no attachments for this report.

Wednesday, 26 November 2025

Item 5

Te Hui o Te Kaunihera ā-Rohe o Heretaunga

Hastings District Council: Transitional Governance Group

Te Rārangi Take

Report to Transitional Governance Group

Nā: Andrew Lebioda, Project Convenor, Hawke's Bay Regional
From: Recovery Agency

Te Take: HBWSCCO - Transitional Governance Group Election of Deputy
Subject: Chair

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

- 1.1 To enable the Transitional Governance Group (TGG) to elect a Deputy Chair in accordance with clause 7.1(b) of the TGG Terms of Reference.
- 1.2 The TGG paused during the interregnum period and has now reconvened with changes in elected member representation.
- 1.3 Due to this change in representation, election of a new Deputy Chair is required.
- 1.4 The Deputy Chair will support the Independent Chair in facilitating the work of the TGG and may act in the Chair's place when required.
- 1.5 The election of a Deputy Chair ensures continuity of governance leadership throughout the transitional period.

2.0 Recommendations - *Ngā Tūtohunga*

- A) That the Transitional Governance Group receive the report titled HBWSCCO - Transitional Governance Group Election of Deputy Chair dated 26 November 2025.
- B) That the Transitional Governance Group:
 - a. Electas Deputy Chair of the Transitional Governance Group (TGG) pursuant to clause 7.1(b) of the Terms of Reference.

Attachments: There are no attachments for this report.

Wednesday, 26 November 2025

Item 6

Te Hui o Te Kaunihera ā-Rohe o Heretaunga

Hastings District Council: Transitional Governance Group

Te Rārangi Take

Report to Transitional Governance Group

Nā: Andrew Lebioda, Project Convenor, Hawke's Bay Regional Recovery Agency
From: Chris Gordon, Programme Manager, Hawke's Bay Regional Recovery Agency
Holly Donald, Policy and Business Case Advisory, Hawke's Bay Regional Recovery Agency

Te Take:
Subject: HBWSCCO Outline of Council Engagements

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

- 1.1 This report outlines the known key transitional governance engagements and decision points from now through to December 2026, supporting the establishment of the Hawke's Bay Water Services Council Controlled Organisation (WSCCO).
- 1.2 This report highlights the progression of foundational documents, strategic policies, and the required engagement across the Transitional Governance Group (TGG), Shareholder's Representative Forum (SRF), Councils, and the WSCCO Board.
- 1.3 As work progresses through the establishment of the WSCCO and into the transitional phase of the project these scope and frequency of engagements may expand.
- 1.4 To support this report Council officers will prepare a brief presentation that will visually display the timeline of the key engagements along with a brief description of their purpose.
- 1.5 This report focuses on the governance and company foundation elements. Therefore it does not detail the wider programme of water service planning and delivery obligations that will also be required through 2026 and 2027, this is expected to be presented in the first quarter of 2026.

2.0 Recommendations - Ngā Tūtohunga

- A) That the Transitional Governance Group receive the report titled HBWSCCO Outline of Council Engagements dated 26 November 2025.
- B) That the Transitional Governance Group:
 - i. Note the key engagements outlined in this report.
 - ii. Note that the dates of the engagements will be confirmed closer to the time.
 - iii. Note that the programme team, in conjunction with the shareholding councils, will endeavour to ensure as close alignment of timing of engagements across the councils as possible.

3.0 Background – Te Horopaki

- 3.1 The Transitional Governance Group (TGG) is a joint committee formed under clause 30(1)(b) of Schedule 7 of the Local Government Act 2002, established by the Central Hawke's Bay District, Hastings District, and Napier City Councils.
- 3.2 Its purpose is to provide transitional governance oversight for the establishment of the jointly owned HBWSCCO.
- 3.3 The TGG guides the development of the joint operating model, oversees the Project Steering Group and Establishment Board, and ensures alignment with statutory requirements and council objectives.
- 3.4 It operates until the WSCCO is formally established and the Shareholders Representative Forum (SRF) is appointed.
- 3.5 The TGG paused during the interregnum period and has now reconvened with changes in elected member representation.
- 3.6 This report sets out the anticipated engagements required by the TGG, SRF when formed, Councils, and Establishment Board over the next twelve months.

4.0 Discussion – Te Matapakitanga

Key Engagement Themes

- 4.1 The successful establishment of the Hawke's Bay Water Services Council Controlled Organisation (WSCCO) requires coordinated engagement across several governance bodies.
 - 4.1.1 This section outlines the core themes that will shape decision-making and stakeholder involvement over the coming year.
 - 4.1.2 These include the development and adoption of foundational governance documents, strategic instruments that guide the WSCCO's operations and accountability, shareholding councils providing debt guarantees to the WSCCO, and the creation of a public-facing identity that reflects the organisation's values and purpose.
- 4.2 Each theme involves input from the Transitional Governance Group (TGG), Shareholder's Representative Forum (SRF), Councils, and the WSCCO Establishment Board, ensuring alignment with the Heads of Agreement and statutory requirements under the Local Government (Water Services) Act 2025. Each Council's Chief Executive will also play a pivotal role during the establishment phase.
 - 4.2.1 It is important to note that these themes are not standalone. Progress on one is often reliant or dependent on others. For example, adoption and issuing of the Statement of Expectation is reliant on the Foundational Documents being approved and the WSCCO being legally incorporated.

4.2.2 Foundational Documents

- Shareholders Agreement – Establishes the ownership structure, decision-making processes, and governance arrangements between the Councils as shareholders of the WSCCO, including shareholding proportions, reserved matters, and the role of the Shareholders Representative Forum.
- Constitution – Sets out the legal framework for the WSCCO's operation, including board composition, director appointment and removal processes, and governance protocols to ensure compliance with statutory requirements.
- Programme Team led process with TGG endorsement and final adoption from Councils based on recommendations from their respective Chief Executives.
- Timeline: February – March 2026
- Completion of these steps allow for legal incorporation of the WSCCO. They are critical dependencies for subsequent steps, including the issuance of debt guarantees and the development of strategic instruments such as the Statement of Expectation and Significance and Engagement Policy.

4.2.3 Statement of Expectation (SOE)

- Sets out the shareholders' long-term expectations for the WSCCO, guiding its strategic direction, performance priorities, and relationships with stakeholders. It informs the development of the Water Services Strategy and must be given effect by the WSCCO.
- Council endorsement and final approval by SRF who then issues to the Board.
- Timeline: April – July 2026
- The SOE relies on the governance framework established through the Shareholders Agreement and Constitution, ensuring clarity of roles and accountability before strategic expectations are set.

4.2.4 Significance and Engagement Policy

- Defines how the WSCCO determines the significance of decisions and outlines its approach to engaging with consumers, communities, mana whenua, and shareholders. It ensures transparency and responsiveness in decision-making and consultation processes.
- Board led process with Council endorsement. Requires public consultation prior to final adoption.
- Timeline: April - December 2026.
- The SEP cannot be finalised until the WSCCO is legally incorporated and the SOE is endorsed, as these inform the scope and priorities for engagement.

4.2.5 Debt Guarantees for HBWSCCO

- Guarantees are required from the shareholding councils to allow the HBWSCCO to secure borrowing directly from the Local Government Funding Agency.
- Programme Team/HBWSCCO led process with final approval by Councils.
- Timeline: February – May 2026
- Debt guarantees are contingent on the adoption of foundational governance documents and legal incorporation.

Engagement Timeline

- 4.3 The following timeline outlines the key governance engagements and decision points required to establish the Hawke's Bay Water Services Council Controlled Organisation (WSSCO) between November 2025 and December 2026.
- 4.4 It reflects the coordinated involvement of the TGG, SRF, Councils, and the WSSCO Establishment Board across critical milestones. With the pending appointment of the Establishment Chief Executive the timeline and critical milestones may be modified with approval from the TGG and Establishment Board.
- 4.4.1 These include the development and adoption of foundational documents (Shareholders Agreement and Constitution), strategic instruments (Statement of Expectations [SOE] and Significance and Engagement Policy [SEP]), and approving debt guarantees from shareholding councils to the WSSCO.
- 4.4.2 The timeline supports transparent decision-making, statutory compliance, and alignment with the Heads of Agreement.

Month	Engagements	Purpose / Decisions	Milestones
November 2025	TGG Meeting (overview of engagements to come)	Endorse high-level engagements, present to date risk register. Update from Establishment Board.	
December 2025	Council workshops (overview of engagements to come)	Build on information provided to TGG. Inform full Council of engagements to come.	
Late January to Early February 2026	TGG Meeting; Council workshops	Introduce/discuss feedback into Foundational Documents; discuss SRF membership; Council debt guarantees to WSSCO and LGFA legal accession and.	
Late February to Early March 2026	Council meeting; Board meeting	Adopt FDs; delegate authorities to SRF; approve debt guarantees;	
April 2026	SRF meeting; Council workshops	Introduce SOE and SEP;	Legal Incorporation. TGG transitions to SRF. Board receives delegated authorities.
May 2026	Board meeting	Review SEP; feedback for consultation materials.	
June 2026	SRF meeting	Revise SOE and SEP per feedback.	LGFA Funding Secured.
July 2026 August 2026	Council meetings Board meeting	Endorse SOE and SEP; Approve SEP consultation material.	
September 2026	SRF meeting	Approve SOE and issue to Board.	WSSCO consults on SEP.
November 2026	Council/Board meeting (TBC)	Hearings & deliberations on SEP consultation.	
December 2026	Board meeting	Adopt SEP.	SEP Adopted.

5.0 Next steps – *Te Anga Whakamua*

- 5.1 Liaise with Council democracy and governance teams across Napier City, Hastings District, and Central Hawke's Bay District Councils to formalise the engagement schedule and confirm meeting dates.
- 5.2 Progress draft versions of the Foundational Documents (Shareholders Agreement and Constitution) for February 2026 feedback and endorsement.
- 5.3 Confirm transition arrangements from TGG to the Shareholders Representative Forum (SRF), including membership, delegation protocols and meeting cadence.
- 5.4 Councils to initiate development of the Statement of Expectations ensuring early input from SRF and Council officers.
- 5.5 Programme Team, under support from Establishment Board, to initiate development of Significance and Engagement Policy.

Attachments:

There are no attachments for this report.

Wednesday, 26 November 2025

Item 7

*Te Hui o Te Kaunihera ā-Rohe o Heretaunga***Hastings District Council: Transitional Governance Group***Te Rārangi Take*

Report to Transitional Governance Group

Nā:	Andrew Lebioda, Project Convenor, Hawke's Bay Regional Recovery Agency
From:	Chris Gordon, Programme Manager, Hawke's Bay Regional Recovery Agency

Te Take:	HBWSCCO Programme Risk Report
Subject:	

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

- 1.1 This report is presented at a formative stage in the establishment of the Hawke's Bay Water Services Council-Controlled Organisation (HBWSCCO).
- 1.2 The supporting risk register (*Attachment 1*) is a 'live' document, reflecting both the complexity of the transition and the evolving understanding of the risks associated with the implementation of a programme of this type.
- 1.3 The risks outlined in this report relate specifically to the implementation programme and the immediate challenges faced as HBWSCCO is being established.
- 1.4 As this work progresses, it is anticipated that the new organisation will develop its own comprehensive risk management framework.
- 1.5 This future framework will be designed to identify and treat both strategic and operational risks unique to the HBWSCCO as it matures and begins to deliver services.

2.0 Recommendations - Ngā Tūtohunga

- A) That the Transitional Governance Group receive the report titled HBWSCCO Programme Risk Report dated 26 November 2025.
- B) That the Transitional Governance Group:
 - i) Note that the Risk Register has been formally endorsed by the Establishment Advisory Board.

3.0 Background – Te Horopaki

- 3.1 The Transitional Governance Group (TGG) is a joint committee formed under clause 30(1)(b) of Schedule 7 of the Local Government Act 2002, established by the Central Hawke’s Bay District, Hastings District, and Napier City Councils.
- 3.2 The TGG guides the development of the joint operating model, oversees the Project Steering Group (PSG) and Establishment Advisory Board (EAB), and ensures alignment with statutory requirements and council objectives. The TGG will operate until the WSCCO is formally established, and the Shareholders Representative Forum (SRF) is appointed.
- 3.3 As part of the programme management framework being established to guide the delivery of the WSCCO establishment programme of works, this risk report forms an integral component. The framework is designed to ensure that all risks are systematically identified, assessed, and managed throughout the establishment phase, supporting robust governance and informed decision-making.
- 3.4 Regular risk reporting is a core element of the programme’s assurance and accountability processes. This report will be presented as part of the ongoing programme reporting cycle to the PSG, EAB, TGG, and, once formed, the SRF. Through this approach, the programme aims to provide clear visibility of key risks, promote transparency, and enable timely interventions to address emerging issues and support successful programme delivery.
- 3.5 The risk register was initially developed by the Project Team, then presented to the EAB for discussion, input, and refinement. It was subsequently submitted to the PSG and is now provided to the TGG for review.

4.0 Discussion – Te Matapakitanga

Key Risk Categories

- 4.1 The following section provides an overview of the principal risks currently facing the HBWSCCO establishment and implementation programme. These risks have been grouped into four key categories to support clarity. Each category reflects the most significant challenges identified to date and forms the basis for the recommended mitigations and immediate actions outlined in this report.

4.1.1 Direction of Travel

- Lack of clarity and agreement on the joint operating model and delivery approach, risking misaligned expectations, duplicated functions, and delays.
- Unclear roles, responsibilities, and sequencing among partners, leading to inefficiencies and reduced confidence.
- Talent retention challenges as other water organisations progress, risking loss of key staff and disruption to milestones.

4.1.2 Financial

- Lack of unified asset management plan: Without a joint AMP, asset data and investment decisions may be inconsistent, undermining confidence and efficiency.
- Programme budget: Risk that there are insufficient finances or resources to deliver the new entity.
- Customer affordability: Risk that water charges may not meet customer expectations due to inappropriate investments or lack of strategic phasing.

4.1.3 Engagement

- Mana whenua partnership engagement: Risk that mana whenua partners are not meaningfully engaged, eroding trust and delaying delivery.
- Staff risk: Staff may become uncertain or disengaged due to unclear communication about change, impacting morale and productivity.
- Customer communications: Risk that customers become disillusioned or fatigued without clear understanding of the entity's progress and benefits.

4.1.4 Regulatory

- Regulatory risk: New economic regulation and information disclosure requirements may not be met, risking penalties and reputational damage.
- Network compliance risk: Current non-compliances being faced by shareholding councils will be transferred to the new organisation creating the need to ensure adequate prioritisation of investment and could face potential financial impacts.

Mitigations and Actional Plan

4.2 The action plan for the HBWSSCO establishment programme is designed to systematically address the key risks identified above. The mitigations are coordinated and, in many cases, provide cross-cutting benefits across multiple risk categories.

4.2.1 Governance and Operating Model

- Develop and formally endorse a Target Operating Model, ensuring clarity of structure, service scope, and accountability.
- Establish a unified programme governance framework, including a Programme Management Office (PMO) to coordinate delivery, monitor, manage and report progress, and manage project interdependencies.
- Define roles, responsibilities, and escalation pathways for decision-making and dispute resolution.

4.2.2 Resource and Financial Management

- Confirm funding contributions and align budget and resource allocation to programme stages.
- Develop an integrated Asset Management Plan (AMP) and shared data platform to support strategic investment decisions.
- Investigate alternative funding and revenue collection mechanisms to ensure programme affordability and compliance.

4.2.3 Engagement and Communication

- Facilitate structured engagement workshops with partners and mana whenua to align strategic intent and success measures.
- Develop and execute targeted communication and change management plans for staff and customers, ensuring transparency and ongoing engagement.
- Provide early and ongoing opportunities for staff input, support wellbeing, and monitor engagement to adapt as needed.

4.2.4 Assurance and Compliance

- Implement assurance oversight mechanisms, including regular independent reviews and reporting to governance boards.
- Draft and execute service level agreements to meet regulatory requirements.
- Maintain ongoing engagement with regulators to anticipate and address emerging compliance challenges.

5.0 Next steps – *Te Anga Whakamua*

5.1 The following tasks are identified as the highest priority for immediate action by the programme/project team. These steps are foundational for risk mitigation and successful entity transition and should be the focus of early effort and resource allocation. Detailed responsibilities and proposed completion dates are recorded in the programme task tracker.

5.1.1 Develop and Endorse the Target Operating Model

- Co-design with Councils: Collaborate to define the future state, including service scope, structure, functions, and key accountabilities.
- Formal Endorsement: Secure sign-off from programme governance groups (PSG, EAB and TGG).
- Programme Plan: Create a clear plan with milestones and responsibilities for moving to the agreed operating model.

5.1.2 Develop Key Frameworks


- Programme Management Framework including programme plan and supporting registers (risk register, interdependencies, etc.)
- Change Framework that will promote awareness and provide structure around navigating the change piece facing staff.
- Engagement Framework providing approach to communications and engagement with customers, partners, and stakeholders.

5.1.3 Ongoing Review and Refinement

- The risk report will form part of the monthly programme update provided to the EAB and the TGG.
- The EAB will take overall responsibility for the ongoing oversight of the risk register, ensuring it remains a living document.
- As part of its monthly review, the EAB will:
 - Monitor and assess existing risks,
 - Identify and evaluate emerging risks,
 - Review and analyse risks in depth when required.,
 - Oversee the implementation of mitigation actions,

- Ensure that the risk register is regularly updated and refined based on new information and feedback from stakeholders.

Attachments:

1  Risk Register as at 19.11.2025

CG-18-10-00001

Central Hawke's Bay District Council Governance Risk Register

Programme	Local Waters Done Well (LWDW) Entity Development and Transition
Completed by	Andrew Lebioda, Christopher Gordon
Date	3/11/2025
Date Reviewed	14/11/2025

Risk Matrix currently in Risk Manger					
Consequence	Likelihood				
	Highly Unlikely (1)	Unlikely (2)	Possible (3)	Likely (4)	Almost Certain (5)
	Catastrophic (5)	Medium	High	Extreme	Extreme
	Major (4)	Medium	High	Extreme	Extreme
	Significant (3)	Low	Medium	High	Extreme
	Minor (2)	Low	Medium	High	High
	Insignificant (1)	Low	Low	Low	Medium

Risk No	Heading	Risk Description	Category	Causes	Impact	Risk Owner	Inherent		Controls	Risk Consequence	Residual		Risk Treatments	Status	Actions / Progress
							Risk Consequence	Risk Score			Likelihood2	Risk Score2			
1	Agreed Operating Model	There is a risk that the end state for the joint operating model is not clear or agreed by all the partners. This uncertainty may extend to the scope of services to be delivered by the new organisation as well as the design, structure and resourcing of the supporting services that are required to effectively operate the new entity.	Leadership Governance and Reputation	The target operating model has not been clearly defined and articulated; Partner expectations may differ; Partner levels of commitment may differ; No decision making process to resolve operating design differences or inadequacies; Incomplete information in design requirements; and Limited collaboration or communication during model development.	Misalignment of strategic objectives between the councils; Delays in implementation, transition planning or operational readiness; Inefficient or duplicated support functions; and reduced service quality and stakeholder confidence.	TGG	Catastrophic (5)	Almost Certain	Transitional Governance Group (TGG) is in place; Project Steering Group (PSG) of the CE's is set up; and A project Team has been put in place.	Catastrophic (5)	Likely (4)	Extreme	Develop and endorse a Target Operating Model; Strengthen Partnership engagement and alignment; Increase resource in the transition Programme team; Implement assurance oversight mechanisms; Clarify and document all supporting services; and Embed change and communication management.	Open	
2	Operating Model Delivery Approach	There is a risk that following the agreement of the operating model the delivery approach is not clearly defined amongst the partners. Without a shared delivery framework, there will be inconsistency in responsibilities, resourcing and sequencing creating uncertainty duplication of effort and reduced confidence in the programmes ability to deliver.	Leadership Governance and Reputation	No agreed joint operating model implantation plan; Differing or competing expectations from partners on the delivery roles, funding contributions and timelines; Lack of a unified programme delivery structure. Insufficient communication and coordination between Councils.	Delays or inefficiencies in delivering the new model; Misalignment between Councils creating loss of trust and conflict; Fragmented or inconsistent delivery of Services across entities; Cost Over runs; and Inability to achieve strategic objectives.	TGG	Catastrophic (5)	Likely (4)	Transitional Governance Group (TGG) is in place; Project Steering Group (PSG) of the CE's is set up; and A project Team has been put in place.	Catastrophic (5)	Possible (3)	Extreme	Develop a joint implementation plan; Establish a unified programme governance framework; Define roles and responsibilities; Secure Resourcing and funding commitments; Strengthen Partner Alignment and Engagement; Implement Programme Management Controls; Develop a change, communication and engagement strategy; and Establish clear success measures and reporting.	Open	
3	Joint Asset Management plan	There is a risk that without a Joint Asset Management Plan (AMP) asset values, performance data, investment profiles and asset risk assessments will not be consistently applied across the networks, undermining data integrity and reducing the confidence in investment decisions.	Financial Decision Making (Capital)	No unified framework or an agreed asset management methodology across the councils; Asset valuations, condition assessments and data collection practices may not be consistent; Absence of shared asset management data platforms and systems; Differing levels of asset management maturity within councils; and Limited governance oversight or prioritisation of joint AMP development.	Unreliable asset data leading to suboptimal investment and maintenance decisions; Inconsistent asset risk profiling across networks; Inconsistent prioritisation of assets across networks; Reduced ability to plan strategically for renewals, resilience and long-term sustainability; Financial investment inefficacies (Over of under investment); and Erosion of confidence amongst the councils, regulators and other stakeholders on Asset Management practices. Impacts organisations ability to meet legislative requirement for new billing/charing arrangements.	TGG	Catastrophic (5)	Possible (3)	There are individual AMP's for Councils.	Catastrophic (5)	Possible (3)	Extreme	Develop an integrated AMP across all the networks to assist in developing an investment plan for the future entity; Establish a singular Asset Management Framework; Create a shared data and information platform; Review the investment plan and look at the option of having a regional wide Infrastructure Investment lifecycle model for the future entity.	Open	
4	Talent Loss	Talent Risk - Difficulty in recruiting or retaining key staff as more developed/larger WOs look more attractive compared to the HB entity	Leadership Governance and Reputation	That water sector faces both capacity and capability constraints. As other competing water organisations are established those that progress at a faster pace may provide greater opportunities to current staff or create challenges during recruitment.	Lack of skilled resource during the transitional and ongoing operational stages of the implementation. Potential loss of key staff during critical milestone periods creating potential delays or disruption to project timeline.	PSG	Significant (3)	Possible (3)		Significant (3)	Unlikely (2)	Medium	With the Project Team, PSG, and Establishment Advisory Boad establish the joint operating model that will provide clarity to the responsibilities of the new entity and resourcing required to fulfil those responsibilities [workforce retention plan]. Develop a change, communication and engagement strategy.	Open	
5	Affordability for Customers	There is a risk to the customer affordability and their expectations of water charges in the near future.	Leadership Governance and Reputation	An underlying assumption is that the entity will deliver on the current forecasted LTPs of each council. No asset management framework, risk appetite, or investment prioritisation exists at an organisational level to verify the consolidated investments across the partner councils is appropriate from an organisational view.	Investment could be made in inappropriate/unnecessary areas that increases charges. No ability to phase investment accordingly to achieve delivery efficiencies or more strategic borrowing.	EAB	Significant (3)	Likely (4)	Individual AMPs	Significant (3)	Possible (3)	High	Develop an integrated AMP that takes an organisational view of the required network investments. Aim to smooth investment to minimise price path fluctuations. Consultation with consumers to test projected price paths and adjust investment profile accordingly. Integrated AMP will feed into development of the first Water Services Strategy	Open	

Central Hawke's Bay District Council Governance Risk Register																
Risk No	Heading	Risk Description	Category	Causes	Impact	Risk Owner	Risk Consequence	Likelihood	Risk Score	Controls	Risk Consequence	Likelihood2	Risk Score2	Risk Treatments	Status	Actions / Progress
1	Agreed Operating Model	There is a risk that the end state for the joint operating model is not clear or agreed by all the partners. This uncertainty may extend to the scope of services to be delivered by the new organisation as well as the design, structure and resourcing of the supporting services that are required to effectively operate the new entity.	Leadership Governance and Reputation	The target operating model has not been clearly defined and articulated; Partner expectations may differ; Partner levels of commitment may differ; No decision making process to resolve operating design differences or inadequacies; Incomplete information in design requirements; and Limited collaboration or communication during model development.	Misalignment of strategic objectives between the councils; Delays in implementation, transition planning or operational readiness; Inefficient or duplicated support functions; and reduced service quality and stakeholder confidence.	TGG	Catastrophic (5)	Almost Certain	Extreme	Transitional Governance Group (TGG) is in place; Project Steering Group (PSG) of the CE's is set up; and A project Team has been put in place.	Catastrophic (5)	Likely (4)	Extreme	Develop and endorse a Target Operating Model; Strengthen Partnership engagement and alignment; Increase resource in the transition Programme team; Implement assurance oversight mechanisms; Clarify and document all supporting services; and Embed change and communication management.	Open	
6	Staff Risk	There is a risk that Staff become uncertain, anxious or disengaged due to discussions about change without clear and timely communications of what the change entails, how it will impact them and their roles or when it will occur. a lack of transparency and communication will erode trust, reduce productivity and undermine the organisational rediness to successfully implement change.	Leadership Governance and Reputation	Insufficient and delayed communications about the scope and timing of the change; Lack of clarity from leadership regarding impacts on staff and their roles; No Change Management or Engagement Plan; Inconsistency, perceived or otherwise, between internal message and actual decisions and actions; and Limited opportunities for staff to provide input or ask questions.	Reduced staff moral, trust and engagement with leadership; Decreased productivity and focus as uncertainty distracts staff from core business activities; Increase in staff turnover with a loss of institutional knowledge and key talent; Emergence of misinformation or resistance to change across teams; Difficulty in maintain service quality during transition; and Erosion of organisational culture.	PSG	Major (4)	Likely (4)	Extreme	Individual Councils are informing staff on LWDW but without a great deal of detail.	Major (4)	Possible (3)	High	Develop and implement a clear change management framework; Create and Deliver a Transparent Communication strategy; Clarify the case for change and expected outcomes; Provide early and ongoing engagement opportunities; Establish visible consistent Leadership; Provide clarity on timelines and next steps and phases; Support for staff wellbeing and resilience; and Monitor engagement and adapt as needed.	Open	
7	Regulatory risk	Regulatory Risk impacting costs and investment priorities.	Financial Decision Making (Capital)	Legislation requiring the water sector to be subject to economic regulation under the Commerce Commission. Current financial ERP systems, asset management systems, etc do not provide the level of information required by ComCom under information disclosure.	Information disclosure will bring about a high-degree of public scrutiny of charges, investment delivery, levels of service, etc. Water service providers are required to shift revenue from being based on capital value to an acceptable practice within five years. Heightened reputational risk as water service providers will be benchmarked against each other.	EAB	Major (4)	Likely (4)	Extreme	Service Level Agreements to be drafted and executed. Provide additional resource to meet information disclosure/regulatory requirements.	Major (4)	Unlikely (2)	High	Investigate alternative revenue collections mechanisms and understand their implementation timeline/costs to inform initial Water Services Strategy. Continue relationship building with regulators to understand upcoming requirements and communicate key challenges that may be faced meeting these requirements.	Open	
8	Customer Communications	There is a risk that the customer (Public) become disillusioned without seeing any progress or understanding what the new entity will do for them.	Leadership Governance and Reputation	Lack of an end state for the new entity will mean that the Customer does not have a view of the delivery.	Customers become change fatigued and lose interest in what LWDW will do.	PSG	Significant (3)	Likely (4)	High	Councils are informing customers.	Significant (3)	Likely (4)	High	Once the direction has been agreed and while the project plan is being developed, develop a comms plan for use with the customer.	Open	
9	Programme Budgeting	There is a risk that there are not enough finances or resources to deliver the work to stand up the new entity.	Financial Decision Making (Capital)	Lack of understanding of what the end state is and what work is involved once the end state is understood.	Lack of resources to deliver the expected outcome once it is understood. Councils will need to put in more money to stand up the new entity.	TGG	Major (4)	Likely (4)	Extreme	Councils have put in both resources and funding into the delivery of the new entity.	Major (4)	Possible (3)	High	When the project plan is being developed following the understanding of the end deliverable that the project plan is budgeted and resourced. Investigate funding mechanisms (ie direct from LGFA) available to ensure adequate funds are available to deliver the expected outcome.	Open	
10	Mana Whenua Partnership Engagement	There is a risk that mana whenua partners are not meaningfully and consistently engaged in the development and operation of the Water entity.	Leadership Governance and Reputation	Lack of a structured and resourced engagement framework with mana whenua; Insufficient communication and transparency with mana whenua regarding progress, decisions and key milestones; Lack of clarity and differing expectations around partnership roles, responsibilities and governance participation; and Competing priorities and time constraints limiting effective engagement opportunities.	Erosion of trust and credibility between the Council and the Water Entity and mana whenua partners; Delays and barriers in decision making and project delivery; Reputational damage and diminished 'social licence' to operate; and An impact on the ability to deliver equitable and culturally grounded outcomes for communities.	TGG	Major (4)	Possible (3)	High	C councils are managing and conducting the engagement with mana whenua on a district basis; and TGG to agree the make up of representation of the Shareholder group including any mana whenua representation.	Major (4)	Unlikely (2)	High	Endorsement of the Operating Model; Establish an engagement framework; Clarify service scopes and functions; Transparent communications and stakeholder engagement plan; and Embed change management and transition support.	Open	
11	Statutory Network Compliance	There is a risk that the Joint Organisation takes on network assets that are breaching compliance standards.	Financial Decision Making (Operational)	There are assets and service's delivered in the networks that are currently subject to non-compliance notices or are under section notices.	the new entity will be taking on compliance issues which may impact the new entity financial in the form of fines.	TGG	Major (4)	Possible (3)	High	Councils have work in the capital programmes that is there to meet the areas of non-compliance, these are not yet delivered.	Major (4)	Possible (3)	High	continue to deliver the areas of the Capital programme that are related to mitigating the non-compliance issues.	Open	
12	Business Continuity	There is a risk that during the establishment and transitions of the waters from councils to the new entity, that the delivery of agreed investment profile and the ongoing operations are impacted affecting services delivery.	Leadership and Governance including Reputation	Leadership and management disruption; Employee turnover; Process and policy changes; Financial impact.	Loss of service to the customers; Reputational Risk with the Community; Statutory Risk for supply interruption and Capex delivery; Financial penalties.	TGG	Major (4)	Likely (4)	Extreme	The programme objectives include no customer impact on transition. This has meant that programme plan needs to include business continuity once it is understood what is transferring over.	Major (4)	Possible (3)	High	Council Annual plans to be endorsed by the board prior to the customer engagement. Develop an agreement set of principles between the councils and the entity prior to transition operationalising the handover of responsibilities.	Open	

Wednesday, 26 November 2025

Item 8

Te Hui o Te Kaunihera ā-Rohe o Heretaunga

Hastings District Council: Transitional Governance Group

Te Rārangi Take

Report to Transitional Governance Group

Nā: Andrew Lebioda, Project Convenor, Hawke's Bay Regional
From: Recovery Agency

Te Take: HBWSCCO Adoption of Transitional Governance Group Meeting
Subject: Schedule

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

- 1.1 The purpose of this report is to present the proposed TGG meeting schedule for approval, in accordance with Clause 9.1 of the Terms of Reference, which provides that the TGG will meet at least monthly or at such other times and frequency as it determines.
- 1.2 The proposed meetings will enable the TGG to make key establishment decisions prior to the legal establishment of the HBWSCCO at which time the TGG will dissolve and is to be replaced by the Shareholders Representative Forum (SRF).
- 1.3 This aligns with the TGG's responsibilities under Clause 4.1(a) and (d) of the Terms of Reference and Clause 4.2(a) of the Heads of Agreement, which empower the TGG to oversee the Project Plan and make decisions relating to its direction.
- 1.4 In accordance with Section 46 of the Local Government Official Information and Meetings Act 1987, meetings will be publicly notified and steps taken to ensure compliance with statutory requirements pertaining to access to information.
- 1.5 The following dates may be subject to change depending on progress against the programme plan and key milestones.

Transitional Governance Group – Proposed Meeting Schedule

Date	Time	Host	Purpose
27 January 2026	15:00 – 17:00	Hastings District Council	Introduce Foundational Documents Discuss SRF Membership Outline Council debt guarantees
March 2026	15:00 – 17:00	Napier City Council	Programme Report
April 2026 (NB, SRF may now be in place)	15:00 – 17:00	Hastings District Council	Introduce Statement of Expectation and Significance and Engagement Policy Confirm branding/marketing process for HBWSCO

2.0 Recommendations - Ngā Tūtohunga

- A) That the Transitional Governance Group receive the report titled HBWSCO Adoption of Transitional Governance Group Meeting Schedule dated 26 November 2025.
- B) That the Transitional Governance Group:
- i. Approves the proposed schedule of the next three TGG meetings, consistent with its authority under Clause 9.1 of the Terms of Reference.

Date	Time	Host	Purpose
27 January 2026	15:00 – 17:00	Hastings District Council	Introduce Foundational Documents Discuss SRF Membership Outline Council debt guarantees
March 2026	15:00 – 17:00	Napier City Council	Programme Report
April 2026 (NB, SRF may now be in place)	15:00 – 17:00	Hastings District Council	Introduce Statement of Expectation and Significance and Engagement Policy Confirm branding/marketing process for HBWSCO

- ii. Notes that dates may be adjusted as required to accommodate potential scheduling conflicts, in line with Clause 3.4(b)(i) of the Heads of Agreement, which allows Councils to request timeline adjustments to manage resource constraints.
- iii. Notes that a further meeting schedule will be developed and brought to the TGG for approval.

Attachments:

There are no attachments for this report.