

Thursday, 30 April 2026

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: **Thursday, 30 April 2026**

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 Infrastructure Officer - Craig Thew**

Transitional Governance Group (Hawke's Bay Water Services Council Controlled Organisation Project)

Terms of Reference for the Transitional Governance Group

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.
- f) 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.

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

Mematanga: **Chair:** Jon Nichols
Membership: **Deputy Chair:** Cr Keith Price (NCC)

Members:

Hastings District Council
Mayor Wendy Schollum (HDC)
Cr Michael Fowler (HDC)

Napier City Council
Mayor Richard McGrath (NCC)

Central Hawke’s Bay District Council
Mayor Will Foley (CHBDC)
Cr Brent Muggeridge (CHBDC)

Tokamatua: 4 members (being a majority of the members appointed – excluding the Independent Chair)
Quorum: (At least one member from each of the Councils will be required)

Apiha Matua
Officer Responsible: Chief Infrastructure Officer – 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** Minutes of the Transitional Governance Group held Tuesday 31 March 2026 be confirmed as an accurate record.
(To be circulated separately)
-

- 4.0 Independent Chair Final Report** **9**
-

- 5.0 Transition Update** **15**
-

Thursday, 30 April 2026

Te Hui o Te Kaunihera ā-Rohe o Heretaunga

Hastings District Council: Transitional Governance Group

Te Rārangi Take

Report to Transitional Governance Group

Nā:
From: **Jon Nichols, Independent Chair, Transitional Governance Group**

Te Take:
Subject: **Independent Chair Final Report**

1.0 Purpose and summary - Te Kaupapa Me Te Whakarāpopototanga

- 1.1 The purpose of this report is to provide an update from the independent Chair of the Transitional Governance Group.
- 1.2 All parties have now agreed to sign the shareholders agreement (SHA), approve the transitional budget and adopt the Water Services Hawkes Bay Limited Constitution, supported by several other ancillary approvals. This means our role as the Transitional Governance Group will come to an end.
- 1.3 This is supported by the original Heads of Agreement, which planned for the TGG to be replaced by the shareholders representative forum (SRF) once the SHA was agreed. Clause 6 of the shareholders agreement discusses the formation of the SRF in more detail and schedule 4 provides a specific term of reference for the 9-person (3 from each Council) SRF. Specially the SRF is established to:
 - Provide governance oversight of the Company which provides Water Services in the Service Area set out in Schedule 1 of the SHA;
 - Provide a forum for the representatives of the Company's shareholders to meet, discuss and co-ordinate on relevant issues and, through their representatives, exercise their powers in respect of the Company; and
 - Appoint the Board of Directors.

2.0 Discussion

- 2.1 There is a requirement to advertise for an independent chair (as detailed in schedule 4) and this should commence as soon as possible. **Attachment 1** is a simple starter example for an advertisement I have prepared based on the shareholder agreement.
- 2.2 I recommend that Hastings, as the administering Council, commence this process and the SRF may like to use the statement of expectations applicable to the chair of the TGG as a reference point for the SRF independent chairperson. I have some insights I will share with TGG members on the 30th around an interview and recommendation process, which I will expand on when I discuss Attachment 2.
- 2.3 I have spoken to Wendie Harvey who has confirmed that at least 3 recruitment search agencies will be requested to provide a pitch for the CE recruitment process, something which is common and good practice. This is the process being followed across at least three water CCO's that I know of.
- 2.4 I understand Nexus Advisory has been engaged to detail and advise on all steps required to give effect to the company incorporating, including creating share registers, directors signing on, transitional plans agreed by Chief Executives and the company etc. Nexus is an experienced organisation with a proven track record. Nexus will need to work closely with the Councils chief executives as it is their role to execute the incorporation.
- 2.5 The TGG has met 6 times (including today) and I thank you all for the productive and positive attitude throughout this process. Our discussions have always been full and frank and I believe the outcome does, as Martin Jenkins commented recently in Napier, create the opportunity for a forward-looking generational opportunity across a combined regional asset base of some \$2b.
- 2.6 Finally, I anticipate one or two recommendations/resolutions potentially resulting from reviewing the bullet points in Attachment 2.

3.0 Recommendations - *Ngā Tūtohunga*

- 3.1 That the Transitional Governance Group receive the report titled Independent Chair Final Report dated 30 April 2026.

Attachments:

- | | | |
|-------------------|--|----------------|
| 1 | Attachment 1 to Independent Chair Report | CG-18-10-00023 |
| 2 | Attachment 2: Independent Chair Overview Bullet Points | CG-18-10-00022 |

Attachment 1 - Simple EXAMPLE ONLY of an advertisement for an independent chair for the SRF.

**CENTRAL HAWKE'S BAY
DISTRICT COUNCIL**

**HASTINGS
DISTRICT COUNCIL**

**NAPIER
CITY COUNCIL**

**INDEPENDENT CHAIR – SHAREHOLDER REPRESENTATIVE FORUM
Water Hawkes Bay Limited (Council Controlled Organisation)**

The Councils of Central Hawke's Bay, Hastings District, and Napier City are establishing Water Hawkes Bay Limited, a Council Controlled Organisation (CCO), to deliver safe, sustainable, and efficient water services for Hawke's Bay.

A Shareholder Representative Forum (SRF) is being established as the joint governance body representing the three Councils, responsible for overseeing shareholder interests, appointing directors, and ensuring strong alignment between the Company and its public ownership objectives.

The SRF will comprise nine members, with each Council appointing three representatives.

We are now seeking an experienced and highly capable Independent Chair to lead the SRF.

The Role

The Independent Chair will provide impartial leadership of the SRF, ensuring robust, transparent, and accountable governance in line with the Local Government Act and best practice for Council-Controlled Organisations.

- Chair SRF meetings, ensuring effective governance processes and consensus-based decision-making
- Maintain independence and act in the best interests of all shareholders and their communities
- Guide shareholder input into the Statement of Expectations and key strategic documents
- Act as a conduit between shareholders, the Board, and key governance groups
- Support appointment and oversight of the Company's Board and monitor performance
- Uphold transparency and public confidence in the governance framework

About the SRF

The SRF is a formal joint committee of the shareholder Councils comprising nine members (three appointed by each Council), with responsibility for:

- Overseeing shareholder governance of the Company
- Appointing and monitoring the Board
- Coordinating shareholder input into key statutory documents
- Providing a single forum for engagement between the Company and its public owners

Candidate Profile

- Experience in multi-party governance environments
- Strong understanding of local government and CCO governance
- Significant board and chairing experience
- Excellent facilitation and stakeholder management skills
- High levels of integrity, independence, and judgement

Why This Role Matters

This is a unique opportunity to play a foundational leadership role in shaping the future of water services in Hawke's Bay.

Applications

Applications should include a CV and a brief cover letter outlining relevant governance experience.

For a confidential discussion or to request further information, please contact: [Insert contact details]

Applications close: [Insert date]

Attachment 2: Independent TGG Chair Overview Bullet Points.

- Shareholder Agreement (SHA) and Constitution has been agreed by all 3 Councils and the company.
- This means the Shareholder Representative Forum (SRF) will now provide Councils key oversight.
- Reserved matters require Council (Shareholder) approval.
- Shareholding Councils have agreed the initial representatives for the Shareholder Representative Forum (SRF).
- SRF responsibilities clear in the shareholder agreement (schedule 4)
 - Responsible for jointly setting shareholder expectations, appointing the board and overseeing its performance.
- Outline of key principles for the Statement of Expectations in schedule 5 of the SHA. Councils have adopted the process to formalise the Statement of Expectations
- Need to advertise and recruit for the independent chair which may take several weeks – **suggest one of the 9 SRF members becomes the interim chair, (TGG could consider proposing this in a resolution?)**.
- **SRF will need to appoint an interview panel – suggestion is for 3**. This appointment is a SRF decision and is not a reserved matter.
- Important now to incorporate the company with a transition plan (and many other plans) to 1 July 2027.
- Note the directors' obligations under the new CCO are covered primarily by company law, which is a high bar.
- SRF members will need to be diligent not to become deemed directors.
- The SRF will need to have a programme to select the ongoing directors.
- Entering a fundamentally changed regulatory environment with significantly increased requirements from the water regulator (Taumata Arowai) and economic regulation from the Commerce Commission.

Thursday, 30 April 2026

Te Hui o Te Kaunihera ā-Rohe o Heretaunga

Hastings District Council: Transitional Governance Group

Te Rārangi Take

Report to Transitional Governance Group

Nā:
From: **Chris O'Reilly, Interim Establishment Chief Executive**

Te Take:
Subject: **Transition Update**

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

- 1.1 This paper provides the Transitional Governance Group (TGG) with a Transition Update from the Interim Establishment Chief Executive, Chris O'Reilly.
- 1.2 The report includes as an attachment a copy of the first quarterly update to the Department of Internal Affairs for endorsement by the committee. The Project Steering Group (PSG) and Establishment Advisory Board (EAB) had reviewed and approved this prior to its submission to DIA.
- 1.3 This report is submitted to the Transitional Governance Group for note and comment.

2.0 Quarterly monitoring report – Water Services Delivery Plan

- 2.1 Under the water reform legislation, a quarterly update report must be submitted to the Department of Internal Affairs (DIA). The quarterly update report is to provide DIA (and the minister) a progress report that tracks how each entities progress is tracking against the adopted and approved Water Service Delivery Plan (WSDP).
- 2.2 The DIA provided a template format to be used for this reporting. It has 2 main sections, the first being around how progress is being made against the submitted programme. The second section is Council specific aspects raised in the government's approval process that require status updates.
- 2.3 Attached to this report is a copy of the quarterly update report provided to DIA on the 22 April 2026, last date for submission was 30 April 2026. This report had an initial review by DIA advisors and was approved by the PSG and the EAB prior to submission.

3.0 Discussion – Transition Update

3.1 Resourcing

- The Establishment Team is on track for the Programme Manager and 4 out of the 7 Workstream Leads to be confirmed by the end of April.
- It is expected that these parties will all have recently and successfully completed, or are completing, asset transfers for Councils and Water Services CCO's (Council Controlled Organisations) under the Local Water Done Well legislation. This recent experience will allow us to work through the Transition plan as effectively and efficiently as possible.
- Two Workstream leads will look to be filled with Hawke's Bay experts – ideally from one of the Councils.
- One Workstream lead (People and Culture) is being recruited in market.
- The Workstream leads will identify in detail and finalise the work needed to be done and associated costs, for the PMP (Project Management Plan) and Base Operating Model including support resources. We will look wherever possible to provide this support with existing Council resources to maximise buy-in and continuity.

3.2 Transition Agreement

- A draft Transition Agreement to be presented to PSG (Project Steering Group) and EAB (Establishment Advisory Board) by 5th May. We are getting examples from other Water CCO's to make sure we are making this document as clear and effective as possible.
- This is not holding back the resourcing work, appointments and "no regrets work" on the Programme Plan.

3.3 Incorporation Date

- The councils have delegated to their chief executives the authority to agree an appropriate incorporation date. This will be done once the Transition Agreement is agreed. EAB is also receiving independent advice on all Incorporation requirements to ensure an efficient and robust road to Incorporation.

4.0 Recommendations - Ngā Tūtohunga

- 4.1 That the Transitional Governance Group receive the report titled Transition Update dated 30 April 2026.
- 4.2 That the committee endorse the attached Quarterly update report documenting progress against the approved Water Services Delivery Plan (WSDP).
- 4.3 That the committee note the brief updates provided in regards to resourcing, the proposed transition agreement, and approach to setting incorporation date.

Attachments:

- | | | |
|---------------------|--|----------------|
| 1 ↓ | Jan to March 2026 Quarterly-monitoring-report-Water-Services-CCO. V3docx | CG-18-10-00024 |
|---------------------|--|----------------|

Sensitivity: General

Quarterly monitoring report - water services delivery plan

Water Services CCO

Hawke's Bay

1 January 2026 – 31 March 2026

Page 1 of 12

Sensitivity: General

Council plans that establishing water organisations

Part A: Progress updates

Guidance on completing this table

The purpose of this section is to:

- Identify each of the key activities, deliverables and milestones involved in implementing the arrangements in an accepted water services delivery plan;
- Identify the expected date for completing each of the identified activities, deliverable and milestone
- State whether the activity, deliverable and milestone is on track or off track, and if off track provide commentary for why.
- Describe any significant issues and risks associated with achieving each activity, deliverable and milestones – and the mitigations in place to overcome these issues and risks
- Identify activity expected in the next quarter towards completion of milestones or deliverables

Examples of activities, deliverables and milestones that should be included are listed below:

- Formal legal incorporation
- Appoint interim board and chair
- Constitution
- Shareholders' Agreement
- Transfer Agreement
- Statement of expectations
- Financial and treasury arrangements finalised (LGFA access)
- Transfer of assets and liabilities
- Transfer of staff (if any)

Note that even if your implementation plan did not cover these activities, any progress made in the last quarter should be reported here.

Page 2 of 12

Sensitivity: General

Quarterly reporting period: [e.g. 1 January to 31 March 2026]

Milestone / deliverable	Expected completion date	On track to meet timeframe? (Yes/No)	Issues, risks and mitigations (if any)
Establishment Phase – 3 September 2025 to 1 July 2026			
Appoint establishment board	October 2025	Yes	The Interim Board was appointed in October 2025. Following the incorporation of the HBWSCCO, the Establishment Board will be confirmed. This will happen prior to the 1 st July 2026 deadline.
Appoint establishment CE	January 2026	Yes	The Establishment CE was appointed in January 2026. At this stage the appointment is on a contractual basis.
Develop detailed programme	March 2026	Yes	<p>Programme Management Plan V3 (PMP)</p> <p>Following consultation with councils and feedback from stakeholders including the Department of Internal Affairs, Simpson Grierson, and the EAB, the PMP has been updated, and Version 3.0 has been developed. This was signed off by the PSG. While the Base Operating Model is a key input to the PMP, the draft BOM has been used to inform the PMP’s development, with any future refinements to be managed through the programme’s change control process.</p> <p>Base Operating Model (BOM)</p>

Sensitivity: General

		<p>The Base Operating Model (BOM) outlines the proposed Day One operating model for the HBWSCCO, to support operational commencement on 1 July 2027. It has been developed and subsequently signed off by the TGG on the 31st March 2026. It is based on the following Operating Model Principles:</p> <p>Operational Readiness All systems, staff and assets functional for Day One enabling a seamless start to operations.</p> <p>Staff Engagement and Transition Early identification of transferring staff, clear communication, and structured support ensure a smooth transition and maintain organisational stability and delivery of core services.</p> <p>Customer Confidence and Service Continuity Customers have a clear point of contact from Day One, with uninterrupted services and proactive engagement to reinforce trust and confidence built during consultation.</p> <p>Governance and Compliance Assurance Governance structures and processes are in place to meet all regulatory and reporting obligations, safeguarding public health and ensuring accountability. Organisation can easily access needed information required for transparency and regulation.</p> <p>Financial Sustainability and Value Strategic investment planning and efficient support functions to ensure long-term value. An agreed priority framework is in place to ensure investment addresses the key operational risks facing the organisation, such as non-compliances, health and safety improvements, etc.</p> <p>Both the PMP and BOM are “living documents” and as workstream leads are appointed, enhancements may occur.</p>
--	--	---

Sensitivity: General

Develop foundational documents	March 2026	Yes	<p>The Foundational Documents, comprising of the Shareholders Agreement and Constitution were completed in March 2026, and have been presented to the three shareholder councils in early April 2026 (HDC 2nd April, and CHBDC and NCC on the 9th April). These were passed and adopted by the three councils.</p> <p>The Statement of Expectation (SoE) Process has been developed by representatives of the three councils and was adopted by the three councils at the April meetings.</p> <p>The Shareholder Representative Forum (SRF) appointments were made following the adoption of the Foundational Documents. Each council appointed 3 representatives which included an elected member and a Mana Whenua representative. At the time of writing this report, NCC is yet to name their mana whenua representative.</p> <p>An Establishment Budget through to 30 June 2027 was also accepted by the three councils.</p>
Prepare transitional and service level agreements for transitional stage	June 2026	Yes	<p>This is in train with a Transitional Agreement being drafted and due to be presented to council CEO's and EAB early May 2026.</p> <p>The development of service level agreements will follow the appointment of the 7 workstream leads referred to in the PMP.</p>
Communications and Engagement Plan	April 2026	No	<p>This workstream has been delayed, however, now that the foundation documents and establishment budget have been approved, the programme is now focused on appointing the various workstream leads to ensure a comprehensive and integrated programme to deliver on the BOM.</p>

Page 5 of 12

Sensitivity: General

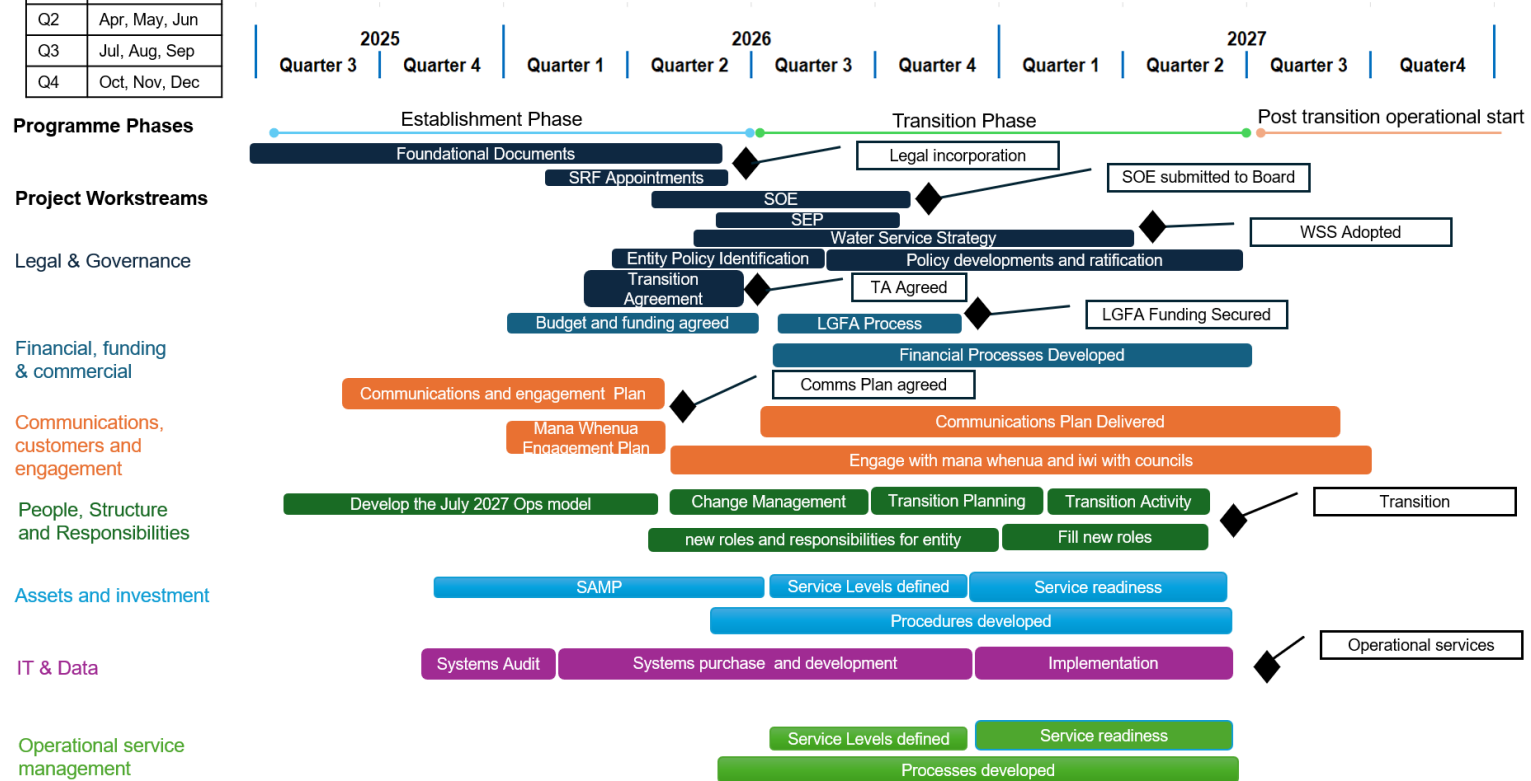
Mana Whenua Engagement	April 2026	No	This workstream was delayed, but the HBWSCCO CE has picked this up and making progress consulting on the development of a Mana Whenua Engagement plan. As part of the PMP, a dedicated Mana Whenua resource will be appointed. This is an ongoing workstream that will continue past the 1 st July 2027.
Develop the July 2027 Ops Model	March 2026	Yes	This is covered off under the BOM and PMP commentary above.
Strategic Asset Management Plan (SAMP)	June 2026	Yes	The three councils are coordinating the SAMP through Beca to ensure continuity of the plan. This is on track and will be finished on time.
IT Systems Audit	January 2026	No	This work is awaiting the appointment of a workstream lead however it is a piece of work that should be completed by June 2026
IT Systems purchase and development	November 2026	Yes	Preliminary work has been done and, once a workstream lead has been appointed, this work will progress.

Expected activity in next quarter

Milestone / deliverable	Expected activity
HBWSCCO company incorporation	With the Shareholder Agreement and Constitution documents being adopted by the 3 councils (HDC 2 nd April and CHBDC and NCC on the 9 th April), the signing of these documents by the councils and HBWSCCO should be completed by 30 th April 2026. Following this the incorporation of the company will take place.
Commence the Programme Management Plan (PMP)	Appointment of the Programme Workstream Leads and transitional workstream staff. Start work on the PMP to commence the integration as part of the Transitional Phase.

Sensitivity: General

Q1	Jan, Feb, Mar
Q2	Apr, May, Jun
Q3	Jul, Aug, Sep
Q4	Oct, Nov, Dec



Sensitivity: General

Part B: Additional monitoring information – items noted in letters of acceptance

Guidance on completing this table
<p>The purpose of this section is to:</p> <ul style="list-style-type: none">• Identify each of the items noted in the letter of acceptance for a water services delivery plan – where the Secretary indicated the Department would be monitoring these items;• Describe progress with addressing the item(s) raised – including any significant issues and risks

Items noted in letters of acceptance	Progress update
--------------------------------------	-----------------

Sensitivity: General

<p>Capex delivery</p> <p>The Plan is based on reducing overall investment in the LTP's by 20%. The total investment of \$1.25 billion over the 10 years is sufficient to meet investment, renewal sufficiency requirements and compliance standards.</p> <p>Delivery of the capex has been mixed in previous years across the Councils.</p> <p>DIA recommended monitoring of capital delivery during implementation</p>	<p>CHBDC approved a reduction to the capital investment that formed part of the Water Services Delivery Plan (WSDP). This reduced capital investment levels from \$201m over 10 years to \$124m. Council notes that this was an addendum to the approved WSDP and did not form part of the approved WSDP as such. Therefore, there will be a variance of \$77m to what was proposed in the WSDP. Council is progressing well against the plan despite delays in the issue of the national wastewater standards. The revised plan places emphasis on resilience, drinking water and consenting of the wastewater plants. The Waipawa drinking water plant is expected to be fully operational by end of Q1 FY26/27 and the district's second supply project (drinking water) is progressing through detailed design and consenting. Over 7Km of polyethylene pipe for this project has been ordered to lock in pricing and availability due to uncertainties arising from the Middle East conflict. Construction on this key project will start in FY26/27.</p> <p>NCC continues to deliver its planned capital programme and remains on track to achieve delivery within $\pm 15\%$ of the 2025/26 capex budget. The recent restructure separating Water Services delivery staff from the wider NCC workforce introduced short-term operational challenges as teams adjusted to new roles and ways of working. These impacts have now largely stabilised, with improvements evident in delivery performance.</p> <p>Hastings District Council Capital delivery summary.</p> <p>Current forecasts are to spend 93% of the new works budget and 83% of the renewal budget. Contracts are in place for the full amount of the work and we are reviewing the investment planned in 26/27 to ensure deliverability as there will be work that carries over from the 25/26 financial year. Design work is underway on the 26/27 capital projects, and there are some major projects that are just being finalised that will span a number of years ahead (eg Wastewater treatment plant renewals/resilience upgrades).</p> <p>The major movement in forecast spend to annual plan budget is in the growth area, with the updated forecast just under 20m vs budget of 35m. This is largely due to timing of private development readiness and due to completing land negotiations/court rulings.</p>
---	---

Sensitivity: General

<p>Charging and billing arrangements for Hastings District Council</p> <p>Councils have included sufficient data on charging and billing arrangements in the Plan. We note that HDC currently applies capital value general rates for some water charges, and this must be phased out by 1 July 2029.</p> <p>DIA recommended monitoring HDC's billing arrangements during implementation.</p>	<p>HDC continue to include stormwater in the general rate for the 2026/27 financial year, as well as a small portion of wastewater cost in the UAGC rate (i.e. no change yet). The work programme will see this removed from the general rates in time for the change at 1 July 2027, with the Council LTP work programme removing all 3W costs</p> <p>Please note - small error in the WSDP, it was stated that General rates are based upon capital rates, this is not correct as they are based upon land values.</p>
---	--

Sensitivity: General

<p>Affordability for Central Hawke’s Bay District Council</p> <p>Across all three Councils, affordability over the 10 years rises from 1.9% to 3.0% of median household income and roughly aligns to the guidance provided by the Department of 2.5% of median household income.</p> <p>For CHBDC, the affordability metric increases from 4.4% to 6.5% in year 10. This is addressed in the Plan, and CHBDC provide alternative capital programmes which may reduce this cost (noting these alternative programmes have not been assessed for investment sufficiency).</p> <p>Our assessment is that the level of operating efficiencies modelled across the Plan is conservative, and additional savings may be realised through changes to the wastewater standards and efficient operations.</p> <p>DIA recommended monitoring affordability of charges for CHBDC during implementation.</p>	<p>CHBDC is delivering in line with the revised Water Services Plan approved in August 2025. The introduction of the national wastewater standards has been a key driver for the reduction in capital investment as the previous strategy involved disposal to land. The HBWSCCO is due to be operational by 1 July 2027 with operational and procurement savings expected to be realised over time to increase affordability for the CHB community.</p>
<p>Drinking water regulatory compliance</p> <p>CHBDC has non-compliances related to Supervisory Control and Data Acquisition and reporting rather than barriers. Additional information was requested from CHBDC. They have confirmed that all but one of the non-compliances were due to data loss and a programme to improve this has been allocated. The other non-compliance (Pōrangahau) has had a UV upgrade to achieve compliance.</p> <p>An explanation regarding the CHBDC boil water notices has also been provided. Construction is underway to address the third of three recent boil water notices, and no boil water notices are currently in place.</p> <p>Additional information has also been provided for NCC’s projects to address DWQAR non-compliances.</p> <p>CHBDC provided additional information regarding allocated funding to address their consents due to expire.</p> <p>DIA recommended monitoring compliance with the drinking water regulations during implementation</p>	<p>CHBDC is working closely with HDC on Scada resilience improvements to address the loss of data. This project will be progressed in FY26/27.</p>

Sensitivity: General
