



NAPIER
CITY COUNCIL
Te Kaunihera o Ahuriri

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FUTURE NAPIER COMMITTEE

Open Agenda

Meeting Date: Thursday 15 May 2025

Time: Following Sustainable Napier Committee

Venue: Chapman Room
Level 1 Chapman Pavilion
McLean Park
Latham Street
Napier

Livestreamed via Council's Facebook page

Committee Members **Chair:** Deputy Mayor Brosnan

Members: Mayor Wise, Councillors Boag, Browne, Chrystal (Deputy Chair), Crown, Greig, Mawson, McGrath, Price, Simpson, Tareha and Taylor

Ngā Mānukanuka o te Iwi representatives – Tiwana Aranui and Darren Tareha

Officer Responsible Executive Director City Strategy

Administration Governance Team

Next Future Napier Committee Meeting
Thursday 3 July 2025

2022-2025 TERMS OF REFERENCE - FUTURE NAPIER COMMITTEE

<i>Chairperson</i>	<i>Deputy Mayor Brosnan</i>
<i>Deputy Chairperson</i>	<i>Councillor Chrystal</i>
<i>Membership</i>	<i>Mayor and Councillors (13)</i> <i>Ngā Mānukanuka o te Iwi (Māori Committee) (2)</i>
<i>Quorum</i>	<i>8</i>
<i>Meeting frequency</i>	<i>At least 6 weekly (or as required)</i>
<i>Officer Responsible</i>	<i>Executive Director City Strategy</i>

Purpose

The purpose of this Committee is to provide governance to the town planning and regulatory functions of Council, including future planning and strategy.

Delegated Powers to Act

To exercise and perform Council's functions, powers and duties within its area of responsibility, excluding those matters reserved to Council by law or by resolution of Council, specifically including the following:

1. District and town planning and development.
2. Regulatory policy and functions of Council.
3. Environmental planning, policy and functions of Council.
4. Sustainable economic development.
5. Consider road stopping and approve the temporary closure of any road.
6. To monitor performance (including budget and performance targets in the Long Term Plan) for its area of responsibility and authority.
7. To adopt or amend policies or strategies related to the Committee's area of responsibility, provided the new or amended policy does not conflict with an existing policy or strategy.
8. Ensure Council meetings all compliance requirements relating to its regulatory responsibilities.
9. To resolve any other matters which fall outside the area of responsibility of all Standing Committees, but where the Mayor in consultation with the Chief Executive considers it desirable that the matter is considered by a Standing Committee in the first instance.

Power to Recommend

The Committee may recommend to Council and/or any standing committee as it deems appropriate.

The Committee may recommend to Council that new or amended bylaws be adopted.

The Committee may make a recommendation to the Annual Plan or Long Term Plan relevant to the Committee's responsibilities.

The Committee must make a recommendation to Council or the Chief Executive if the decision considered appropriate is not consistent with, or is contrary to, any policy (including the Annual Plan or Long Term Plan) established by the Council.

ORDER OF BUSINESS

Karakia

Apologies

Deputy Mayor Brosnan and Councillor Taylor

Conflicts of interest

Public forum

Nil

Announcements by the Mayor

Announcements by the Chairperson including notification of minor matters not on the agenda

Note: re minor matters only - refer LGOIMA s46A(7A) and Standing Orders s9.13

A meeting may discuss an item that is not on the agenda only if it is a minor matter relating to the general business of the meeting and the Chairperson explains at the beginning of the public part of the meeting that the item will be discussed. However, the meeting may not make a resolution, decision or recommendation about the item, except to refer it to a subsequent meeting for further discussion.

Announcements by the management

Confirmation of minutes

That the Minutes of the Future Napier Committee meeting held on Thursday, 10 April 2025 be taken as a true and accurate record of the meeting.65

Agenda items

- 1 Freedom Camping Bylaw Review - Implementation Plan.....4
- 2 Review of Regional Structures15

Minor matters not on the agenda – discussion (if any)

Recommendation to Exclude the Public

Nil

AGENDA ITEMS

1. FREEDOM CAMPING BYLAW REVIEW - IMPLEMENTATION PLAN

<i>Type of Report:</i>	Information
<i>Legal Reference:</i>	Local Government Act 2002
<i>Document ID:</i>	1846647
<i>Reporting Officer/s & Unit:</i>	Michele Grigg, Senior Policy Analyst

1.1 Purpose of Report

This report provides an outline of the implementation plan for operationalising the Freedom Camping Bylaw 2025.

Officer's Recommendation

The Future Napier Committee:

- a. Note the implementation plan for operationalising the Freedom Camping Bylaw 2025, which will take effect from 1 July 2025.

1.2 Background Summary

On 3 February 2025, following a hearing to consider submissions, Council adopted the Freedom Camping Bylaw 2025 ('the Bylaw'). After deliberations, Council directed officers to prepare a report outlining an implementation plan to inform operationalisation of the Bylaw for consideration at a future Council meeting.

The revised Bylaw will take effect from 1 July 2025. The Bylaw aims to:

- Protect public spaces
- Manage public health and safety risks
- Preserve the natural environment and local amenities
- Align with the Freedom Camping Act 2011 (FCA), section 11, which outlines conditions under which bylaws may be created.

At the 3 February 2025 meeting, Council agreed to the following changes to the Bylaw:

- Add a restricted site for freedom camping (four parks) at the National Aquarium of New Zealand car park (4 self-contained parking sites, with a two-night maximum stay, limited hours)
- Add a restricted site for freedom camping (four parks) at the Coote Road/Marine Parade car park (4 self-contained parking sites, with a two-night maximum stay)
- Prohibit freedom camping at the Westshore Reserve Carpark (currently temporarily closed)

- Prohibit freedom camping at the Foreshore Reserve Carpark (currently a restricted site for freedom camping)
- Remove inclusion of non-self-contained vehicles from the Bylaw.

Council noted the final content of the Bylaw is subject to minor editorial amendments, including updating the definition of “self-contained motor vehicle” in accordance with the definition in the FCA.

Council also requested the following in preparation of the implementation plan:

- Consider increasing capacity for longer and larger vehicles
- Clear signage that is generally welcoming for all freedom camping sites
- Consider Crime Prevention Through Environmental Design (CPTED) of any new sites
- Consider options for carpark placement in any new site.

1.3 Issues

Officers from across Council have informed the development of the implementation plan, from: City Development, Compliance, Transportation, Parking, Property Management, Parks and Reserves, the National Aquarium of New Zealand, and Communications and Marketing.

Outlined below are the key components identified for operationalising the revised Bylaw, including the considerations requested by Council on 3 February 2025.

Layout and CPTED considerations

Aquarium site (restricted area for freedom camping from 1 July)

A site visit and discussions with the Aquarium and Parks and Reserves officers assisted with the identification of the optimum layout and location for four freedom camping parks within the National Aquarium of New Zealand car park. The assessment took into consideration:

- Safe manoeuvring of freedom camping vehicles within the car park
- Minimum impact and disruption for other car park users
- Preservation (as far as possible) of standard car parking spaces
- Safety of freedom campers after hours
- Consideration of longer freedom camping vehicles.

As agreed by Council in February 2025, four freedom camping parks will be made available at this site for overnight stays. The agreed hours for use by freedom campers are 5.30pm to 7.30am for a maximum of two nights.

The Transportation Team’s advice on the optimal layout within the car park takes into account the considerations listed above. Eight standard car parks have been identified for removal to accommodate four freedom camping parks on the southern side of the parking area (see layout in **Attachment 1**). Note that officers have been in discussions with Meridian Energy and have determined the EV charging stations previously proposed for the Aquarium car park will not be proceeding at this stage due to uncertainty about future plans for the site.

The four freedom camping parks will be 10 metres long by 3.2 metres wide.

Assessment of CPTED factors during the site visit identified good lighting throughout the car park. While CCTV coverage behind the Aquarium does not extend fully to the south side of the car park, any issues arising will be monitored during the regular patrols and considered as and when required. No budget has been included in the Three-Year Plan for CCTV upgrades at this site.

As noted during deliberations, for safety reasons, this site will be closed to freedom camping on two occasions each year, for Matariki and IronMāori. These events occur in approximately June/July and October/November (exact dates vary each year). Notice of these closures will be provided on Council's freedom camping webpage.

Campers will be encouraged to take their refuse with them. Small rubbish bins are available at the edges of the car park, and any issues with refuse will be monitored. Information about the nearest pump station will be available through the QR code on the new signage (see Communications and Signage section below).

Coote Road/Marine Parade site (restricted area for freedom camping from 1 July)

A site visit and discussions with Parks and Reserves and Property officers assisted with the identification of the optimum layout and location for four freedom camping car parks within the Coote Road/Marine Parade car park. The assessment took into account:

- Safe manoeuvring of freedom camping vehicles within the car park
- Minimum impact and disruption for other car park users, including the Sunday Market operator
- Minimal disruption to other car parks
- Safety of freedom campers after hours
- Consideration of longer freedom camping vehicles.

As agreed by Council in February 2025, four freedom camping parks will be made available at this site for a maximum of two nights.

The Transportation Team's advice on the optimal layout within the car park takes into account the considerations listed above. Six standard car parks have been identified for removal to accommodate four freedom camping parks on the southern side of the car park (see layout in **Attachment 2**). Note the location of the freedom camping parks will be outside of the area identified in the Licence to Occupy agreement held between Council and the licensee of the Sunday Market.

All other areas within this location are physically unsuitable for the safe manoeuvring and parking of freedom campers due to narrow throughfares, overhanging trees, and raised rock edgings. No other sites within this location are recommended by the Transportation Team. Modifications will therefore be required to the entry and throughfare of this southern part of the car park to accommodate the new freedom camping parks while ensuring clear flows of traffic, as indicated in the layout plan.

The four freedom camping parks will be 10 metres long by 3 metres wide.

Lighting at the site was assessed as average under the CPTED principles, supported by ambient light from Ocean Spa and the nearby toilet block. However, lighting at this location is considerably better compared to other areas within the Coote Road/Marine Parade car park. The car park has no CCTV coverage. Any issues arising will be monitored during regular patrols and considered as and when required. No budget has been included in the Three-Year Plan for CCTV at this site.

Campers will be encouraged to take their refuse with them. Small rubbish bins located at the car park will remain and any issues with refuse will be monitored. Information about the nearest pump station will be available through the QR code on the new signage (see Communications and Signage section below)

Foreshore and Westshore sites (prohibited areas for freedom camping from 1 July)

Conversion of the Foreshore Reserve site to a prohibited area for freedom camping will involve:

- Replacement signage
- Retention of the car park (current size) for use by reserve visitors
- No resealing or repainting will be required
- Unchanged level of service.

Conversion of the Westshore Reserve site to a prohibited area for freedom camping (previously temporarily closed) will involve:

- Removal of temporary freedom camping closure signage
- Retention of the car park for use by reserve visitors (note that the long bollards previously installed to demarcate freedom camping parks will be removed as part of a planned 2025/26 renewal of the car park)
- Unchanged level of service.

Compliance and Monitoring

It is anticipated the revised Bylaw will have no impact on level of service or costs associated with compliance and monitoring. This has also been confirmed by Council's after-hours contracted service, delivered by Armourguard through their twice-daily visits (one with an education focus, the second with a compliance focus). Armourguard visits the Coote Road/Marine Parade and Ocean Spa car parks as part of their current contract, which will continue.

Monitoring of the Westshore Reserve site will cease on 1 July 2025.

Monitoring of the newly prohibited Foreshore Reserve site will continue for a period of 12 months following implementation from 1 July 2025 to 1 July 2026. The purpose of this is to identify any issues that may arise post-implementation following introduction of prohibiting freedom camping at this site. If any issues are identified, discussions will be required about the appropriate response and management.

It is anticipated that interaction with homeless persons will remain as an activity at freedom camping sites. As homeless individuals are exempt from enforcement actions relating to freedom camping offences, these situations will be addressed through existing operational responses.

In summary, Armourguard's twice-daily after-hours (including weekends) education and enforcement visits will include the following from 1 July 2025:

Freedom camping site	Site type	Visits
Aquarium	New restricted site (from 1 July)	Ongoing

Freedom camping site	Site type	Visits
Coote Road/Marine Parade	New restricted site (from 1 July)	Ongoing
Pump Track/Ellison Street	Existing restricted site	Ongoing
Te Karaka/Perfume Point	Existing restricted site	Ongoing
Foreshore Reserve	New prohibited site (from 1 July)	Until 1 July 2026
Westshore Reserve	New permanent prohibited site (from 1 July)	Nil

A transition phase will be implemented for sites newly designated as restricted or prohibited for freedom camping, with an initial emphasis on education and awareness. This transition phase will be in place for three months (July-September 2025).

Communications and Signage

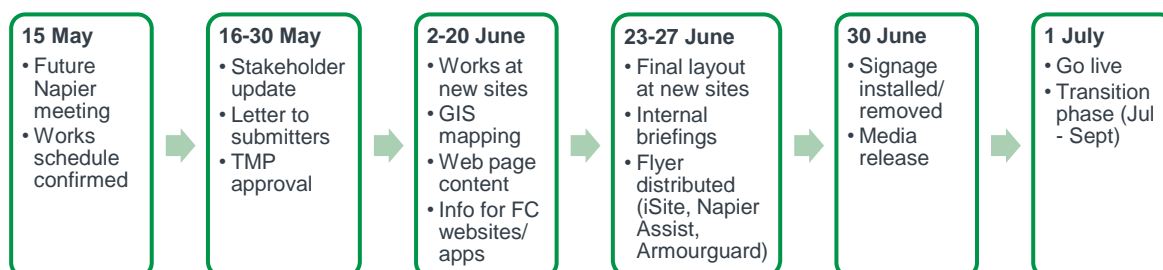
New signage will be installed at the two new restricted sites, replacement signage installed at the Foreshore Reserve site (using existing signage infrastructure), and signage removed from the Westshore Reserve site, immediately prior to 1 July.

The design, size and content of signage will align with Council's branding guidelines for freedom camping. The signs will include a welcome/haere mai and a QR code, along with standard sign information. The QR code will link to Council's website freedom camping page which will contain the revised Bylaw, updated freedom camping information, information about other (paid) camping sites, and relevant map/s.

A communications plan has been developed for implementation of the revised Bylaw. Planned communication and engagement activities are discussed in the Significance and Engagement section below.

Implementation timeline

Key tasks in the lead up to 'go live' on 1 July 2025 are shown in the timeline below. Timeframes for construction works required at the Coote Road/Marine Parade site, will be weather dependent.



1.4 Significance and Engagement

As mentioned earlier, several teams within Council have been involved in planning implementation of the revised Bylaw.

A draft communications and engagement plan has been developed to ensure key messaging is shared with stakeholders, submitters to the draft bylaw, the general public, and freedom camping organisations, as summarised below.

Communications/engagement activity	Audience	Timeframe
Information about new restricted site at Coote Rd/Marine Parade and about works	Sunday Market licensee	Mid-May 2025
Outcome of bylaw review and next steps for implementation – letter/email	Bylaw submitters	Late May 2025
Information on new restricted and prohibited sites for updating websites, apps, and members	Freedom camping stakeholders – incl NZMCA, Campermate	Mid-June 2025
Customer Services briefing	Customer Services Team	Mid-June 2025
Social media (Facebook, Instagram) posts	General public	Start of works, prior to 1 July, and after 1 July
Media release	General public	Late June 2025
Revised flyer	iSite, Customer Services (for visitors), Armourguard (for freedom camper educational purposes)	Late June 2025
Signage instal and removal at new restricted and prohibited sites	Site users	30 June 2025
Revised web content and map	General public including visitors	Go live 1 July 2025

1.5 Implications

Financial

Costs associated with implementing the revised Bylaw are estimated at \$40,000 (excl GST), all to be expended in the 2024/25 year before the Bylaw comes into effect. This includes:

- \$32,000 for design, car park modifications, traffic management plans, and layout markings
- \$7,500 for new and replacement signage and removal of old signage
- \$150 for other communications materials.

These costs will be met through existing 2024/25 operational budgets.

Council's contracted after-hours security provider, Armourguard, has confirmed that costs associated with the ongoing monitoring of freedom camping bylaw compliance are expected to remain (with their current level of service also remaining unchanged).

Any additional servicing that may be required following implementation and a period of monitoring will be considered as 2025/26 budget allows. This could include, for example, provision of extra rubbish bins or signage if required.

Social & Policy

Safety considerations (for freedom campers and other reserve/car park users) have been considered in identifying the optimum layout at each of the new sites. Council's standard monitoring and compliance processes will be used to identify any emerging issues at new or newly prohibited sites. Monitoring the impact on other site users will be of particular importance.

Risk

Freedom camping layouts for the two new restricted sites have been optimised to support ongoing use of the sites with minimal disruption from 1 July. Operational refinements may be required following implementation.

Any issues will be identified through ongoing monitoring of not only the new sites, but also the site to be prohibited to freedom camping, at the Foreshore Reserve, from 1 July 2025.

Under the FCA, a person is considered homeless if they have no other viable option to secure safe and secure housing, including those living in vehicles on the street. This exemption differentiates homeless individuals from those who choose to live full-time in motorhomes, caravans, or converted buses. In addition, according to subsection 2A of the FCA, individuals on visitor visas who are unable to secure residential accommodation and, as a result, are living in temporary structures or vehicles, are also not considered to be freedom camping.

Communication materials will therefore include clear information about the exemption of individuals who are homeless from enforcement actions related to freedom camping offences.

1.6 Options

The options available to Council are as follows:

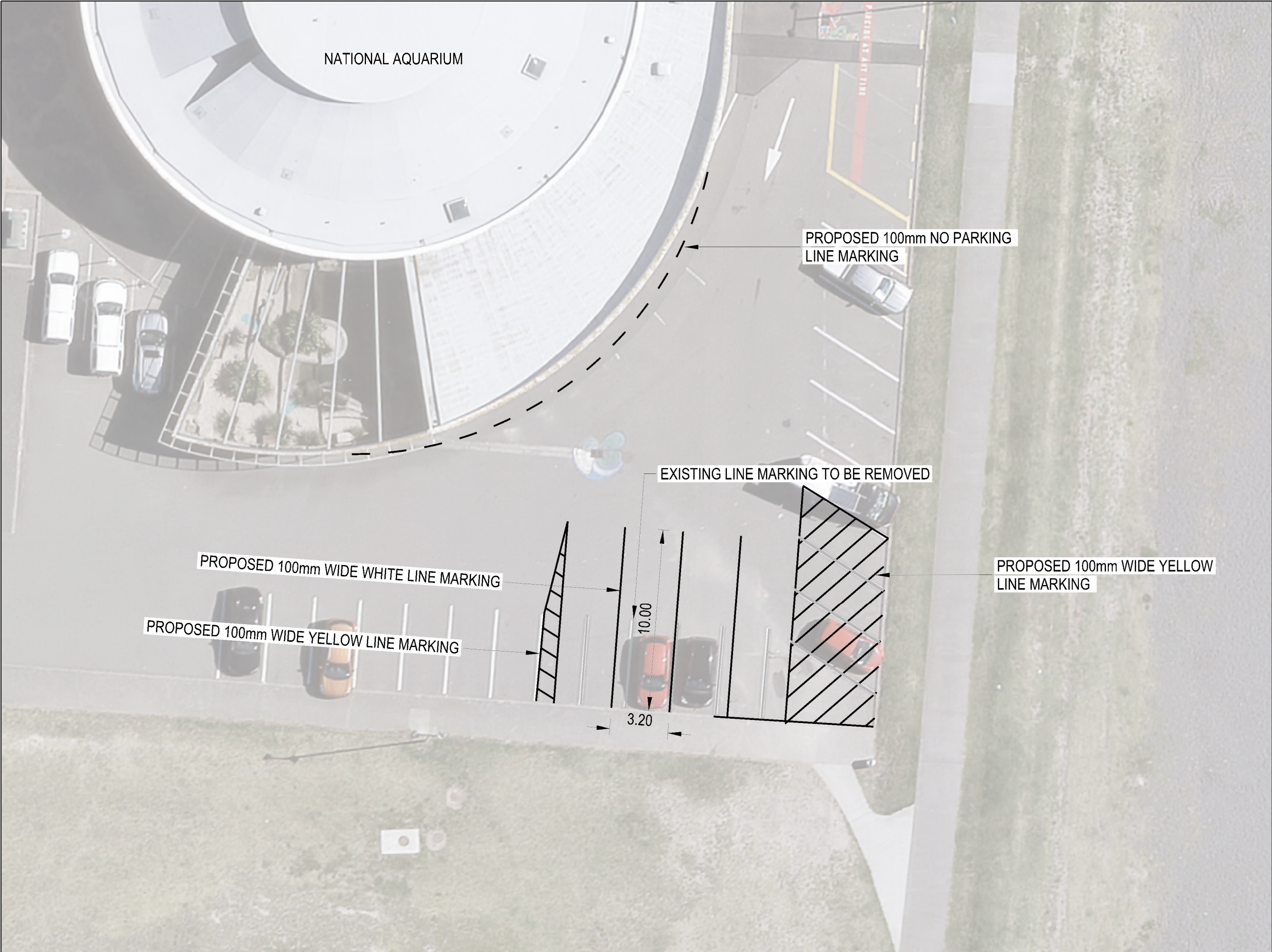
- a. Note the implementation plan for operationalising the Freedom Camping Bylaw 2025, to take effect on 1 July 2025
- b. Note the implementation plan and request consideration of additional factors for operationalising the Freedom Camping Bylaw, to take effect on 1 July 2025.

1.7 Development of Preferred Option

Option A is recommended as the preferred option. This option enables timely commencement of site works ahead of the revised Bylaw's commencement from 1 July 2025.

1.8 Attachments

- 1 Freedom Camping Parking Layout - Aquarium site - DOC ID 1851843 [↓](#)
- 2 Freedom Camping Parking Layout - Coote Road/Marine Parade site DOC ID 1850757 [↓](#)



EXISTING LINE MARKING TO BE REMOVED

PROPOSED 100mm NO PARKING
LINE MARKING


EXISTING LINE MARKING TO BE REMOVED

PROPOSED 100mm WIDE WHITE LINE MARKING

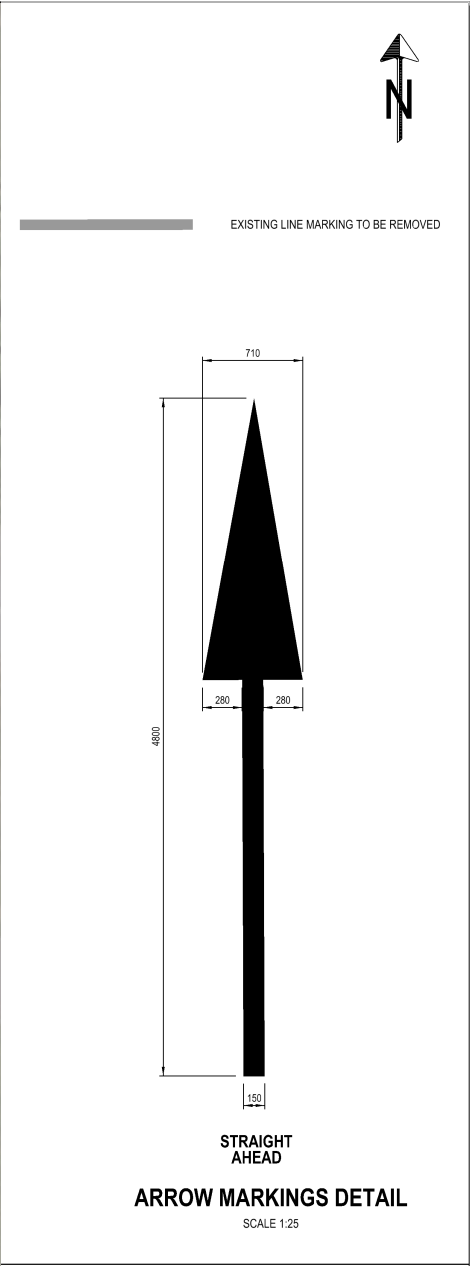
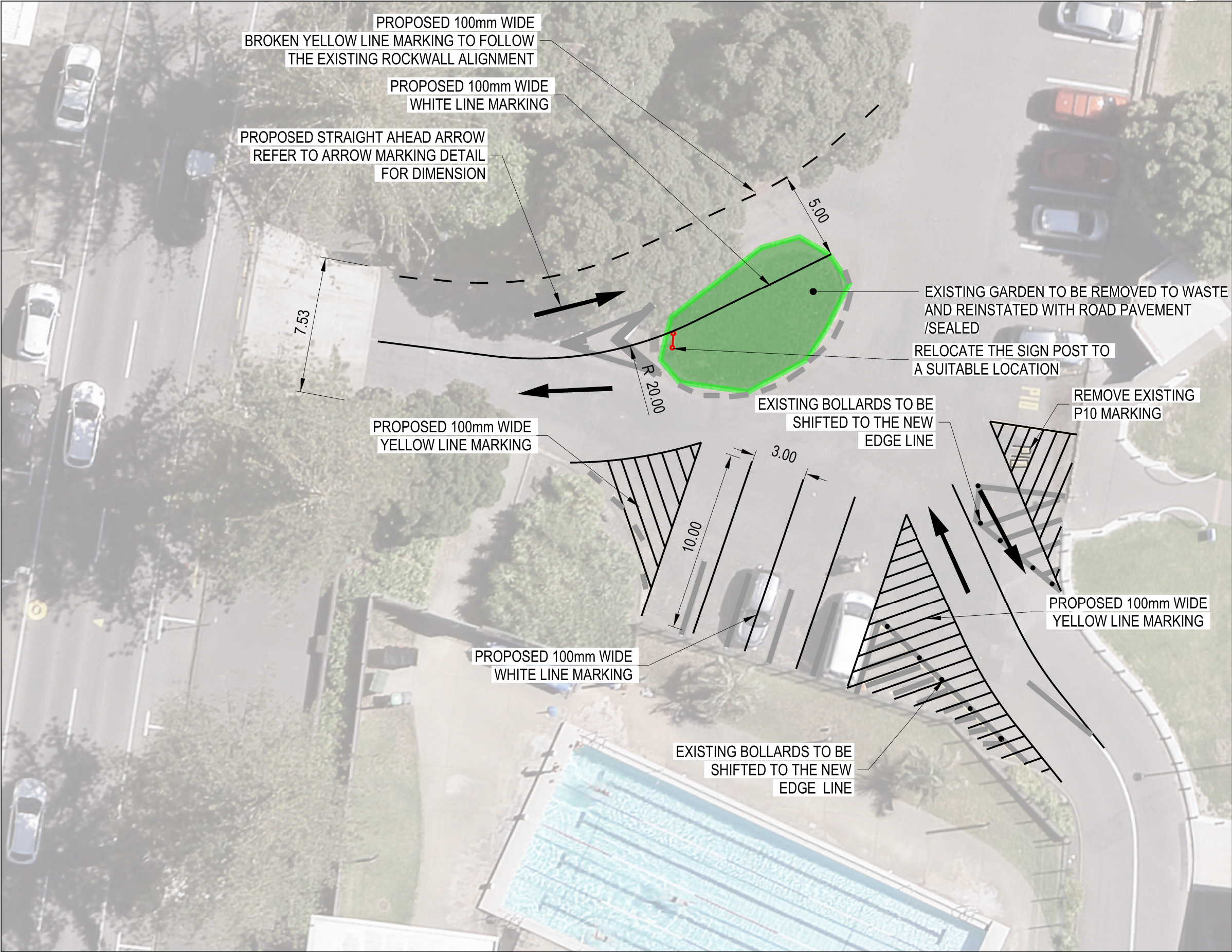
PROPOSED 100mm WIDE YELLOW LINE MARKING

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REVISIONS	No.	BY	DESCRIPTION	APPD	DATE	 NAPIER CITY COUNCIL <i>Te Kaitiaki o Ahuriri</i>	DRAWING ORIGINATOR NAPIER CITY COUNCIL PROGRAMME DELIVERY - Design & Draughting	BY		DATE	SCALE	1:100(A1)				SHEET TITLE		PLAN ISSUE DATE	DRAWING No.
											ASSET TYPE	ROADING				FREEDOM CARPARK		06/05/2025	DS01
											GL No.	N/A				PROJECT TITLE		SHEET No.	
											EA No.	N/A				AQUARIUM FREEDOM CARPARK			SHEET 01 of 01
											CONTRACT No.	N/A							

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GENERAL NOTE
This drawing is based on aerial photography.
No survey was done and dimensions need to be confirmed on site

REVISIONS	No.	BY	DESCRIPTION	APP'D	DATE	 <div>NAPIER CITY COUNCIL <i>Te Kaitiaki o Ahuriri</i></div>	DRAWING ORIGINATOR		BY	DATE	SCALE 1:100(A1)																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																	
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2. REVIEW OF REGIONAL STRUCTURES

<i>Type of Report:</i>	Procedural
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	1847882
<i>Reporting Officer/s & Unit:</i>	Bill Roberts, Economic Development Manager

2.1 Purpose of Report

The purpose of this report is to update Council on the Review of Regional Structures Report commissioned by the Matariki Governance Group, and to consider its recommendations aimed to increase transparency and accountability to Council.

Officer's Recommendation

The Future Napier Committee:

- a) **Receive** the report titled "Review of Regional Structures" dated 14 April 2025.
- b) **Note** that the Matariki Governance Group (MGG), in its capacity as shareholder representative, has accepted the recommendations of the 'Review of Regional Structures, Recommendation Report', dated 14 April 2025.
- c) **Note** that the key decisions and areas of engagement for Council will be related to the following:
 - i. Contributing to the development, and endorsement, of the 'regional priorities' approach and Letters of Expectation that will guide the delivery, monitoring, and evaluation of regional priorities and outcomes we want for our communities.
 - ii. Agreement to ongoing funding for HBREDA based on the "regional priorities" approach and strengthened accountability disciplines that meet local government legislative requirements.
 - iii. Confirming and agreeing the Terms of Reference of MGG and any delegations provided by Councils.
- d) **Direct** the Chief Executive to create fit-for-purpose internal processes to support the Mayor as the Council's MGG representative. This includes:
 - i. Supporting the Mayor, as Council's MGG representative, to provide more structured updates and reporting on MGG and the delivery of regional priorities to Council.
 - ii. Nominate a senior council officer to be responsible for MGG. This role will support the Mayor and Chief Executive to participate effectively in MGG discussions and for sharing and disseminating MGG-related information (e.g. papers supporting MGG discussion and minutes) to support co-ordination and alignment of, and with, identified shared regional priorities.

- iii. Creating a regular (e.g. annual) process to consider key regional priorities from Council's perspective. This information would be used to inform MGG consideration of shared regional priorities.
 - iv. Creating an annual process to consider Council feedback on the Letter of Expectation for HBREDA.
 - v. Building, with MGG and HBREDA, an efficient and comprehensive reporting process whereby Council is provided with performance and outcome reporting on the activities delegated to MGG and/or HBREDA so Council can execute its responsibilities under the Local Government Act (LGA).
- e) **Appoint** Councillor Sally Crown, as an additional Elected Member representative to the Matariki Governance Group as an alternate.

2.2 Executive Summary

In October 2024, the Matariki Governance Group (MGG) agreed to undertake a piece of work on the future structure and architecture required for the region to deliver on its priorities.

The backdrop and rationale for this review was the changing operating environment influenced by central Government reforms and future 'Regional Deals'; the constrained fiscal environment Hawke's Bay Councils find themselves in post-Cyclone Gabrielle; the Hawke's Bay Regional Council (HBRC) decision to conclude funding for HB Tourism on 30 June 2025; expiration of the central Government funding for the HB Regional Recovery Agency (RRA) from March 2026; the three-year funding agreement for the Hawke's Bay Regional Economic Development Agency (HBREDA) expiring at the end of the 2024/25 fiscal year; and the fact that for the past two years the region has operated with two parallel regional development agencies – HBREDA and the RRA.

This 'Review of Regional Structures' has included consideration of:

- Current and future priority areas of work where it potentially makes sense to take a regional approach, across Councils and PSGEs¹, and other regional entities.
- How this work can be best delivered, and what this might mean for current regional structures and delivery agents HBREDA and the RRA.
- The cost implications of delivery options; and
- Local Government requirements relating to accountability and transparency (for example, the role of elected members in decision making, Local Government Act responsibilities and associated delegations).

On Friday 11 April 2025, MGG received the 'Review of Regional Structures: Final Recommendation Report' (see 1.8), and subsequently made the following key decisions:

- Retain MGG as the key regional partnership forum between Hawke's Bay councils and PSGEs, with a sharpened focus on strategic leadership and oversight of shared regional priorities.
- Strengthen governance, accountability, and transparency disciplines, including updating MGG's terms of reference, formalising its relationship with councils, and improving visibility and reporting on progress against regional priorities.
- Transition to a refreshed regional delivery entity using the existing legal structure of HBREDA, which will incorporate key functions from the RRA.

- Focus funding on a small set of agreed shared priorities, within the existing Council funding proved for HBREDA. MGG and the refreshed delivery entity will continue to seek additional central Government and private-sector investment.
- Retain HB Tourism as a separate, focused delivery agency with its own funding and governance, recognising its specialist capability and co-investment from industry.

MGG is named as the shareholder representative in the HBREDA constitution and so has the authority to make these decisions. The key decisions and areas of engagement for councils (and PSGEs) will be related to the following:

- Contributing to the development, and endorsement, of the "regional priorities" approach and Letters of Expectation that will guide the delivery, monitoring, and evaluation of regional priorities and outcomes we want for our communities.
- Agreement to ongoing funding for HBREDA based on the "regional priorities" approach and strengthened accountability disciplines that meet local government legislative requirements.
- Confirming and agreeing the Terms of Reference of MGG and any delegations provided by Councils.

Looking ahead there is an expectation there will be a more interactive relationship between MGG and the governing bodies of MGG members. This will involve more structured updates and reporting from the Mayor to the Council. Officers also recommend that Council adopts the actions recommended to create fit-for-purpose internal processes to support the Mayor as the Council's MGG representative. For Council this includes directing the Chief Executive to:

- Nominate a senior council officer to be responsible for MGG. This role would support the Mayor and Chief Executive to participate effectively in MGG discussions and for sharing and disseminating MGG-related information (e.g. papers supporting MGG discussion and minutes) to support co-ordination and alignment of, and with, identified shared regional priorities.
- Create a regular (e.g. annual) process to consider key regional priorities from Council's perspective. This information would be used to inform MGG consideration of shared regional priorities.
- Create an annual process to consider Council feedback on the Letter of Expectation for HBREDA.
- Build, with MGG and HBREDA, an efficient and comprehensive reporting process whereby Council is provided with performance and outcome reporting on the activities delegated to MGG and/or HBREDA so Council can execute its responsibilities under the Local Government Act (LGA).

To support a smooth transition, MGG has accepted the resignations of the current HBREDA Board (the HBREDA Board has also accepted the resignation of the Chief Executive) and has acknowledged their significant contribution to building a strong foundation for regional delivery. The next steps include:

- Appointment of interim independent directors for HBREDA to work with the RRA board to oversee the transition.
- A co-ordinated process between the boards of HBREDA and RRA to clarify regional priorities, which will be the focus of delivery efforts from 1 April 2026 (once HBREDA and RRA functions have been merged into the single refreshed delivery entity).

- Recruitment of executive leadership and delivery capability to deliver the work programmes supporting identified shared regional priorities.

2.3 Background

The Matariki Governance Group (MGG) is Hawke's Bay's regional leadership forum made up of the region's Mayors, Regional Council Chair, and Chairs of Post-Settlement Governance Entities (PSGEs). The model is based on a partnership between local government and mana whenua. Its shared vision is that "every household and every whānau is actively engaged in, contributing to, and benefiting from a thriving Hawke's Bay economy". This vision sits at the heart of the rationale for regional prioritisation, co-ordination, alignment, advocacy and delivery, guided by MGG.

In October 2024, MGG agreed to undertake a piece of work on the future structure and architecture required for the region to deliver on its priorities. The review, completed in March 2025, was undertaken against the backdrop of significant changes to government policy and funding mechanisms, increasing financial pressures on councils, and the upcoming end of central Government funding for the RRA in March 2026.

In undertaking the review MGG noted that "MGG members, both individually and collectively, need strong, simple, and co-ordinated functions and advocacy at a regional level to achieve their shared desired outcomes for the region. This must provide a transparent and well-supported governance and delivery platform for the future, with the capability to deliver a clear value proposition for all entities involved, as well as for the region's population as a whole".

The review included consideration of an architecture that reflects the relationships built up and capabilities of current delivery agents, namely HBREDA, RRA, and HB Tourism. HBREDA has built up key relationships with Hawke's Bay businesses, particularly as it developed and delivered its recent analysis of, and opportunities for, the Hawke's Bay economy.

The RRA has built up technical and delivery capability across existing regional priority and policy areas including housing, water and transport infrastructure, the planning system, central Government engagement and influence, partnership with mana whenua, and facilitating joint work between Councils, PSGEs and other stakeholders. HB Tourism is a well-respected Regional Tourism Organisation (RTO) that has delivered for the region and its members. HB Tourism has focused on its primary role as a marketing and promotion agency which helps to generate the demand that will support business investment into products and services.

2.4 Discussion

The recommendations that have been accepted by MGG will ensure the region has effective governance and delivery of its regional priorities, clearer accountability, better alignment with legislative requirements, and more efficient use of constrained public funding. Importantly, the refreshed focus strengthens the region's ability to partner with central Government, particularly through initiatives such as the City and Regional Deals framework.

The recommendations below were made following a process to understand current state and the opportunities and constraints presenting for MGG and the delivery of work relevant to MGG's role and purpose; the development of possible options and assessment criteria; and evaluation of the options against (unweighted) criteria.

There are two key aspects to the recommendations and actions in the 'Review of Regional Structures, Recommendation Report': 1) governance of MGG, and 2) how to deliver work on regional priorities.

The preferred governance option is an enhancement of the status quo. This involves stronger governance, accountability, and transparency disciplines and processes to meet local government legislative requirements and to support a sustained and committed focus on shared regional priorities. MGG would still not be able to contract directly with central Government or third parties; it would have to use HBREDA or a member organisation that was a legal entity. This option would continue to leverage the capability of independent directors to support regional governance through the HBREDA Board. Note, 'independence' here relates to not being employees of MGG member organisations and harnessing specific director level capability. It does not relate to independence to make delivery decisions which are not consistent with funder objectives and guidance. This aspect is governed by the Letter of Expectations and this part of the process does need to be tightened to ensure there is clear alignment between funder objectives and delivery efforts.

The preferred delivery option is a refreshed regional delivery entity that would utilise the existing legal structure and form of HBREDA. This refreshed regional delivery entity would have the executive and delivery capability required to deliver agreed shared regional priorities. The regional delivery entity will comprise a mix of functions and capabilities from across HBREDA and RRA, including advocacy, convening, policy/analytical and commissioning capability, to ensure that a focussed set of regional priorities can be established and maintained.

The recommendations and the recommended actions to support the key recommendations from the 'Review of Regional Structures, Recommendation Report' are provided below. The actions include specific steps to support a transition, so a refreshed HBREDA is able to take forward delivery of regional priorities from 1 April 2026 (once central Government funding from the RRA expires on 31 March 2026).

Recommendations

- a) Retain Matariki Governance Group (MGG) as the key regional partnership mechanism between Post-Settlement Governance Entities (PSGEs), and the five Hawke's Bay Councils and focus MGG membership on the elected Hawke's Bay Chairs and/or Mayors of PSGEs and Councils.
- b) Focus MGG's role and function on identified shared regional priorities and holding HBREDA (and other delivery agents if contracted) to account for achieving desired outcomes that contribute to the Matariki vision that "every household and every whānau is actively engaged in, contributing to, and benefiting from a thriving Hawke's Bay economy".
- c) Strengthen governance, accountability, and transparency disciplines of MGG, HBREDA, and Council funders to ensure they meet local government legislative requirements and to support a sustained focus on shared regional priorities that are consistent with the Matariki vision.

- d) Utilise the existing legal form and shareholding structure of HBREDA to deliver agreed shared regional priorities on behalf of MGG and run an open recruitment process to establish the governance, executive, and management capability required to deliver agreed shared regional priorities. A refreshed HBREDA would ideally comprise a mix of functions and capabilities from across HBREDA and the HB Regional Recovery Agency (RRA). This includes advocacy, convening, policy/analytical and commissioning capability as well as senior-level expertise with regional mana, able to bring a focus to regional needs across economic and social strategy and the ability to engage effectively with decision-makers (in particular central Government).
- e) Focus available local government funding on a small set of agreed shared regional priorities and activities and continue to seek opportunities for external funding from central Government and the private sector for specific projects of interest.
- f) Retain HB Tourism as a separate delivery agency with separate funding.

Recommended actions to support the key recommendations

- g) Governance, accountability, and transparency disciplines
- h) Retain the existing non-legal status of MGG for the time being, noting that creating a MGG legal entity could be an option for the future if recommended governance, accountability, and transparency enhancements are not enough.
- i) Update the MGG Terms of Reference to provide greater clarity on MGG's role and purpose, MGG membership, the role of the chair and appointment process for chair/s, meeting attendance and use of alternates, how agendas are set (including how matters that are not identified as shared regional priorities are dealt with by MGG), record keeping, and reporting (including how member organisations receive updates following each MGG meeting).
- j) Formalise the relationship between MGG and the Hawke's Bay Councils, including associated delegations to MGG, in the next triennial agreement between Hawke's Bay Councils.
- k) MGG to communicate annually to MGG member organisations the agreed shared regional priorities and how the delivery of these priorities and the achievement of outcomes sought will be measured, monitored, and reported to MGG member organisations and stakeholders.
- l) MGG and delivery agents to strengthen the transparency of information by increasing public visibility of the work of MGG and delivery agents, including through refreshed communications such as updating the Matariki website and including regular reporting on delivery against MGG priority areas. A process for making MGG papers available to the public (where appropriate) should be considered in the transition process.
- m) MGG member organisations to create fit-for-purpose internal processes to support Chair and Mayor MGG representatives. This could include:
 - The nomination of key people to help share MGG-related information (e.g. papers supporting MGG discussion and minutes) to support co-ordination and alignment of, and with, identified shared regional priorities.

- A regular (e.g. annual) process to consider key regional priorities from the member organisation perspective. This information could be used to inform MGG consideration of shared regional priorities.
 - An annual process to consider member organisation feedback on the Letter of Expectation for HBREDA.
 - Building, with MGG and HBREDA, an efficient and comprehensive reporting process whereby member organisations are provided with performance and outcome reporting on the activities delegated to MGG and/or HBREDA so Councils can execute their responsibilities under the Local Government Act (LGA).
- n) The three Councils funding HB Tourism should follow the same setting of Letter of Expectations and reporting processes that will be strengthened for HBREDA. These processes would not involve MGG, but a tightening of these processes would improve accountability.

Transition plan and next steps

- o) MGG to direct the MGG co-Chairs to provide a letter to the HBREDA Board acknowledging the Board and CEO resignations and clarifying the expectations of shareholders until the departure of the Board and CEO on Friday 13 June 2025. The letter of expectations would confirm that the existing priorities and programmes of work for HBREDA (as reported to MGG), should continue and that no new discretionary work be initiated.
- p) MGG to direct the MGG co-Chairs to establish and run processes to appoint an Interim Independent Director or Directors for HBREDA and necessary contracting resource as quickly as possible. The Interim Independent Director/s and contracting resource would be funded from the HBREDA budget and would support MGG to develop and run an open market process to establish the governance, executive, and management capability required for HBREDA to lead the delivery of shared regional priorities from 1 April 2026.
- q) MGG to engage the Board Chairs of HBREDA and the RRA and to lead a transition of both agencies to ensure the governance, executive and staffing of the refreshed HBREDA is fit for purpose to undertake the delivery of shared regional priorities from 1 April 2026.
- r) MGG to ensure the transition process, MGG co-Chairs, and HBREDA and RRA Board Chairs are well-supported with capability that has the requisite skills and expertise to guide effective implementation of this important change process.
- s) MGG to direct the Board Chairs of HBREDA and the RRA to lead a process to support MGG to clarify and establish regional priorities/the regional strategy for HBREDA. This work needs to take place as soon as possible as these priorities and accompanying work programmes will guide the capability required for a refreshed HBREDA.
- t) Councils to confirm the funding that is currently being made available to HBREDA (\$1.706m for the 24/25 Financial Year) would continue to be made available to the refreshed HBREDA for the 25/26 Financial Year. This information is required as soon as possible as it will guide the level of resourcing to support delivery of regional priorities.
- u) MGG to create updated Letter of Expectations for HBREDA for year beginning 1 April 2026 based on identified shared regional priorities and available Council funding.

- v) Ensure the wind-down of RRA work as central Government funding comes to an end is conducted in such a way that it can be continued as seamlessly as possible if it is determined to be a shared regional priority, or contribute to priorities, under the new structure.

2.5 Implications

Option One - Recommended Option

Council directs the Chief Executive to create fit-for-purpose internal processes to support the Mayor as the Council's MGG representative.

Advantages

- Supports the review recommendations relating to effective governance and improving accountability and transparency.
- Provides Councillors with more visibility and oversight on work on regional priorities and the use of ratepayer funding.

Disadvantages

- Will require the use of slightly more governance and staff time.

Option Two – Status Quo

Council does not direct the Chief Executive to create fit-for-purpose internal processes to support the Mayor as the Council's MGG representative.

Advantages

- Would not require the use of more governance and staff time.

Disadvantages

- Does not support the review recommendations relating to effective governance and improving accountability and transparency.
- Does not provide Councillors with more visibility and oversight on work on regional priorities and the use of ratepayer funding.

2.6 Next Steps

To support a smooth transition, MGG has accepted the resignations of the current HBREDA Board (the HBREDA Board has also accepted the resignation of the Chief Executive) and has acknowledged their significant contribution to building a strong foundation for regional delivery.

The next steps include:

- Appointment of interim independent directors for HBREDA to work with the RRA board to oversee the transition.
- A co-ordinated process between the boards of HBREDA and RRA to clarify regional priorities, which will be the focus of delivery efforts from 1 April 2026 (once HBREDA and RRA functions have been merged into the single refreshed delivery entity).
- Recruitment of executive leadership and delivery capability to deliver the work programmes supporting identified shared regional priorities.

2.7 Development of Preferred Option

N/A

2.8 Attachments

- 1 Final Recommendation Report - Review of Regional Structures DOC ID 1850758 [↓](#)



Review of Regional Structures

Recommendation Report

Version: FINAL – version 5.0

Prepared by the Matariki Governance Group Review Team: Gus Charteris, Holly Donald, Andrew Gibbs, Taasha Romana, Alex Tarrant

Date: 14-04-25

Legal Disclaimer

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1. Executive Summary

The Matariki Governance Group (MGG) is Hawke's regional leadership forum made up of the region's Mayors, Regional Council Chair, and Chairs of Post-Settlement Governance Entities (PSGEs). Its shared vision is that *"every household and every whānau is actively engaged in, contributing to, and benefiting from a thriving Hawke's Bay economy"*.

This vision sits at the heart of the rationale for regional prioritisation, coordination, alignment, advocacy and delivery, guided by MGG. The vision is supported by the foundational principles of partnership, inclusiveness, sustainability, productivity, innovation, equity and an action-focus.

MGG members, both individually and collectively, need strong, simple, and coordinated functions and advocacy at a regional level to achieve their shared desired outcomes for the region. This must provide a transparent and well-supported governance and delivery platform for the future, with the capability to deliver a clear value proposition for all entities involved, as well as for the region's population as a whole.

In October 2024, MGG agreed to undertake a piece of work on the future structure and architecture required for the region to deliver on its priorities. This was against a backdrop of a changing operating environment influenced by central Government reforms and future 'Regional Deals', and the constrained fiscal environment Hawke's Bay Councils find themselves in post-Cyclone Gabrielle.

This Recommendation Report provides advice on what is required to achieve MGG's objectives, including consideration of the form of regional structures that report to, and support, MGG to best coordinate delivery and decision-making on members' shared priorities.

This report is not a performance review of current structures, appointments, staff, or work programmes. It is a piece of work to identify the most appropriate future structure for adopting, adapting and delivering shared regional priorities. In doing so, consideration has been given to fiscal constraints, changing central Government policy settings and requirements, and members' desire for sustainably funded, value-creating regional architecture that facilitates coordination, encourages collaboration, and gives life to the Matariki vision of driving improved economic and social prosperity.

There are two key aspects to the recommendations and actions in this report: 1) governance of MGG, and 2) how to deliver work on regional priorities.

The preferred governance option is an enhancement of the status quo. This option would involve stronger governance, accountability, and transparency disciplines and processes to meet local government legislative requirements and to support a sustained and committed focus on shared regional priorities. MGG would not be able to contract directly with central Government or third parties; it would have to use either a member organisation or a legal entity to do so. This option would continue to leverage the capability of independent directors to support regional governance through a Board of a delivery entity, with an established legal form that is commissioned and funded to deliver work on shared regional priorities.

The preferred delivery option would be a refreshed delivery entity using the legal structure of the Hawke's Bay Regional Economic Development Agency (HBREDA). HBREDA's ownership structure, constitution and legal form is flexible enough to be used for multiple purposes and this is an existing regional asset. This refreshed regional delivery entity would need to have the governance, executive, and delivery capability required to deliver a small set of agreed shared regional priorities. The process to consider what success looks like for this option is part of the implementation phase, with this report providing guidance on what is required.

Under the report's recommendations, HB Tourism would remain a separate entity with separate funding (from Central Hawke's Bay District Council, Hastings District Council, and Napier City Council, alongside the member levies). The joint funding agreement and associated reporting requirements are currently being developed. In terms of guiding activities consistent with funder objectives and local government legislative reporting requirements, the recommendation is to tighten and follow the same setting of Letter of Expectations and reporting processes put in place for the refreshed delivery entity.

This review assumes that the funding that is currently being made available to HBREDA (\$1.706m for the 24/25 Financial Year) would continue to be made available to the refreshed regional delivery entity in future financial years and that no additional funding would be sought from Councils. The practical implication of this is the refreshed regional delivery entity will need to establish the capability required and specific work programme needed in order to deliver a small number of shared regional priorities within the existing \$1.706m per annum funding envelope.

If the recommendations in this report are accepted then a transition work programme will be required, and this report provides guidance and key steps to support this process.

2. Recommendations

The recommendations below are made following a process to understand current state and the opportunities and constraints presenting for MGG and the delivery of work relevant to MGG's role and purpose; the development of possible options and assessment criteria; and evaluation of the options against the (unweighted) criteria.

There are two key aspects to the recommendations and actions in this report: 1) governance of MGG, and 2) how to deliver work on regional priorities.

The preferred **governance** option is an **enhancement of the status quo (Option 3)**.

The preferred **delivery** option is a **refreshed regional delivery entity (Option 6)** that would utilise the existing legal structure and form of HBREDA. This refreshed regional delivery entity would have the executive and delivery capability required to deliver agreed shared regional priorities.

2.1. Key recommendations

1. Retain Matariki Governance Group (MGG) as the key regional partnership mechanism between Post-Settlement Governance Entities (PSGEs)¹, and the five Hawke's Bay Councils and focus MGG membership on the elected Hawke's Bay Chairs and/or Mayors of PSGEs and Councils.
2. Focus MGG's role and function on identified shared regional priorities and holding HBREDA (and other delivery agents if contracted) to account for achieving desired outcomes that contribute to the Matariki vision that *"every household and every whānau is actively engaged in, contributing to, and benefiting from a thriving Hawke's Bay economy"*.
3. Strengthen governance, accountability, and transparency disciplines of MGG, HBREDA, and Council funders to ensure they meet local government legislative requirements and to support a sustained focus on shared regional priorities that are consistent with the Matariki vision.
4. Utilise the existing legal form and shareholding structure of HBREDA to deliver agreed shared regional priorities on behalf of MGG and run an open recruitment process to establish the governance, executive, and management capability required to deliver agreed shared regional priorities. A refreshed HBREDA would ideally comprise a mix of functions and capabilities from across HBREDA and the HB Regional Recovery Agency (RRA). This includes advocacy, convening, policy/analytical and commissioning capability as well as senior-level expertise with regional mana, able to bring a focus to regional needs across economic and social strategy and the ability to engage effectively with decision-makers (in particular central Government).
5. Focus available local government funding on a small set of agreed shared regional priorities and activities and continue to seek opportunities for external funding from central Government and the private sector for specific projects of interest.
6. Retain HB Tourism as a separate delivery agency with separate funding².

¹ Mana Ahuriri Trust; Ngāti Pāhauwera Development Trust; Tamatea Pōkai Whenua; Maungaharuru-Tangitū Trust; Hineuru Iwi Trust; Tātau Tātau o Te Wairoa; Ngāti Kahungunu Iwi Incorporated.

² While Hastings, Central Hawke's Bay, and Napier Councils will be the primary funders of HB Tourism, they are not the owners of HB Tourism and could not make decisions on legal structure without the agreement of the shareholders of HB Tourism.

2.2 Recommended actions to support the key recommendations

Governance, accountability, and transparency disciplines

7. Retain the existing non-legal status of MGG for the time being, noting that creating a MGG legal entity could be an option for the future if recommended governance, accountability, and transparency enhancements are not enough.
8. Update the MGG Terms of Reference to provide greater clarity on MGG's role and purpose, MGG membership, the role of the chair and appointment process for chair/s, meeting attendance and use of alternates, how agendas are set (including how matters that are not identified as shared regional priorities are dealt with by MGG), record keeping, and reporting (including how member organisations receive updates following each MGG meeting).
9. Formalise the relationship between MGG and the Hawke's Bay Councils, including associated delegations to MGG, in the next triennial agreement between Hawke's Bay Councils.
10. MGG to communicate annually to MGG member organisations the agreed shared regional priorities and how the delivery of these priorities and the achievement of outcomes sought will be measured, monitored, and reported to MGG member organisations and stakeholders.
11. MGG and delivery agents to strengthen the transparency of information by increasing public visibility of the work of MGG and delivery agents, including through refreshed communications such as updating the Matariki website and including regular reporting on delivery against MGG priority areas. A process for making MGG papers available to the public (where appropriate) should be considered in the transition process.
12. MGG member organisations to create fit-for purpose internal processes to support Chair and Mayor MGG representatives. This could include:
 - a. The nomination of key people to help share MGG-related information (e.g. papers supporting MGG discussion and minutes) to support coordination and alignment of, and with, identified shared regional priorities.
 - b. A regular (e.g. annual) process to consider key regional priorities from the member organisation perspective. This information could be used to inform MGG consideration of shared regional priorities.
 - c. An annual process to consider member organisation feedback on the Letter of Expectation for HBREDA.
 - d. Building, with MGG and HBREDA an efficient and comprehensive reporting process whereby member organisations are provided with performance and outcome reporting on the activities delegated to MGG and/or HBREDA so Councils can execute their responsibilities under the Local Government Act (LGA).
13. The three Councils funding HB Tourism should follow the same setting of Letter of Expectations and reporting processes that will be strengthened for HBREDA. These processes would not involve MGG, but a tightening of these processes would improve accountability.

Transition plan and next steps

14. MGG to direct the MGG co-Chairs to provide a letter to the HBREDA Board acknowledging the Board and CEO resignations and clarifying the expectations of shareholders until the departure of the Board and CEO on Friday 13 June 2025. The letter of expectations would confirm that the existing priorities and programmes of work for HBREDA (as reported to MGG), should continue and that no new discretionary work be initiated.
15. MGG to direct the MGG co-Chairs to establish and run processes to appoint an Interim Independent Director or Directors for HBREDA and necessary contracting resource as quickly as possible. The Interim Independent Director/s and contracting resource would be funded from the HBREDA budget and would support MGG to develop and run an open market process to establish the governance, executive, and management capability required for HBREDA to lead the delivery of shared regional priorities from 1 April 2026.

16. MGG to engage the Board Chairs of HBREDA and the RRA and to lead a transition of both agencies to ensure the governance, executive and staffing of the refreshed HBREDA is fit-for-purpose to undertake the delivery of shared regional priorities from 1 April 2026.
17. MGG to ensure the transition process, MGG co-Chairs, and HBREDA and RRA Board Chairs are well-supported with capability that has the requisite skills and expertise to guide effective implementation of this important change process.
18. MGG to direct the Board Chairs of HBREDA and the RRA to lead a process to support MGG to clarify and establish regional priorities/the regional strategy for HBREDA. This work needs to take place as soon as possible as these priorities and accompanying work programmes will guide the capability required for a refreshed HBREDA³.
19. Councils to confirm the funding that is currently being made available to HBREDA (\$1.706m for the 24/25 Financial Year) would continue to be made available to the refreshed HBREDA for the 25/26 Financial Year. This information is required as soon as possible as it will guide the level of resourcing to support delivery of regional priorities⁴.
20. MGG to create updated Letter of Expectations for HBREDA for year beginning 1 April 2026 based on identified shared regional priorities and available Council funding.
21. Ensure the wind-down of RRA work as central Government funding comes to an end is conducted in such a way that it can be continued as seamlessly as possible if it is determined to be a shared regional priority, or contribute to priorities, under the new structure.

³ A starting point for priorities for the refreshed entity could be the existing Recovery Plan 2.0 and the REDA Letter of Expectations. Sitting alongside these is the work by MGG in 2024 on its priorities, as well as the Regional Deal proposal submitted to central Government in February – all of which look ahead to the post-recovery world.

⁴ It is acknowledged that funding commitments beyond June 30, 2026, will need to be considered in the context of Council Long-Term Plan setting processes.

3. Background and purpose of report

As activity in Hawke’s Bay gets back to a form of normality following the devastating effects of Cyclone Gabrielle, a number of developments and matters have contributed to a need to review how MGG functions and delivers solutions and outcomes for regional challenges and priorities.

Developments contributing to this new environment include:

- A Coalition Government with new priorities, policies and funding initiatives, including a desire to work with regions through City and Regional Deals and other policy mechanisms.
- Councils carrying significantly impaired balance sheets from Cyclone recovery and infrastructure costs, and rates affordability challenges pushing Councils to be more selective on ‘must haves’ in annual budgets and long-term planning.
- Expiration of central Government funding for the RRA from March 2026, and no current local Council budget provisions to continue RRA operations.
- The three-year funding agreement for HBREDA expiring at the end of the 2024/25 fiscal year (with an extension to 30 June 2026, being organised at time of writing).

In the aftermath of Cyclone Gabrielle, Hawke’s Bay entities have proven the value that can be added by working together across shared priorities, particularly when interacting with central Government. Capability and capacity have been built, with a focus on delivering outcomes that benefit the region, from Cyclone recovery and rebuild, to taking a regional approach to new central Government policy. This success through collaboration built on previous successful MGG-led work after its formation in 2016, including collective work on driver licensing and Project 1000 (which brought together businesses, iwi, local authorities, training providers, and central government to support the creation of 1000 new jobs for local people who were not currently participating in the Hawke’s Bay economy).

Following the change in central Government in November 2023, MGG developed a briefing to the incoming Government, highlighting shared regional priorities that straddled ongoing Cyclone recovery efforts and longer-term regional development opportunities (see insert). Medium-to-longer-term priorities from the Briefing to the Incoming Minister (BIM) became the focus of the Recovery Plan 2.0 published in July 2024 and endorsed by MGG.

BIM Regional Priorities

Silt and Debris	Over 1.5 million cubic metres of silt and debris remain on highly productive land from Cyclone Gabrielle.
Category 3 Property Buyouts	Action is needed to ensure the Government-led Kaupapa Māori buyout programme catches up to the broader buyout programme to avoid disparate and unfair outcomes. Further support may be required for additional category 3 property buyouts if land categorisations change and current funding caps are reached.
Severe Housing Shortages	The region is at least 3000 houses short, with that expected to grow as work expands to restore damaged infrastructure.
Legislative Roadblocks	Legislation and/or new regulations could ease significant consenting and planning blockages slowing critical flood mitigation work.
Emergency Resilience	New measures are needed for more resilient power, telecommunications, and transport infrastructure for when disasters occur.
Water Service Delivery	A regional model based around the five Hawke’s Bay Councils is proposed with strong regional backing to replace the soon-to-be-repealed Three Waters water service entities.
Water Security	There is a pressing need to address the fast-growing demands for long-term climate resilient water supplies for one of New Zealand’s most important primary sector producing regions.
Transport	Significant recovery related investment is needed to build back better and address vulnerabilities on both state highways and local roads, particularly in the ‘farm/ orchard gate to processing/arterial corridor’ element of the road network.
Health Services	Hawke’s Bay Regional Hospital needs priority work while broader health services need to be made fit-for-purpose to meet the region’s needs.
Workforce Development	Development of the local workforce is required to help meet the demand for civil construction workers for post-cyclone infrastructure repairs (estimated that up to 8000 additional construction workers could be required over the next eight years).

Priorities referenced in the Recovery Plan 2.0 covered:

- Transport
- Workforce Development
- Housing Rebuild and Resilience
- Water Resilience
- Hauora and Health Services
- Emergency Resilience
- Whanau and Community
- Environment
- Primary Sector
- Tourism

Sitting alongside these is the strategic work carried out by MGG in June 2024 on its priorities, covering Housing and Communities, the Environment, Economic Development, Water Security and Te Reo Māori.

MGG agreed in October 2024 to undertake a piece of work on the future structure and architecture required for the region to deliver on its priorities. This work set out to gather best practice guidelines, advice, and

member inputs on what was required to achieve MGG's objectives, including consideration of the form of regional structures that report to, and support, MGG to best coordinate delivery and decision-making on members' shared priorities in a way that will remain fit-for-purpose into the future.

This work has included consideration of:

- Current and future priority areas of work where it potentially makes sense to take a regional approach, across Councils and PSGEs⁵, and other regional entities
- How this work can be best delivered, and what this might mean for current regional structures and delivery agents (such as HBREDA and the RRA)
- The cost implications of delivery options; a key backdrop being the constrained fiscal environment both at a local and central Government level; and
- The local Government requirements relating to accountability and transparency (for example, the role of elected members in decision making, Local Government Act responsibilities and associated delegations).

This includes consideration of an architecture that reflects the relationships built up and capabilities of current delivery agents, namely HBREDA and RRA.

- HBREDA has built up key relationships with Hawke's Bay businesses, particularly as it developed and delivered its recent analysis of and opportunities for the Hawke's Bay economy. It will be important that these relationships and knowledge are not diluted, rather can strongly feed into what is needed to deliver on any re-affirmed or refreshed regional priorities.
- The RRA has built up technical and delivery capability across existing regional priority and policy areas including across housing, water and transport infrastructure, the planning system, Government engagement and influence, partnership with mana whenua, facilitating joint work between Councils, PSGEs and other stakeholders including 'on-the-ground' delivery agents such as construction firms, engineers and service providers.

Hawke's Bay's Regional Deal proposal to the Department of Internal Affairs (DIA) in February 2025 highlights the interplay between the capacity and capabilities referred to above: Delivering on the region's priorities will be important enablers for businesses and the wider community, while business and community input will be important for identifying and monitoring progress on priorities.

The full scope and high-level objectives of the review are reproduced below:

1. *Provide clarity on regional functions and the options for delivery of those functions within a simple, efficient, and enduring regional architecture.*

With consideration of the other two key points, this will include appropriate structures to operationalise the focus areas MGG has identified, the Hawke's Bay Regional Recovery Framework, the wider strategic purpose of the Matariki Strategy and potential future requirements for regional engagement with central Government, including under the Regional Deal Strategic Framework, and functions for it if the region was to negotiate and secure a Regional Deal.

With proposed structures, it will provide clarity on the differentiation between the collective governance role of MGG vs the co-ordinated function role of MGG, and how coordination and accountability between Governance and Executive functions occurs.

It will also consider ramifications of a Water Infrastructure CCO, regional housing workstreams, other shared infrastructure coordination, as well as options for oversight and/or of HB Tourism.

2. *Provide clarity on the funding implications of regional support and delivery options.*

⁵ Mana Ahuriri Trust; Ngāti Pāhauwera Development Trust; Tamatea Pōkai Whenua; Maungaharuru-Tangitū Trust; Hineuru Iwi Trust; Tātau Tātau o Te Wairoa; Ngāti Kahungunu Iwi Incorporated.

This will include consideration of both government, local government, Iwi/PSGE, business/industry and other private funding sources. Local government funding will be considered as the primary funding source in the first instance, however, cannot be considered as the long-term solution. This must include consideration of Iwi/PSGE, business/industry partners and other inputs to ensure an enduring long term regional solution.

3. *Provide clarity on local government requirements relating to accountability and transparency (i.e. the role of elected members in decision making, Local Government Act responsibilities and associated delegations).*

It will also address the implications of any reporting requirements of the Local Government Act relating to Council Organisations (CO's) and consider the requirements for the LGOIMA Act. This is particularly important where MGG is being tasked with collectivising a view on the resourcing and expectations provided to regional agencies as we attempt to avoid litigating these issues repeatedly across the region

This report is not a performance review of current structures, appointments, staff, or work programmes. It is a piece of work to identify the most appropriate future structure for adopting, adapting and delivering shared regional priorities. In doing so, consideration is given to fiscal constraints, changing central Government policy settings and requirements, and members' desire for sustainably funded, value-creating regional architecture that facilitates coordination, encourages collaboration, and gives life to the Matariki vision.

4. Local Government legislative requirements

Local government authorities must ensure they meet key legislative requirements. This section highlights two areas relevant to the review: 1) where delivery is undertaken by another entity; and 2) public access to information.

The key takeaways are that:

- Local government agencies must work closely with delivery agents to ensure fit for purpose contractual and ongoing performance reporting arrangements are in place. This is outlined in Section 17A of the Local Government Act (2002); and
- It is good practice to assume that any information held by a public body (e.g. MGG) and certainly any information held by a contracting party engaged by local government (e.g. a delivery entity) is covered by the provisions of the Local Government Official Information and Meetings Act (1987). This approach is consistent with the desire to strengthen the transparency and accountability of MGG and its work, for both the public and its members.

4.1. Local Government Act (2002)

Section 17A, 'Delivery of services', and Section 65, 'Monitoring and Reporting', of the Local Government Act (LGA) outline the requirements if responsibility for delivery of infrastructure, services, or regulatory functions is to be undertaken by a different entity from that responsible for governance.

The relevant part of Section 17A is replicated below.

- (5) If responsibility for delivery of infrastructure, services, or regulatory functions is to be undertaken by a different entity from that responsible for governance, the entity that is responsible for governance must ensure that there is a contract or other binding agreement that clearly specifies —
 - (a) the required service levels; and
 - (b) the performance measures and targets to be used to assess compliance with the required service levels; and
 - (c) how performance is to be assessed and reported; and
 - (d) how the costs of delivery are to be met; and

- (e) how any risks are to be managed; and
- (f) what penalties for non-performance may be applied; and
- (g) how accountability is to be enforced.

Section 65 is replicated below.

(1) A local authority that is a shareholder in a council organisation must regularly undertake performance monitoring of that organisation to evaluate its contribution to the achievement of —

- (a) the local authority's objectives for the organisation; and
- (b) (if applicable) the desired results, as set out in the organisation's statement of intent; and
- (c) the overall aims and outcomes of the local authority.

(2) A local authority must, as soon as practicable after a statement of intent of a council-controlled organisation is delivered to it, —

- (a) agree to the statement of intent; or
- (b) if it does not agree, take all practicable steps under clause 6 of Schedule 8 to require the statement of intent to be modified.

The relevance for the Review is that the requirements above set a baseline for what is required to underpin and support the delivery of services that are funded by local government agencies.

4.2. Local Government Official Information and Meetings Act (1987)

The Local Government Official Information and Meetings Act (LGOIMA) seeks to ensure that official information held by local authorities is available to the public. The Act provides exceptions where disclosure of information may not be appropriate.

The LGOIMA has a wide reach. It covers any information held by an independent contractor engaged by any local authority in his or her capacity as an independent contractor (Section 2(6)).

Legal advice was sought as part of the review to clarify whether the LGOIMA covers MGG as currently constructed, and whether the LGOIMA would cover the MGG if accountability disciplines were tightened, i.e. there was a formal Letter of Expectations or some document outlining/delegating some areas of responsibility from members.

The legal advice received is set out below.

- The information requirements in the LGOIMA do not apply to the MGG in its current form. This is because the MGG is a Council Organisation, and under the LGA, only a council-controlled organisation is subject to the LGOIMA, not a council organisation.
- The MGG does not currently appear to be a committee or subordinate decision-making body of any of the councils (which are bodies that are subject to the LGOIMA).
- If the accountability arrangements and disciplines for the MGG were tightened, and this was intended to involve a delegation of functions or power from the council(s) to MGG, then it will need to be formally appointed as a subordinate decision-making body or committee in order to be able to exercise any delegated powers (this is even if the structure of the MGG does not change). In that case, the information requirements of the LGOIMA would apply to the MGG (but if it is a subordinate decision-making body then the meeting requirements in Part 7 of the LGOIMA would not apply).

The advice above is also relevant to the HBREDA legal structure, which is also a Council Organisation under the LGA and not a Council-Controlled Organisation which would be subject to LGOIMA. Collectively the Councils hold 33.33% of the voting shares which does not reach the 50% threshold in Section 6 of the LGA.

Similarly, the threshold for rights to appoint 50% or more of the directors are not triggered by the shareholding.

While the LGOIMA does not apply to MGG and the HBREDA legal structure, any information held by local authorities that relates to MGG, delivery agents, and work on regional priorities would be covered by the LGOIMA and there is an intent from the review findings to strengthen the transparency of information.

It is good practice to assume that any information held by a public body is covered by the provisions of the LGOIMA. This approach is consistent with the desire to strengthen the transparency and accountability of MGG and its work, for both its members and the public.

Under our recommendations, we are not proposing to make any changes to the legal structure of the refreshed regional delivery entity or create a legal entity for MGG. This means that at both the governance and delivery levels there will be no change to the way the LGOIMA applies to official information held by MGG or the refreshed regional delivery entity.

This review has, however, identified the need for strengthening the transparency and accountability of MGG and its work, for both the public and its members.

There are a number of steps that can be taken to increase transparency and accountability, including:

- Clearer and agreed reporting mechanisms to all members - e.g. agendas and minutes shared after meetings, regular (e.g. annual) performance reporting by MGG to members.
- Formalising the relationship between Councils and MGG by including MGG in the next triennial agreement between Hawke's Bay councils.
- Increasing public visibility of MGG's work, including updating the website and including regular reporting on delivery against MGG priority areas.

5. Review process and key findings

5.1. Interview Process

To gain direct insight about MGG to date and opportunities for the future for MGG, questions were developed on the following areas (a copy of the full set of questions is attached as Annex C):

- Role and Function of MGG
- Delivery and Support (best way to support and deliver current and future areas of work and area of priority)
- Funding
- Accountability and Transparency.

Nineteen interviews were held, including all but one member organisation of MGG, as well as other stakeholders. Each interview was summarised and analysed to inform the key findings, themes and opportunities for the future of MGG and the delivery of work relating to MGG's role and purpose.

5.2. Interview summary

The interview process highlighted four overarching themes relating to – mandate, collaboration, capability, and transparency.

The Importance of mandate

Throughout the review process, the issue of mandate between governance (and their member organisations particularly Councils) and those who MGG seeks to serve arose. Mandate gives MGG permission to operate and is contingent on maintaining the trust and confidence of each member organisation, central Government (and potential funders) and ultimately the people of Hawke's Bay.

Interviewees noted their expectations for improved transparency and greater visibility of decision making by MGG to maximise alignment and support regionally. Our recommendations aim to improve understanding of MGG's role across member organisations and other stakeholders, appropriate structures, and support clearer processes on how MGG can report (over time) on its impact.

Collaboration and working together for collective impact

The review identified strong support for a collective impact model that drives the interests of Hawke's Bay forward. Matariki was formed to drive improved economic and social wellbeing for Hawke's Bay, with the vision as important now as when it was created. It was recognised that there is strength and power in unity and that coming together to advocate collectively for Hawke's Bay yields strong results. For instance, coming together to advocate for the creation of a regional entity to enable Cyclone Gabrielle recovery was deemed successful as regional leadership was retained.

A focus of this review has been considering improvements that will ensure MGG holds sufficient capability and capacity to drive a common strategic agenda. These proposed improvements are outlined in the recommendations section, particularly in relation to improved accountability.

Capability

Delivery of solutions to progress regional priorities, or capability to oversee delivery entities doing so, will be important to ensure MGG can address concerns of its effectiveness. Capability has been built below the MGG table level to deliver on regional priorities as a result of Cyclone response work and business engagement. It exists, but interviewees highlighted how fragmented structures can dilute overall effectiveness of MGG to drive delivery and results.

Appropriate Transparency of MGG activities

Upholding appropriate transparency of MGG activities is a critical enabler for building and maintaining the trust and confidence of MGG. MGG will need to take a more systematic and considered approach to setting

of regional priorities and building understanding of how these inform MGG activities. This approach will need to identify key stakeholders and what they need to know, to ensure improved transparency and assurance.

5.3. Summary of findings

Across the interviews, there was strong support for retaining a leadership structure such as MGG to provide strategic leadership that will address critical regional challenges and opportunities for Hawke's Bay to prosper economically and socially.

The core value in retaining MGG is that this body can strengthen the advocacy, lobbying and positioning for Hawke's Bay in delivering improved value for local communities and in securing increased public and private investment and resources.

Whilst MGG was recognised as important, there was recognition that the current MGG needs to be more effective and efficient.

What we found:

- Outside of MGG members, there is limited understanding of MGG's role and/or value. This is due to MGG flying largely under the radar due to shifting focus from changes in policy and government settings, responding to COVID and Cyclone Gabrielle, and continuing to navigate without an agreed Programme of Action. MGG has evolved in a piecemeal fashion and could be better configured to support both strategic leadership and delivery.
- Strategic leadership or thinking needs to be strengthened, including having capabilities in place to plan and monitor activities in the context of regional priorities. This includes the ability to lead and/or pivot on priorities as or when new opportunities arise, particularly due to changing central Government policy or funding opportunities.
- MGG and/or MGG Co-Chairs do not have adequate support to facilitate and/or undertake strategic leadership responsibilities. Current secretariat support is largely focused towards maintenance of hui and member communications.
- There are limited communication processes, internally and externally. Creating the processes and owners for drafting and approving MGG communications will be important to raise the profile of MGG, and improve its accountability.
- Sufficient resources have not been available to develop and drive a Matariki programme of action. Various structures have been utilised since the inception of MGG, with the Pou Leads being successful where the lead had its own organisational infrastructure to lead and action activities and understanding that a Programme Manager did not hold sufficient mandate and/or resources to progress activities. The RRA was highlighted as a successful delivery model where they have been recognised for their leadership, delivery capability, and ability to facilitate Ministers, Central, Regional and local agencies to the table. Interviewees noted the benefit of a credible executive who holds sufficient "mana" and "mandate" to drive regional development, and the need for this going forward.
- Governance roles and value needs strengthening. It was unclear for many how the agenda for MGG meetings was set, who members were, decision making rights and whether the terms of reference were being adhered to. It was noted that refreshing governance expectations and being clear on who attends and participates, the use of proxies and agenda setting aligned to regional priorities and/or arising matters of regional significance would be beneficial.
- MGG does not have formal reporting processes, particularly to funders, with many MGG member organisations not holding systematic reporting processes which reduces transparency. For some, the lack of reporting provides challenges in being able to align with (and support) MGG direction. Beyond MGG members, it was recognised that other groups would be integral, however currently hold no ability to inform, participate and/or evaluate.
- Funding – or uncertainty about future funding – is a barrier to growth, without fit for purpose funding or better use of existing resources, this will limit MGG. Doing fewer things well was preferred, holding a set of regional priorities that secured resourcing rather than spreading MGG too thinly.
- The question of who funds MGG and HBREDA was also raised, with questions of why it is only Councils, and not other MGG shareholders and members providing direct funding as well. Funding

of HB Tourism was also not widely understood, including that some revenue comes from private-sector member levies on top of Council funding. There were also indications that it was not understood that MGG Governors are not compensated for their MGG work

Reducing structures would create more efficiency and a better use of resources. Some concern was raised about whether existing delivery entity workstreams crossed over one another. With limited capability and capacity, there was recognition to use funding wisely through options such as streamlining governance (where possible) and regrouping capabilities towards regional development. A lack of guidance on how underlying structures might better work together has also contributed to some of the misunderstandings on roles and responsibilities under MGG, and across delivery agencies. For example, there are no formal reporting lines from HB Tourism to MGG. To mitigate this going forward, improved top-down accountability will be important.

The review findings have informed key areas along with options to improve and develop the future of MGG:

Area	What this means	Options to inform the future
MGG as a regional leadership group	To operate effectively and provide a unifying voice for Hawke's Bay, the structure requires: <ul style="list-style-type: none"> - regional mandate (includes purpose and role) - strategic leadership; and - improved understanding of MGG. 	<p><u>Legal Framework:</u> Formalising MGG through either a refreshed ToR and/or new entity structure that holds the purpose, role and operating rules and is endorsed by each member organisation.</p> <p><u>Matariki refresh:</u> For MGG to operate effectively, it requires strategic leadership processes to address complex and valuable regional issues and opportunities. This should include development of a refreshed Matariki plan setting out the regional priorities and work programme.</p> <p><u>Communications (and Stakeholder) Plan:</u> MGG should hold a clear Communications plan that identifies stakeholders and seeks to initially build awareness and the profile of MGG.</p>
Governance & Structure	There is a need to create: <ul style="list-style-type: none"> - strong MGG Governance - improved effectiveness and efficiency that streamlines governance (number of boards) and operational delivery (grouping of functions (executive and secretariat), improved regional oversight and coordination and minimises duplication of effort and resources - increases accountability and transparency through agreed roles, responsibilities and operational support <p>Creates a 'single door' for HB to regional priorities to partner with public and private agencies</p>	<p><u>Legal Framework:</u> Improved governance disciplines to create efficient decision making. Clear plan to support agenda aligned to Strategic Leadership role across entities.</p> <p><u>Structural realignment:</u> Structures support regional priorities to drive improved economic and social prosperity. Streamlining governance and capabilities.</p> <p>Realignment of regional priorities towards structures through Letter of Expectation, direction and funding documentation. This could include HB Tourism to ensure formal reporting is in place going forward.</p>
Regional Priorities	Doing fewer things well to increase HB access to investment and resources, and to reduce duplication and competition for scarce resources	<u>Matariki refresh:</u> Development of a Programme of Action (agreed priorities linked to a Performance Monitoring & Accountability Framework)
	Holding a Plan that sets out goals, outcomes along with leads / implementation approach	Maintaining the ability to respond to hot issues (as needed)

Area	What this means	Options to inform the future
Accountability	<p>Improved transparency through ensuring stakeholders understand the structures, focus and impact</p> <p>Increased Communications and Stakeholder Management</p> <p>Development of a Performance / Accountability Framework that is inclusive and improves compliance for partners</p>	<p><u>Performance Monitoring & Accountability Framework:</u> Mechanism for monitoring and evaluating achievement against regional priorities needs to be strengthened and formalised. This should include measures of success and reviews for MGG governors and funders to evaluate performance.</p> <p><u>Stakeholder Management:</u> MGG could enable the engagement with and reporting to key stakeholders (key entities, industry and regional fora)</p>
Funding	<p>Funding needs to be aligned with regional priorities to identify potential sources and alignment with funders</p> <p>There is a need to demonstrate improved value of the "regional structures" (investment approach, transparency in local and central funding decisions and reporting)</p>	<p><u>Funding model:</u> A more sophisticated funding approach is needed to unlock sustainable funding and/or prioritise available funding.</p> <p>The current financial position of Councils will continue to impact the use of discretionary funding.</p>

5.4 Examples of direct feedback

Below are some examples of the direct feedback provided during the interview process. These highlight some of the rich and honest feedback provided by MGG members and stakeholders through the review process.

- *MGG (needs) to evolve into a more structured and effective governance body ... to better serve the region.*
- *Scope is too broad - diluted effectiveness.*
- *Its lack of clear accountability and authority has limited its ability to drive tangible outcomes.*
- *A call for more mature regional conversations and stronger leadership.*
- *The governance structure is seen as inefficient, with too many stakeholders involved, leading to slow decision-making.*
- *Poor alignment between strategic planning and operational delivery results in fragmentation and unmet expectations.*
- *I'm not actually aware of any other region that has five councils and seven PSGEs that have that one voice ... real strength in that.*
- *Real value from Matariki perspective is in the relationships that that allows it to forge trust that has developed over time.*
- *An excellent forum for debate and discussion... it is always healthy.*
- *Unclear Impact: Participants struggled to identify significant outcomes from MGG over recent years, particularly for iwi communities. There is a perception that MGG has failed to deliver meaningful change.*

6. Overview of Hawke's Bay delivery entities/structures

6.1. HB Chamber of Commerce

HB Chamber of Commerce (CoC) is an incorporated society created by business for business, to connect, represent and support business in the wider Hawke's Bay region. The organisation's vision is to drive business growth, success, vitality, and prosperity and to make a difference to business in Hawke's Bay.

CoC has a Board of Directors and is a paid membership network. It currently offers a range of business services funded from its services (i.e. Certificates of Origins), subscriptions, sponsorship and the Regional Business Partner programme funded by central Government (circa \$2m in FY24). CoC does not receive any funding from HB Councils.

In 2023, CoC was invited to MGG to hold the business voice, formerly held by Business HB.

In the creation of HBREDA considerable thought was given to embedding a business voice in the ownership structure (along with PSGEs and local government).

This review finds that moving forward, members of MGG should only be the Mayors and Chairs of PSGEs and Councils. This is considered appropriate as MGG is the formal partnership mechanism between Hawke's Bay PSGEs and Councils.

The business sector would continue to have an important role in providing input to the setting of regional priorities. A good example of this in practice is the recent separate and joined engagement work HBREDA and RRA have done through the Martin Jenkins study and seeking input into the application to central Government for a Regional Deal.

At the delivery level, the business sector would continue to be formally represented in the shareholding arrangements of the refreshed HBREDA structure and through independent capability of the Board of the refreshed regional delivery entity.

As a shareholder of HBREDA, the Hawke's Bay CoC would still need to be involved in the setting of the Letter of Expectations. This is a process element and does not require formal membership of MGG.

6.2. HB Tourism

HB Tourism Limited (HBT) is a limited liability company with its sole shareholder being the HB Tourism Industry Association (HBTIA). The HBT Board is made up of the Chair of HBTIA, (currently) a Hawke's Bay Regional Council (HBRC) appointed director, and three other directors appointed by HBTIA.

HBT is the official Regional Tourism Organisation for the Hawke's Bay region. Its primary role as a marketing and promotion agency is to generate the demand that will support business investment into products and services.

HBT has historically been funded by HBRC (via a regional economic development targeted rate which provided \$1.5m per annum), and to a lesser extent by the HB tourism sector (via membership levies which have provided around \$128,000 per annum). While this review was in process, HBRC made decisions to conclude funding for HBT on 30 June 2025.

Hastings District Council (HDC), Central Hawke's Bay District Council (CHBDC), and Napier City Council (NCC), have recently agreed to co-fund HBT so it can meet the organisation's minimum budget requirements. Total Council funding for the 25/26 Financial Year has been agreed at \$987,500 (\$462,500 (HDC); \$450,000 (NCC); \$75,000 (CHBDC)). HBT will also receive around \$128,000 in membership fees and \$85,000 from the Great Wine Capitals initiative.

HDC, NCC and CHBDC are currently developing a joint funding agreement and associated reporting requirements with HBT. This will include transitioning the director appointment role of HBRC to the new funders or their representative/s.

This review does not recommend a change to the structure of HBT (which would need to be agreed by HBT's shareholder as Councils do not own HBT notwithstanding being the primary funders). Section 9 provides the analysis for this recommendation.

The basis of this decision rests on an informed calculation that any potential cost efficiencies gained through lower overheads (e.g. lease costs; executive role; and administrative support), would not sufficiently

outweigh the risks involved in a dilution of focus/mandate; the potential loss of specific capability; and, importantly, the potential loss of co-funding from the Hawke's Bay tourism sector.

In terms of guiding tourism activities (consistent with funder objectives and local government legislative reporting requirements), this review recommends the three funding Councils follow the same setting of Letter of Expectations and reporting processes that will be strengthened for the refreshed regional delivery entity. These processes would not involve MGG (as MGG is not a shareholder representative for HBT like it is for the REDA structure) but a tightening of these processes would improve accountability from, and to, Council tables.

6.3. HB Regional Economic Development Agency (HBREDA)

HBREDA is a limited liability company, owned by the MGG members (except for the Health Board) and MGG has appointed four independent directors. HBREDA was established by its shareholders and appointed an independent Board in December 2022.

HBREDA was established to secure better economic outcomes for the Hawke's Bay region. HBREDA supports the region to work collaboratively to capture opportunities, address regional challenges, reduce inefficiencies and duplication, maximise investments, present a unified voice, and champion positive economic and social outcomes for all whānau in Hawke's Bay. Its vision is a sustainable, accessible, and resilient Hawke's Bay economy where every whānau and household benefits.

The HBREDA constitution states Board members can be appointed and removed at any time, however for sitting Board members HBREDA has board rotation policy. A Board member's term is three years with two members (including the Chair) due for rotation on 30 June 2025, with the remaining two to rotate on 30 June 2026. The 30 June 2025 rotation has been delayed, awaiting the outcome of this review.

HBREDA's activities are guided by an annual Letter of Expectations set by MGG, and it has funding from Council shareholders to 30 June 2025, with an extension to 30 June 2026, being organised at time of writing. REDA receives funding from all HB Councils, currently \$1.706m for the 24/25 FY (see table below).

HBREDA Funding – 1 July 2022 – 30 June 2025				
Council	Funding Split (%)	Year 1 – FY* 22/23 (\$)	Year 2 – FY* 23/24 (\$)	Year 3 – FY* 24/25 (\$)
HBRC	29	454,572	461,899	500,000
HDC	29	454,572	461,899	500,000
NCC	29	454,572	461,899	500,000
CHB	8	122,844	124,824	135,120
WDC	4	64,440	65,479	70,880
		\$1,551,000	\$1,576,000	\$1,706,000

*FY is 1 July to 30 June

6.4. HB Regional Recovery Agency (RRA)

The RRA is an independent business unit of HBRC and has an Oversight Board to oversee its mandate. Its purpose is to progress Hawke's Bay's recovery from the impacts of Cyclone Gabrielle based on priorities sets out in the Recovery Plan and Recovery Plan 2.0.

The main areas of focus are:

- advocacy to the Crown for funding support or policy or regulatory change to support recovery effort and resilience building
- support for partner agency recovery actions
- coordination with central Government agencies
- coordination of multi-organisation programmes of work
- assurance to central Government function in respect of some activities
- planning of next stage resilience and recovery activity

- support/leadership of specific resilience projects.

The RRA is currently fully funded for its recovery activities via central Government and status quo assumes this funding (and RRA functions) are not available from 31 March 2026. Central Government has approved funding of approximately \$7m over 2 years for the RRA for recovery purposes. The funding period (utilising existing funding) has been extended until 31 March 2026.

Because of the capability the RRA has developed supporting the recovery, Councils have sought RRA assistance on the Local Water Done Well programme (this has involved analysis, regional coordination, and engagement with central Government). This work has been supported by additional funding provided by the Councils and DIA of around \$1.5m.

7. Options

7.1. Option development

The options were developed taking into account current state situation, findings from the interviews, and the review of governance and delivery models used by similar organisations. Each option is sufficiently differentiated to assist with analysis against the criteria.

There are two key aspects to this report: 1) governance of MGG, and 2) how to deliver work on regional priorities. Options have therefore been developed for each aspect.

A summary of the options are:

☐ **Governance** options

1. Status Quo
2. No MGG
3. Enhanced status quo, with tightened governance, accountability and transparency
4. Legal entity created

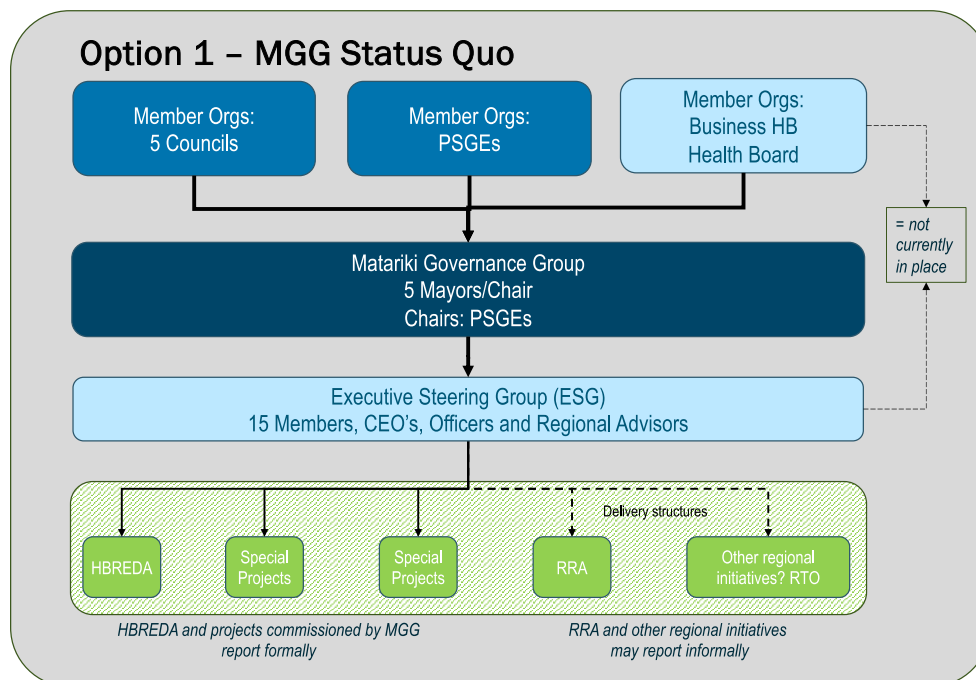
☐ **Delivery** options

1. Status quo
2. No delivery mechanism and no dedicated support for MGG. Any delivery would need to be mainly through existing resources at individual Councils/PSGEs.
3. Existing delivery agencies (REDA + RRA + HB Tourism) continue but with reduced funding
4. Option 3 with the addition of enhanced support for MGG through an MGG office
5. Enhanced support for MGG with ad hoc delivery based on interest and capability
6. Refreshed regional delivery entity (with HB Tourism remaining separate).

7.2. Governance options

The following sections describe the key characteristics of each governance option.

Governance Option 1 - Status Quo



MGG operates in its current form, following current processes and procedures. It includes the following characteristics:

- Not a legal entity and no formal constitution, therefore MGG cannot contract directly with central Government and other third parties.
- Representation on the MGG Board is from the membership i.e. five Mayors/Chairs and PSGEs, Business Hawke's Bay and the HB Health Board. Board members are not compensated for their MGG-related roles. Note that Business Hawke's Bay no longer exists, and HB Health Board is not currently represented on MGG.
- There is a Terms of Reference for MGG. This was signed in December 2018, following the completion of the Matariki Hawke's Bay Regional Economic Development Strategy and Action Plan in July 2016. It sets out MGG purpose, membership and provides guidance on how to conduct its' business. It provides for three meetings a year and meetings are not a local authority meeting. Attendance is not compulsory.
- A Terms of Reference for an Executive Steering Group (ESG), made up of the Chief Executives of MGG member organisations, was prepared in January 2019, and provides for at least nine meetings a year. The purpose of the ESG was to provide advice to MGG and implement as appropriate the decisions made by the MGG. Note the ESG is not currently used.
- Both Terms of Reference are largely out of date and are largely not followed.
- MGG has a small secretariat (1 x secretarial + 1 x policy advisor) to support the business of MGG and administrate the meetings. These roles are funded via the HBREDA budget (with grant funding support from the Ministry of Social Development (MSD) in the last financial year). There is no in-house executive to commission or deliver projects.
- MGG provides a semi-regular Pānui and high-level update to member organisations and stakeholders. The responsibility for more detailed reporting on MGG discussions and considerations is left to individual MGG members, but this is not consistently followed.

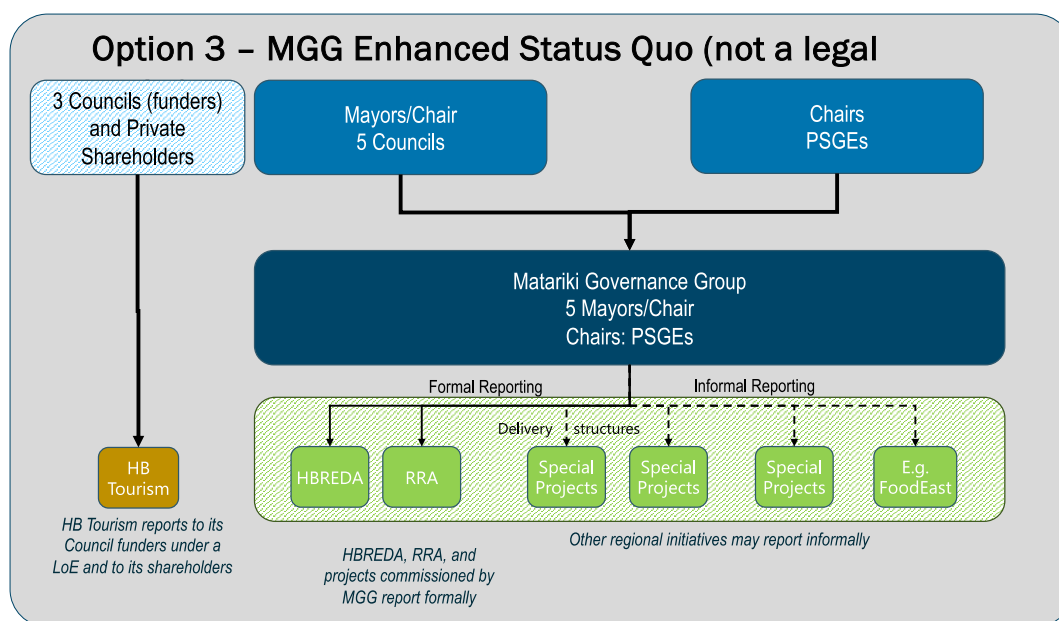
This model could serve the region, however it does not provide for strong disciplines among members nor the ability to hold members to account for not complying with the MGG Terms of Reference.

Governance Option 2 - No MGG

Under this option, MGG would not exist. This option is provided as a reference point. Collaboration on regional matters would be ad hoc or take place via other mechanisms e.g. Regional Transport Committee.

The review concluded there is a need for MGG, therefore this option is not explained or explored further.

Governance Option 3 - Enhanced Status Quo

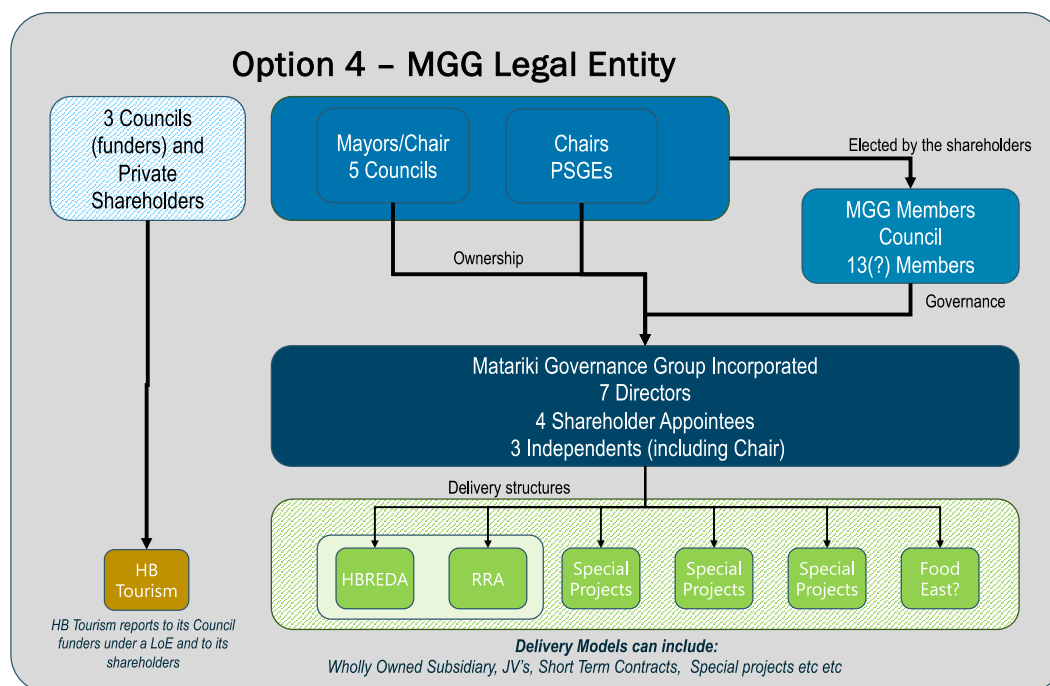


Feedback from the Review indicated there was a clear desire for an enhanced MGG. This option would enhance the existing non-legal structure of MGG to include tightening and improving governance, accountability and transparency disciplines and processes that support a focus on shared regional priorities and delivery agents to achieve desired outcomes. The option includes the following characteristics:

- MGG would remain a non-legal entity.
- The Terms of Reference for MGG would be enhanced, clearly articulating its refreshed purpose, how activities are delegated to MGG by member organisations (i.e. agreeing what the regional priorities are), how it would execute its responsibilities and report to its' member organisations.
- Members of MGG would only be the Mayors and Chairs of PSGEs and Councils. This is considered appropriate as MGG is the formal partnership mechanism between Hawke's Bay PSGEs and local government. The business sector would continue to have an important role in providing input to the setting of regional priorities. At the delivery level, the business sector is formally represented in the shareholding arrangements of the HBREDA structure and through independent capability of the HBREDA and RRA Oversight Boards.
- MGG would provide strategic oversight on regional priorities and oversee the implementation of activities delegated to it.
- MGG could not contract directly with central Government or third parties; it would have no bank account. It would have to use a member organisation, the HBREDA structure, or a new legal entity for contracting.

- Other regional mechanisms would still exist, e.g. the Regional Transport Committee, though consideration should be given to how MGG and these committees interact and be strategically and operationally aligned.
- Will regularly report to member organisations that allows for robust scrutiny of their performance.
- An ESG type mechanism could be used but this doesn't necessarily have to be a formal part of the model.

Governance Option 4 - Legal Entity



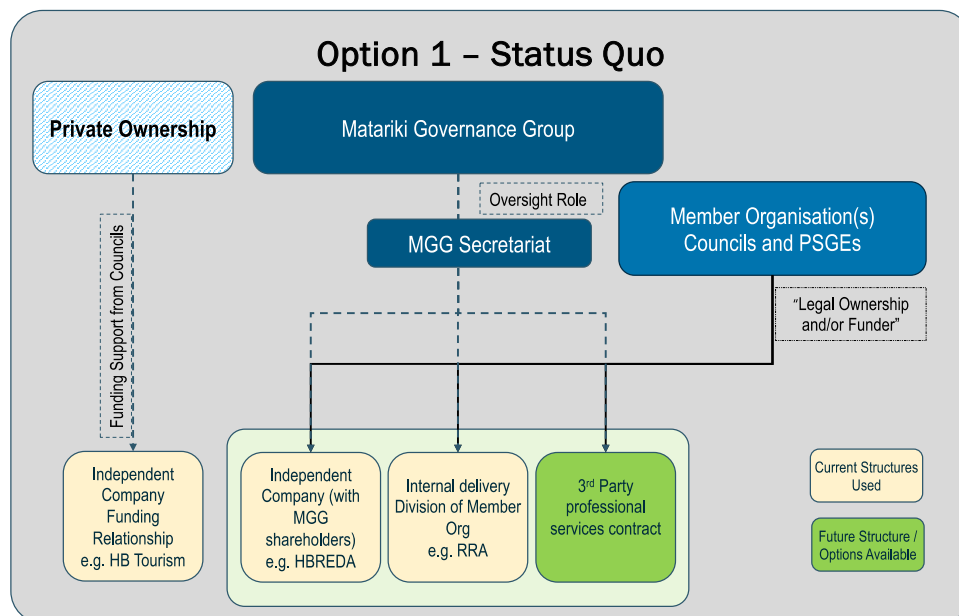
Under this option MGG would become a legal entity and it would be able to contract with third parties, hold funds and employ people directly. This option would include the following characteristics:

- It would be a legal entity with a constitution and shareholders agreement, with its legal form (e.g. for profit or charity etc) and tax status confirmed as part of the transition process.
- Mixed Board of shareholders and independents appointed by a MGG Members Council, allowing for a mix of members representation and specialist capability on the Board.
- Consistent and regular reporting to MGG Members Council, especially its Council funders to execute their responsibilities under the LGA.
- MGG Members Council would set focus through annual letter of expectations in consultation with the shareholders.
- Would have its own bank account and could contract directly with central Government and other third parties.
- Has the option to deliver services and projects directly, using its own in-house capability.

7.3. Delivery Options

The following sections describe the key characteristics of each Delivery option.

Delivery Option 1 - Status Quo



The current delivery agencies are HBREDA, RRA and HB Tourism and the use of member organisation(s) on a case by case basis. The characteristics of the status quo delivery model include:

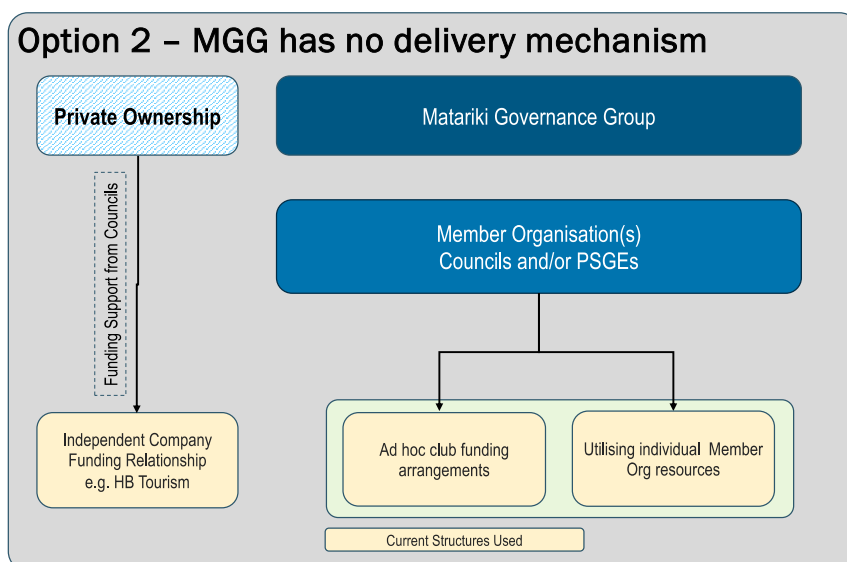
- MGG is not a legal entity, so member organisation(s) legally “own” and fund the relationship with delivery agents and are legally accountable for the delivery of the outcome.
- These relationships can be a division (internal), shareholding, or some other legal form or relationship, as described in the diagram above.
- MGG has a Secretariat (1 x secretarial + 1 x policy advisor) and no in-house executive to commission or deliver projects.
- HBREDA is a limited liability company, owned by the MGG members (except for the Health Board) and MGG has appointed four independent directors. The constitution states Board members can be appointed and removed at any time, however for sitting Board members HBREDA has board rotation policy. A Board member’s term is three years with two members (including the Chair) due for rotation on 30 June 2025, with the remaining two to rotate on 30 June 2026. The 30 June 2025 rotation has been delayed, awaiting the outcome of this review. HBREDA’s purpose is further prescribed in an annual Letter of Expectations, and it has funding from Council shareholders to 30 June 2025, with an extension to 30 June 2026, being organised at time of writing.
- RRA is a division of the HBRC and has an advisory Board to oversee its mandate. It is currently 100% funded via central Government and status quo assumes this funding (and RRA functions) are not available from March 2026.
- HB Tourism Ltd (HBT) is a limited liability company with the Hawke’s Bay Tourism Industry Association (HBTIA) the sole shareholder of HBT. HBT has historically been funded by HBRC (via a regional economic development targeted rate which provided \$1.5m per annum), and to a lesser extent by the HB tourism sector (via membership levies which have provided around \$128,000 per annum). While this review was in process, HBRC made decisions to conclude funding for HBT on 30 June 2025. Hastings District Council (HDC), Central Hawke’s Bay District Council (CHBDC), and Napier City Council (NCC), have recently agreed to co-fund HBT so it can meet the organisation’s

minimum budget requirements. Total Council funding for the 25/26 Financial Year has been agreed at \$987,500 (\$462,500 (HDC); \$450,000 (NCC); \$75,000 (CHBDC). HBT will also receive around \$128k in membership fees and \$85k from the Great Wine Capitals initiative. HDC, NCC and CHBDC are currently developing a joint funding agreement and associated reporting requirements with HBT. This will include transitioning the director appointment role of HBRC to the new funders or their representative/s.

The consequences of this model are:

- MGG has an oversight role on a case-by-case basis, but there is no formal delegation from the member organisation(s)/Funder.
- MGG has limited ability to fully govern the relationship without the support of the member organisation (the Owner / Funder).
- Funding must be agreed between the member organisations, which can lead to issues when there are differing funding priorities.

Delivery Option 2- No delivery mechanism and no dedicated support for MGG

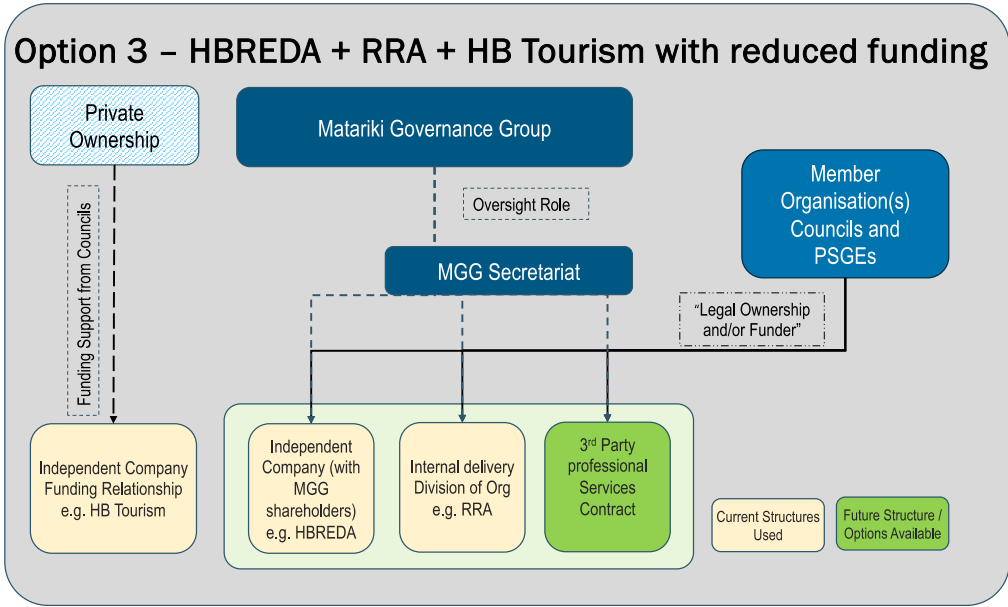


Under this delivery option, HBREDA and the RRA would not exist. HB Tourism would remain a separate legal entity, because of its sector shareholding, with separate funding. The characteristics of this model include:

- The region not funding anything collectively beyond HB Tourism. The implication of this is that HBREDA would likely cease activities and wind up. RRA is currently 100% funded for its recovery activities via central Government and this option assumes this funding (and RRA functions) are not available after March 2026.
- As MGG secretariat and policy support is currently funded via the HBREDA budget (supported in part by grant funding from MSD in the last financial year), this option assumes this support is not available to MGG.
- Any work taken forward would be via individual member organisation resources and/or ad hoc club funding arrangements.
- Member organisation(s) would legally “own” and fund the relationship with ad hoc delivery agent/s and would be accountable for the delivery of the outcome.

The key risk with this model is that a regional perspective is not always taken through ad hoc work and/or coordination, and alignment opportunities are missed. It is unlikely that this delivery model would be suitable for a Regional Deal or acceptable to Central Government.

Delivery Option 3 - REDA & RRA & HB Tourism with reduced funding

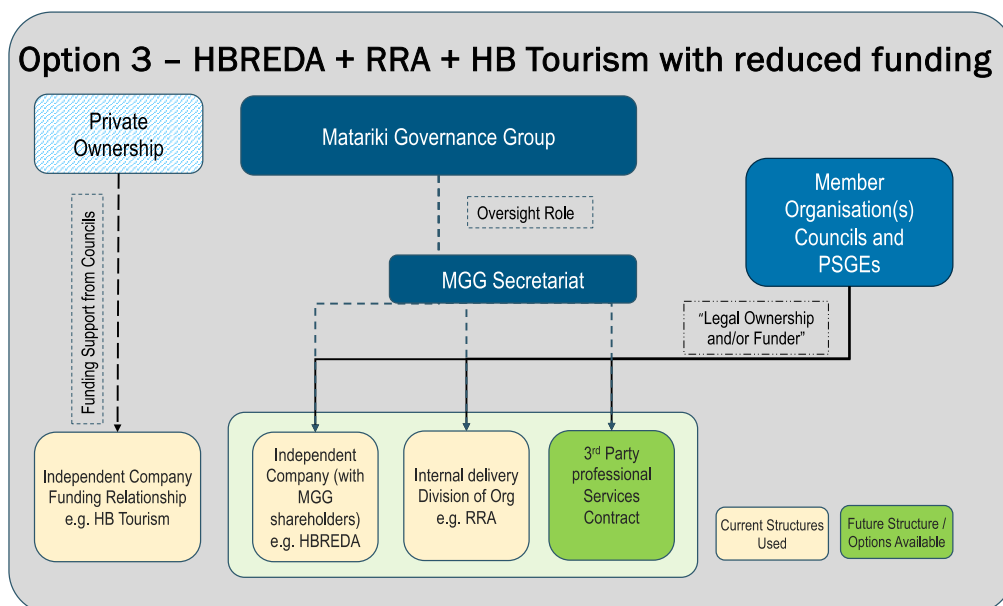


This is a version of Option 1 with reduced funding. HBREDA, RRA, and HB Tourism would remain separate delivery agencies. Importantly, funding for the RRA would need to be made available from the pool of available regional funding (given central Government funding is not available after March 2026).

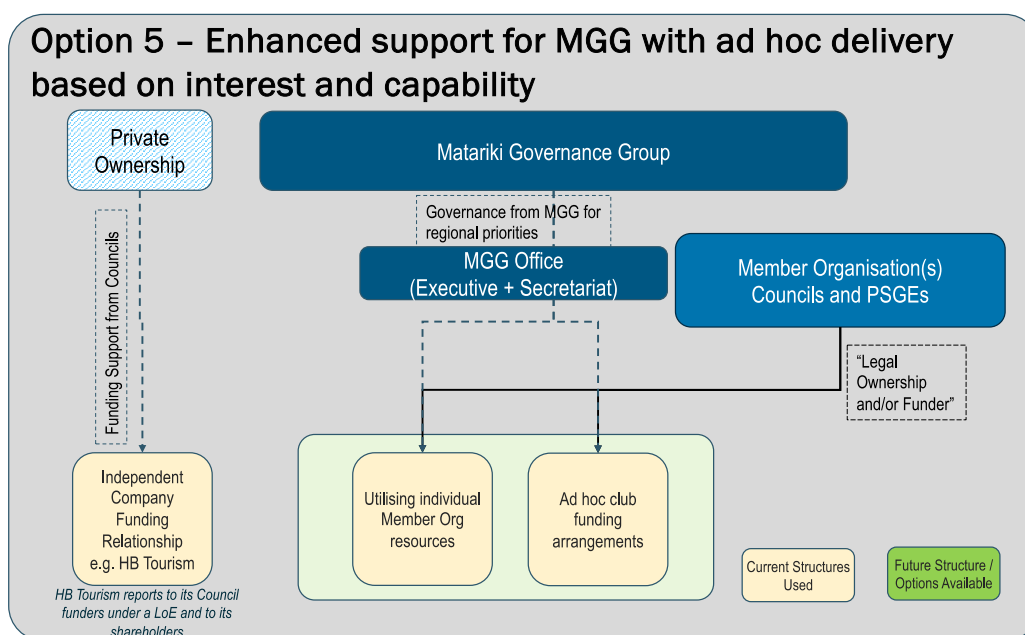
Under this option MGG (with advice from Council funders and other MGG members) would need to consider the proportion of available funding that was made available to HBREDA and RRA based on agreed regional priorities and which agency was best placed to deliver.

HB Tourism would continue to receive the recently agreed funding from HDC, NCC, and CHBDC.

The characteristics of this model could result in available funding spread too thinly across delivery agents. This could lead to effectiveness and viability concerns and there would likely be a point of “no return” where reduced funding would materially impact the ability of an organisation to deliver on its mandate/objectives.

Delivery Option 4 - Option 3 with enhanced support for MGG

Option 4 is essentially the same as Option 3, but with enhanced support for MGG, i.e. additional governance and/or policy support. A portion of the existing pool of available Council funding would be used to fund the enhanced support for MGG. As available funding is constrained, this would mean less funding would go to delivery relative to the Status Quo Option and Option 3.

Delivery Option 5 - Enhanced support for MGG (a small secretariat/office) with ad hoc delivery based on interest and capability

This Option is similar to Option 2 where delivery is taken forward based on interest and capability (this option was put forward by some PSGE members). The difference is recognising some advocacy, coordination and facilitation capability would be required to support the nurturing / formation of regional priorities.

MGG would have an office with an executive and secretariat to facilitate work to stand up new regional priorities and hand over them to or other agents to deliver e.g. new water services entity or new regional building consenting authority.

MGG would not be a legal entity, so would use a legal entity or entities formed by member organisation(s) to employ and fund the MGG Office staff and commission delivery work as required.

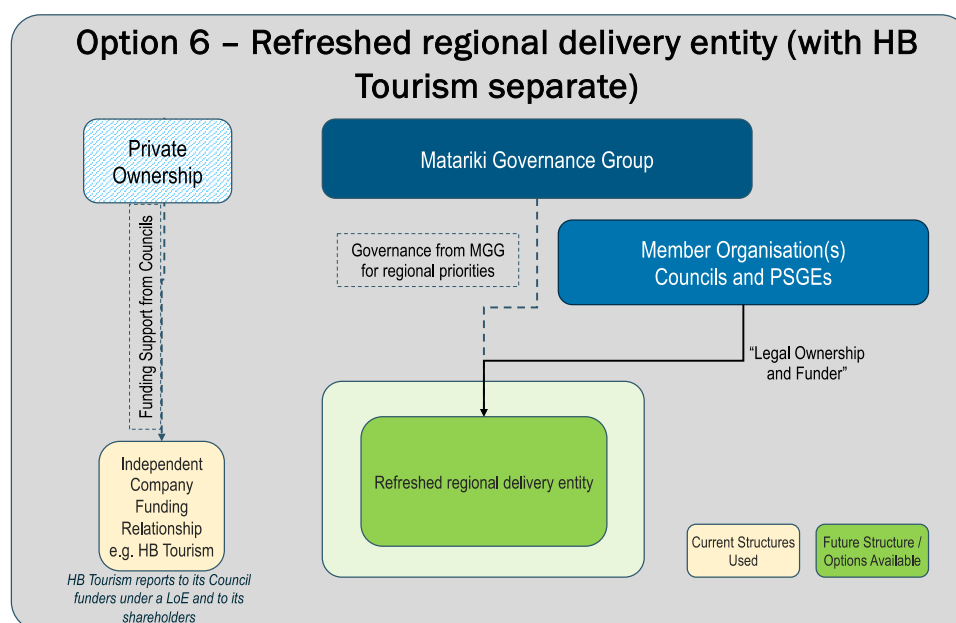
Funding for the MGG Office would need to be agreed with member organisations and either MGG or a Board would be responsible for the financial management under a funding agreement. This would ensure a regional perspective was taken and there was a greater alignment of opportunities, risks that were identified in Option 2.

HB Tourism would remain a separate entity with separate funding. The RRA would cease to exist beyond March 2026.

HBREDA Ltd could be used as the legal entity for the MGG Office. HBREDA's ownership structure, constitution and legal form is flexible enough to be used for multiple purposes. The HBREDA shareholding arrangement is 200 shares to HB Councils, 200 shares to PSGEs, 100 shares to HB Chamber of Commerce and 100 shares to HB Māori Business Network.

If it was agreed the structure and form of HBREDA Ltd structure should be used in this way, a new Letter of Expectations would be issued by the funders through MGG with the refreshed Board delegated the responsibility on behalf of the funders to deliver on agreed expectations, govern the delivery, manage performance, etc. and be accountable for the delivery of the outcomes.

Delivery Option 6 – Refreshed regional delivery entity (with HB Tourism remaining separate)



This option consolidates the MGG Secretariat support with current RRA and HBREDA activities in a refreshed regional delivery entity. It is similar to Option 5 with the regional delivery entity being a legal entity and having a larger delivery role as opposed to a more limited commissioning role under Option 5.

MGG is not a legal entity, so would need to use a legal entity or entities formed by member organisation(s) to employ and fund staff and commission delivery work as required. Funding for the refreshed regional delivery entity must be agreed with member organisations and either MGG or a Board would be responsible for the financial management under a funding agreement.

HB Tourism would remain a separate entity with separate funding.

HBREDA Ltd could be used as the legal entity for the refreshed regional delivery entity. HBREDA's ownership structure, constitution and legal form is flexible enough to be used for multiple purposes. The HBREDA shareholding arrangement is 200 shares to HB Councils, 200 shares to PSGEs, 100 shares to HB Chamber of Commerce and 100 shares to HB Māori Business Network.

If it was agreed the structure and form of HBREDA Ltd structure should be used in this way, a new Letter of Expectations would be issued by the funders through MGG with the refreshed Board delegated the responsibility on behalf of the funders to deliver on agreed expectations, govern the delivery, manage performance, etc. and be accountable for the delivery of the outcomes.

8. Criteria for analysis

To inform and guide our assessment of the possible governance and delivery options, we discussed the objectives for future arrangements, based on the key findings from the interviews, and how we would assess whether different options met these objectives.

We developed a draft set of criteria for analysis, using the key themes that came through the interviews as a basis, as well as drawing on the purpose and objectives of this review, as set by MGG.

Before undertaking the final options analysis, we shared the draft criteria with the project sponsors, MGG co-chairs, and the wider MGG to ensure the criteria captured the key considerations for the group.

As with the options development outlined above, we separated the criteria out between governance and delivery considerations, with each outlining the key objectives for achieving the shared vision of progressing regional priorities.

Governance Criteria

Criteria for analysis – Governance
Represents Hawke's Bay communities, and approach is embedded in a partnership with PSGEs that is responsive to community needs.
Hawke's Bay has a cohesive regional approach on shared priorities, which maximises the ability to leverage resources from others (in particular central government).
Effective in setting regional priorities and ensuring desired outcomes are being met through projects of regional significance.
Members find value in attending MGG, with the agenda and discussion focused on shared regional priorities, clear accountability back to local government and member entities, and see desired outcomes being achieved.

Delivery Criteria

Criteria for analysis – Delivery
Fits within the expected fiscal envelope.
Will be fit for purpose to support consolidation of regional activities (where this makes sense and is agreed), a future Regional Deal with central government, and reduces future delivery change disruption.
Supports an efficient focus on activities identified as shared regional priorities and where shared ownership is required to achieve desired outcomes. This also means reducing any overlap between functions that may create tensions in the delivery system.
Has the capacity, capability, leadership and regional mana to deliver services and activities and achieve desired outcomes. Leadership will be able to bring a focus to regional needs and engage effectively with decision-makers (in particular Central Government).
Able to meet all accountability and reporting requirements.

Section 9 outlines the options analysis, where the criteria above was used to assess the different governance and delivery options.

9. Summary options analysis

Each option outlined in Section 7 was assessed against the criteria outlined in Section 8. The tables on the following page summarise the findings of this analysis. The more detailed multi-criteria analysis tables can be found in Annex A and B.

As noted above there are two key aspects to this report: 1) governance of MGG, and 2) how to deliver work on regional priorities.

Governance and delivery options are linked and need to be considered together. In working through the analysis, we first sought to determine the implications of the governance and delivery options against the separate criteria and then how those options could best work together.

Governance Option 3 (Enhanced status quo) and Delivery Option 6 (Refreshed regional delivery entity) are the preferred solutions based on the options analysis and how governance and delivery options could best work together.

The governance options analysis finds that:

- Option 3 (Enhanced Status Quo) and Option 4 (Legal Entity) meet the criteria.
- Option 1 (Status Quo) does not meet most of the criteria and Option 2 (No MGG) does not meet all the criteria.
- Options 3 or 4 are preferred options.
- Option 3 involves stronger governance, accountability, and transparency disciplines and processes to meet local government legislative requirements and to support a sustained and committed focus on shared regional priorities. MGG would still not be able to contract directly with central Government or third parties; it would have to use either a member organisation, the HBREDA structure, or new legal entity. This option would be preferred if a phased approach was favoured. This option could leverage the capability of independent directors to support regional governance through a Board of a legal entity or entities asked to deliver work on shared regional priorities.
- Option 4 would involve MGG becoming a legal entity. This could add legal rigour and consequence to members responsibilities, it would give MGG the ability to manage funds and contract directly with Central Government or third-party entities; and it could still leverage the capability of independent directors to support regional governance through the mechanism captured in Section 5 above.

The delivery options analysis finds:

- Option 6 (Refreshed regional delivery entity, with HB Tourism remaining separate), meets all criteria and is the preferred option.
- Option 3 (HBREDA & RRA & HB Tourism with reduced funding), Option 4 (Option 3 with enhanced support for MGG), and Option 5 (Enhanced support for MGG with ad hoc delivery based on interest and capability) could meet most of the criteria but each option creates either viability or role clarity concerns.
- Option 2 (No delivery mechanism and no dedicated support for MGG) does not meet the criteria.

This review does not recommend a change to the structure of HBT (which would need to be agreed by HBT's shareholder as Councils do not own HBT, notwithstanding being the primary funders).

The basis of this decision rests on an informed calculation that any potential cost efficiencies gained through lower overheads (e.g. lease costs; executive role; and admin support), would not sufficiently outweigh the risks involved in a dilution of focus/mandate; the potential loss of specific capability; and, importantly, the potential loss of co-funding from the Hawke's Bay tourism sector (which is the only formal business co-funding on a regional basis). These matters have all played out in other regions where a decision has been made to integrate visitor marketing and promotion activities into a regional economic development agency. A

number of regions who have made these decisions are moving back to models that have separate Regional Tourism Organisations e.g. Rotorua.

It is important to note that this review has not involved a performance review of current structures, appointments, staff, or work programmes. This was specifically excluded from the review scope by MGG so that the focus was on the most appropriate structure and set of arrangements for the future. The assessment in the table below that HBT is considered a successful Regional Tourism Organisation has been made based on views provided during interviews for this review and the 2020 'Review of local government investment in business and industry support across the Hawke's bay region'.

This review has estimated there is potentially around \$120,000 per annum that could be saved if HBT was part of a consolidated regional delivery entity. These potential cost savings need be considered against the risks if a change was made (again acknowledging that HBT is privately owned and any decision would rest with HBT shareholders, notwithstanding the funding that is made available from the ratepayer). The informed calculation is the cost of any transition, and the risks involved, would outweigh potential cost savings.

What is working and is at risk if a change is made	Potential cost savings/efficiency gains if HBT was part of a consolidated regional delivery entity
<ul style="list-style-type: none"> Clear focus and mandate 	<ul style="list-style-type: none"> Estimated cost savings of around \$120,000 per annum (across lease costs, executive function, and finance/admin function)
<ul style="list-style-type: none"> Industry co-funding via membership fees (worth around \$128,000 per annum) 	
<ul style="list-style-type: none"> Specialist staff 	
<ul style="list-style-type: none"> HB Tourism considered to be a successful Regional Tourism Organisation 	

In terms of guiding tourism activities (consistent with funder objectives and local government legislative reporting requirements), this review recommends the three funding Councils follow the same setting of Letter of Expectations and reporting processes that will be strengthened for the refreshed regional delivery entity. These processes would not involve MGG (as MGG is not a shareholder representative for HBT like it is a for the HBREDA structure) but a tightening of these processes would improve accountability from, and to, Council tables.

Summary governance options analysis

Options	Summary of options analysis
1. Status quo	Does not meet most criteria.
2. No MGG	Does not meet criteria.
3. Enhanced Status quo [Preferred option]	<p>Meets criteria.</p> <p>Stronger governance disciplines and processes that support identification and focus on shared regional priorities and delivery agents to achieve desired outcomes. Improved accountability and transparency. Cannot contract directly with central Government or 3rd Parties – would have to use either a member organisation, the HBREDA structure, or new legal entity.</p> <p>An option if a phased approach is preferred.</p>
4. Legal entity	<p>Meets criteria.</p> <p>Key differences to Option 3: could leverage the capability of independent directors to support regional governance; add legal rigour and consequence to members responsibilities; able to manage funds and contract directly with central Government or third-party entities.</p>

Summary delivery options analysis

Options	Summary of options analysis
1. Status quo	Does not meet most criteria.
2. No delivery mechanism and no dedicated support for MGG	Does not meet criteria.
3. HBREDA & RRA & HB Tourism with reduced funding	Could meet most criteria. There would likely be areas of overlap and views on mandate for certain activities. Reduced funding for all entities likely to raise viability issues and ability to attract capability.
4. Option 3 with enhanced support for MGG	Essentially the same as Option 3. There is a trade-off between more facilitation support for MGG and resourcing for advocacy, policy development and analysis to support delivery efforts.
5. Enhanced support for MGG with ad hoc delivery based on interest and capability	Could meet most criteria. This option assumes a small secretariat of 2-3 people and a CE-level person with appropriate mana to bring a focus to regional issues and engage at senior levels with central Government. This option could work but it has less certainty around roles, activities and resourcing that members have expressed a desire for. This may or may not be sufficient to support the needs of a Regional Deal.
6. Refreshed regional delivery entity (with HB Tourism remaining separate). [Preferred option]	Meets all criteria. This option does not necessarily require the establishment of a new agency. The HBREDA structure is fit-for purpose (with the right shareholding etc) while capacity and capability to deliver regional priorities sits within the RRA. MGG could issue a new Letter of Expectation noting the needs of the region had changed significantly, and this required a new focus with the necessary governance and management in place to execute effectively.

10. Transition-related matters and recommended transition plan

10.1. Introduction

A draft transition plan has been provided to guide the implementation of the new regional structures. The transition plan assumes the recommendations are adopted and provides an indicative pathway to implement the recommendations. Key dates that have influenced the timing of the transition are:

1. Current central Government funding for the RRA concludes on 31 March 2026;
2. The transitional funding year for HBREDA concludes on 30 June 2026;
3. The desire to have all transitional work completed and approvals in place by 31 December 2025 for commencement on 1 April 2026 of the refreshed regional delivery entity (acknowledging there may be some residual matters to address post this date).

This provides sufficient time for the preparation work to be completed (i.e. agreeing the regional priorities and the enhancement of MGG); a refreshed Board to be appointed for the refreshed regional delivery entity; new letter of expectation completed; funding agreed; job descriptions for key executive and delivery positions completed; recruitment process run, and appointments made.

The transition plan is characterised by two workstreams.

1. The enhancement of MGG and agreeing on the regional priorities. The enhancement activities for MGG can be delegated to a suitably qualified individual to work with the co-Chairs and Council funders to prepare/update the relevant governance documents and processes for MGG to approve and adopt. To agree the regional priorities, it is proposed that MGG ask the RRA and HBREDA Chairs to facilitate a process with MGG Members to clarify the small number of shared regional priorities that will be the initial focus of the refreshed regional delivery entity's Letter of Expectation.
2. Once the small set of agreed regional priorities are agreed, the redesign of the refreshed regional delivery entity can begin. It is proposed that MGG engage the Board Chairs of HBREDA and RRA to facilitate the formation of a new refreshed regional delivery entity (using the legal structure of HBREDA) and ensure the governance, executive and staffing of the refreshed regional delivery entity is fit-for-purpose to undertake the delivery of shared regional priorities from 1 April 2026. This timing aligns with the conclusion of RRA's funding. This will require transitional funding for HBREDA for the nine month period to 31 March 2026 and a new Letter of Expectations for the refreshed regional delivery entity that will be for an initial period of fifteen months to 30 June 2027.

It will be very important that MGG ensures the transition process, MGG co-Chairs, and RRA and HBREDA Board Chairs are well-supported with capability that has the requisite skills and expertise to guide effective implementation of an important change process.

10.2. Draft Transitional Plan

The draft transitional plan is prepared based on key deliverables and outcomes. It is the role of the Responsible Party to define the output and/or outcome of each activity and to provide the necessary resources to ensure a quality deliverable.

	Activity	Description	Responsible Party	Completed by
1	MGG endorsement of Review recommendations	MGG to endorse recommendations, following a consultation process (presentation and workshopping) with Councils/TKO/PSGEs individually between 25 March and 1 April.	MGG	11 April 2025
2	HBREDA Letter of Expectations (LoE) for the 9-month period to 31 March 2026.	HBREDA's LoE for the nine months to 31 March 2026 to be prepared with the transition plan in mind and the assistance it will provide in helping to set the regional priorities.	MGG	31 March 2025
3	MGG enhancement activities	MGG to appoint a suitably qualified individual to work with the co-Chairs and Council funders to prepare/update the relevant governance documents and processes for MGG to approve and adopt.	MGG	31 July 2025
5	HBREDA and RRA - formation of refreshed regional delivery entity	MGG to engage the Board Chairs of HBREDA and RRA to facilitate a transition of both agencies to ensure the executive and staffing of the refreshed regional delivery entity is fit-for-purpose to undertake the delivery of shared regional priorities from 1 April 2026. MGG to ensure the transition process, MGG co-Chairs, and RRA and HBREDA Board Chairs are well-supported with capability that has the requisite skills and expertise to guide effective implementation of an important change process.	HBREDA/RRA	All new arrangements in place by 31 December 2025 Commencement date 1 April 2026
6	Refreshed governance for the refreshed regional delivery entity	MGG to confirm new governance arrangements for refreshed regional delivery entity.	MGG	30 June 2025
7	Funding for refreshed regional delivery entity	Councils to clarify the level of funding that will likely be available for the refreshed regional delivery entity from 31 March 2026. Again, this information is required as soon as possible as it will guide the level of resourcing to support delivery of regional priorities.	MGG	30 June 2025
8	Set regional priorities	MGG to clarify and establish regional priorities for the year beginning 1 April 2026. This work needs to take place as soon as possible as these priorities and accompanying work programmes will guide the capability required for the refreshed regional delivery entity.	MGG	31 August 2025
9	Refreshed regional delivery entity Letter of Expectations (LoE) from 1 April 2026.	MGG to create updated LoE for refreshed regional delivery entity for the period 15-month period from 1 April 2026 based on identified shared regional priorities and available Council funding.	MGG	30 September 2025
10	Appoint executive and delivery capability	Refreshed regional delivery entity Board to lead an open recruitment process to establish the governance, executive, and delivery capability required to deliver agreed shared regional priorities.	HBREDA	30 November 2025

11. Annex A: Analysis of governance options

CRITERIA	OPTION 1: Status Quo	OPTION 2: No MGG	OPTION 3: Enhanced status quo	OPTION 4: Legal entity
1. Represents Hawke’s Bay communities and approach is embedded in a partnership with PSGEs that is responsive to community needs.	Meets ✓ Includes key Chairs and Mayors of PSGEs and local government.	Does not meet X Does not provide a formal mechanism for partnership between PSGEs, and local government to consider issues of mutual and regional importance.	Meets ✓ Includes key Chairs and Mayors of PSGEs and local government. NB: Independent capability to complement elected members would sit on Board/s of delivery agency/ies.	Meets ✓ Includes key Chairs and Mayors of PSGEs and local government along with independent capability to complement elected members. A legal entity could add an element of durability to the structure.
2. Hawke’s Bay has a cohesive regional approach on shared priorities which maximises the ability to leverage resources from others (in particular Central Government).	Could meet ✓ Potentially meets cohesion element (although feedback from interviews highlights an opportunity to build greater cohesion around shared priorities), but sense that the structure is not yet maximising value.	Does not meet X Building a cohesive regional approach could be more difficult without a formal mechanism for mana whenua and local government partners to consider issues of mutual and regional importance.	Meets ✓ This option would seek to address to matters highlighted in interviews. See Section 5.	Meets ✓ Same as Option 3.
3. Effective in setting regional priorities and ensuring desired outcomes are being met through projects of regional significance.	Does not meet X Feedback from interviews highlights that there are a range of matters that require attention for MGG to be as effective as required for the region.	Does not meet X Does not provide a formal mechanism for partnership between mana whenua and local government to consider issues of mutual and regional importance.	Meets ✓ This option would seek to address to matters highlighted in interviews in particular a focus on ensured desired outcomes are being measured, tracked and ultimately achieved. See Section 5.	Meets ✓ Same as Option 3.
4. Members find value in attending MGG - with the agenda and discussion focused on shared regional priorities, and with clear accountability back to local government and member entities – and see desired outcomes being achieved.	Does not meet X Feedback from interviews highlights that many members struggle to find value in attending meetings and see opportunities to tighten and be directive around agenda setting.	Does not meet X Does not provide a formal mechanism for partnership between mana whenua and local government to consider issues of mutual and regional importance.	Meets ✓ This option would seek to address to matters highlighted in interviews. See Section 5. Additional transparency and accountability measures would seek to build greater awareness and comfort of roles of MGG and delivery structures.	Meets ✓ This option would add a legal requirement to MGG governance roles. Additional transparency and accountability measures would seek to build greater awareness and comfort of roles of MGG and delivery structures.

12. Annex B: Analysis of delivery options

CRITERIA	Option 1: Status quo	Option 2: No delivery mechanism and no dedicated support for MGG	Option 3: REDA + RRA with reduced funding	Option 4: Option 3 with enhanced support for MGG	Option 5: Enhanced support for MGG with ad hoc delivery based on interest and capability	Option 6: Refreshed regional delivery entity
1. Fits within (expected) fiscal envelope.	Does not meet X REDA work programme, resourcing and capability would need to change significantly to pick up projects of regional significance.	Meets X Would remove costs associated with delivery.	Could meet ✓ Budget for both entities would need to be set to fit overall fiscal envelope. Could create viability issues.	Could meet ✓ Same as Option 3. There is a trade-off between more facilitation support for MGG and resourcing for advocacy, policy development and analysis to support delivery efforts.	Meets ✓ Budget would be set to fit fiscal envelope.	Meets ✓ Budget would be set to fit fiscal envelope.
2. Will be fit for purpose to support amalgamation of regional activities (where this makes sense and is agreed), a future Regional Deal with central Govt, and reduces future delivery change disruption.	Could meet ✓ REDA structure could pick up projects identified as regional priorities, but the REDA work programme, resourcing and capability would need to change significantly.	Does not meet X Would not provide a platform to position the region for success.	Could meet ✓ Same as Option 1.	Could meet ✓ Same as Option 1.	Depends - This option assumes a small secretariat of 2-3 people and a CE-level person with appropriate mana. This may or may not be sufficient to support the needs of a Regional Deal.	Meets ✓ In terms of structure this is essentially the same as Option 1 but would result in the establishment of a new entity.
3. Supports an efficient focus on activities identified as shared regional priorities and where shared ownership is required to achieve desired outcomes. This also means reduces any overlap between functions which may create tensions in the delivery system.	Does not meet X There are existing overlaps between REDA and RRA and this has caused tension in the system. Could be resolved when RRA funding ends if REDA picked up RRA regional priority functions/activities.	Does not meet X No explicit delivery mechanism/s could create confusion and overlap in any ad hoc work taken forward.	Does not meet X There would likely be areas of overlap and views on mandate for certain activities.	Does not meet X Same as Option 3.	Depends - Ad hoc delivery could create confusion and overlap. Project management, and overall coordination and alignment between work programmes/projects, would largely be left to each project and/or available support for MGG.	Meets ✓ Would support an efficient focus on priority activities and remove any overlap that might cause issues.
4. Has the capacity, capability, leadership and regional mana to deliver services and activities and achieve desired outcomes. Leadership will be able to bring a focus to regional needs and engage effectively with decision-makers (in particular Central Government).	Does not meet X Status quo assumes RRA and capability not available beyond March 2026.	Does not meet X Option does not support having capacity, capability, and leadership to deliver.	Could meet ✓ But reduced funding for both entities likely to raise viability issues and make it harder to attract and retain CE-level leadership with appropriate mana.	Could meet ✓ Same as Option 3.	Could meet ✓ This option assumes a small secretariat of 2-3 people and a CE-level person with appropriate mana but would depend on capability available to take on ad hoc delivery.	Meets ✓ Likely best able to attract capability and leadership needed within funding envelope that will be made available to support regional priorities.
5. Able to meet all accountability and reporting requirements.	Could meet ✓ Feedback from review indicates there would be value in tightening and strengthening reporting requirements.	Not applicable. There would be no accountability and reporting requirements if there was no delivery mechanism.	Could meet ✓ But reduced funding for both entities likely to make it harder to attract and retain capability to ensure accountability and reporting requirements are met.	Could meet ✓ Same as Option 3.	Could meet ✓ Likely able to meet accountability and reporting requirements although nature of some ad hoc delivery could make this more complex and resource intensive.	Meets ✓ Likely best able to attract and retain capability and capacity needed and therefore meet all accountability and reporting requirements.

13. Annex C: Interview Questions

1. Function/role of Matariki Governance Group (MGG)

- a) What is the core value of MGG? In other words, what would the region lose by not having it?
- b) What is your view of the key functions/roles of MGG?

2. Delivery and support

- a) What is the best way to provide MGG with administrative/secretarial support required to play its role/s?
- b) What is the best way to deliver any work that flows from MGG functions/role, particularly where responsibility doesn't naturally sit within a member organisation?
- c) What are the current and future areas of work where it potentially makes sense to take a regional approach? What is/are the reason/s for this?
- d) How would you rank the areas of work where it potentially makes sense to take a regional approach?

[NB: We need some way to provide advice on priorities for funding given the heavily constrained funding environment, particularly in the short term where it is only local government funding regional activity].

Examples:

- Coordination of regional priorities and advocacy with Central Government.
 - Work programmes that target regional priorities e.g.:
 - Local Waters Done Well
 - Housing
 - Water security
 - Regional spatial planning
 - Regional roading/transport.
 - Business and industry development (not including support for small business which largely sits with HB Chamber of Commerce). This is funding for, and oversight over, HB REDA.
 - Funding for, and/or any oversight over, Hawke's Bay Tourism.
- e) Are there specific activities in relation to support for business and industry development that are adding particular value and/or what would be the impact of not funding particular activities?

3. Funding

Background from the Scope:

Local government funding will be considered as the primary funding source in the first instance. However, rates pressure and rising costs facing Councils means they cannot be considered as the only long-term funding solution. This must include consideration of Iwi/PSGE, business/industry partners and other inputs to ensure an enduring long term regional solution.

- a) What is required to move to a more diversified funding base for regional activities?

- b) Are there certain principles you believe should apply to determine funding arrangements? For example, a general principle that entities which might benefit from the work of a regional structure fund that work – how would this be determined?
- c) *[For those not currently contributing]*. What would need to be in place and/or be delivered for your organisation to contribute toward the cost of agreed activities?

4. Local government requirements re accountability and transparency

Key context:

The current regional local government structural reality is that we have 5 Councils that have democratically elected governors. These governors hold the responsibility for decision making on certain matters on behalf of their communities. If another body is going to make decisions, or at least provide guidance on agreed matters and/or direct resources to do work on certain matters, then we need an efficient and effective set of arrangements that provide this mandate and meet accountability and transparency requirements set out in law.

- a) *[If known]*. What are the key accountability and transparency requirements set out under relevant Acts (e.g. the Local Government Act; Public Finance Act etc). [NB: The Review Team will be compiling this information and can reflect on this when in hand].
- b) How can we best manage any accountability and transparency requirements while also ensuring scarce resources are focused on delivering agreed regional services/activities?
- c) Are you aware of models in NZ or overseas (e.g. Scotland) that offer useful examples of providing appropriate mandate for regional structures and help to address key accountability and transparency requirements?

FUTURE NAPIER COMMITTEE

Open Minutes

Meeting Date: Thursday 10 April 2025

Time: 1:44pm – 2:03pm

Venue Large Exhibition Hall
War Memorial Centre
Marine Parade
Napier

Livestreamed via Council's Facebook page

Present **Chair:** Councillor Chrystal
Members: Mayor Wise, Deputy Mayor Brosnan, Councillors, Browne, Crown, Greig, Mawson, McGrath, Price, Simpson, Tareha and Taylor
Ngā Mānukanuka o te Iwi representative - Darren Tareha

In Attendance Chief Executive (Louise Miller)
Executive Director City Strategies (Rachael Bailey)
Executive Director Infrastructure Services (Russell Bond)
Manager Communications and Marketing (Julia Stevens)
Manager Regulatory Solutions (Luke Johnson)
Strategic Planning Lead (Connie Whelan-Mills)

Administration Governance Advisors (Jemma McDade and Carolyn Hunt)

FUTURE NAPIER COMMITTEE – Open Minutes

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ORDER OF BUSINESS

Karakia

Apologies

APOLOGIES

Councillors Tareha / Browne

That the apology from Councillor Boag be accepted.

Carried

The Ngā Mānukanuka o te Iwi representative, Tiwana Aranui, did not attend the meeting.

Conflicts of interest

Nil

Public forum

Nil

Announcements by the Mayor

Nil

Announcements by the Chairperson

Nil

Announcements by the management

Nil

Confirmation of minutes

Councillors Tareha / Greig

That the Minutes of the meeting held on 6 March 2025 were taken as a true and accurate record of the meeting.

Carried

AGENDA ITEMS

1. RESOURCE CONSENTS ACTIVITY UPDATE

Type of Report:	Information
Legal Reference:	N/A
Document ID:	1841588
Reporting Officer/s & Unit:	Nick McCool, Team Leader Resource Consents

1.1 Purpose of Report

This report provides an update on recent resource consenting activity. The report is provided for information purposes only, so that there is visibility of major projects and an opportunity for Elected Members to understand the process.

Applications are assessed by delegation through the Resource Management Act (RMA); it is not intended to have application outcome discussions as part of this paper.

At the meeting

Manager Regulatory Solutions (Luke Johnson) presented the report providing the update that the Lockydock bicycle lock at 300 Marine Parade had been approved.

Questions were answered clarifying:

- The owners of the LED signage and the Lockydock are responsible for repairing damage caused by vandalism.

COMMITTEE RESOLUTION	Deputy Mayor Brosnan / Councillor Mawson
	The Future Napier Committee:
	a. Note the resource consent activity update for the period 13 February to 20 March 2025.
	Carried

2. AHURIRI REGIONAL PARK MASTERPLAN UPDATE

<i>Type of Report:</i>	Information
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	1841998
<i>Reporting Officer/s & Unit:</i>	Paulina Wilhelm, Manager City Development

2.1 Purpose of Report

This report seeks to update you on the release of the Ahuriri Regional Park Masterplan before it goes for public consultation.

At the meeting

Strategic Planning Lead (Connie Whelan-Mills) presented the report with a Powerpoint Presentation.

Questions were answered clarifying:

- Funding for the Ahuriri Regional Park is from Councils' Long Term Plan.
- The timeframe for the development is ten years from 2028 onwards.
- Cleaning the estuary is a high priority and is the main purpose of this work. This is an environmental project to assure the quality of the water that is being released into the estuary.

COMMITTEE RESOLUTION

Deputy Mayor Brosnan / Councillor Crown

The Future Napier Committee:

- Note** the Concept Design of the Ahuriri Regional Park Masterplan for public engagement in April and May - DOC ID 1831536
- Note** the Communications and Engagement Plan Overview - DOC ID 1831535 paper.

Carried

Attachments

- 2025-04-10 Future Napier - Ahuriri Regional Park Masterplan Presentation DOC ID 1846011

Minor matters

Nil

The meeting closed with a karakia at 2:03pm

Approved and adopted as a true and accurate record of the meeting.

Chairperson

Date of approval

ⁱ Mana Ahuriri Trust; Ngāti Pāhauwera Development Trust; Tamatea Pōkaiwhenua; Maungaharuru-Tangitū Trust; Hineuru Iwi Trust; Tātau Tātau o Te Wairoa; Ngāti Kahungunu Iwi Incorporated.