Te Matau-a-Māui Hawke's Bay Unitary Authority

Simplifying Local Government Head Start Outline Proposal

August 2026

CENTRAL HAWKE'S BAY DISTRICT COUNCIL

HERETAUNGA HASTINGS DISTRICT COUNCIL

NAPIER CITY COUNCIL

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Executive Summary

A PROPOSAL FOR A STRONG HAWKE'S BAY REGION

Te Matau-a-Māui Hawke's Bay sits on the east coast of Te Ika-a-Māui, covering around 14,200 square kilometres and 350 kilometres of coastline, is home to around 180,000 people across Napier and Hastings, seventeen kilometres apart, and several smaller urban centres, such as Wairoa in the north and Waipukurau in Central Hawke's Bay.

Few regions in New Zealand match this combination of soil, climate and scale. The Heretaunga Plains offer some of the country's most versatile, highly productive land backed by more than 2,200 hours of sunshine a year[1]. Across the region, there is around 14,500 hectares in commercial fruit and vegetable production, with apples the largest single crop[2]. Hawke's Bay grows 65 per cent of the country's apple and pear plantings, with the industry contributing more than $420 million to the region's GDP[3]. The region is also a major centre of pastoral and arable farming, with agriculture, forestry and fishing employing close to double the national workforce share. Napier Port, the country's fourth-largest container terminal, moves the majority of the region's logs, pulp, timber and produce to market, including 62 per cent of national apple exports by value[4].

Cyclone Gabrielle, which struck in February 2023, was the most significant weather event on record to affect the region, and New Zealand's second-worst natural disaster after the Canterbury earthquakes. The cost is estimated at $10 billion, with 6,178 hectares of highly productive land covered in silt, 25 bridges destroyed, and hundreds of kilometres of roads damaged[5]. More than three years on, the region has made significant progress, remaining cohesive and united by a shared vision for a prosperous, sustainable and resilient Hawke's Bay.

What sets Hawke's Bay apart from many regions now considering reform for the first time is that it has already spent more than three years operating collectively as a region, out of necessity. That work has been coordinated through Matariki Governance Group, the collaborative leadership group of Hawke's Bay's councils, iwi and Post-Settlement Governance Entities (PSGEs) and the Regional Recovery Agency. That model has worked, forging direct and trusted lines to central government, and a reputation as a credible partner whose unified thinking has helped secure significant funding for its priorities.

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[1] P.R. Chappell, *The Climate and Weather of Hawke's Bay*, 3rd edition, NIWA Science and Technology Series No. 58 (Hawke's Bay Regional Council, 2016).

[2] *Fresh Facts 2024 (New Zealand's Fresh Fruit and Vegetable Industry)*, United Fresh New Zealand Incorporated (2024).

[3] MartinJenkins, *Economic Contribution of the New Zealand Apple and Pear Industry* (2024).

[4] *Te Matau-a-Māui Hawke's Bay Regional Recovery Plan 2.0* (July 2024).

[5] *Te Matau-a-Māui Hawke's Bay Regional Recovery Plan 2.0* (July 2024).

A LASTING STRUCTURE FOR WHAT'S NEXT

The structures that delivered that recovery were built for an emergency. The focus now is on rebuilding infrastructure, building resilience into communities, and capturing improvement opportunities, alongside rethinking the services, systems and institutional arrangements needed for a local government structure built to last.

The region is already acting on that logic. Governance arrangements consolidated and simplified, with old structures wound down and their functions folded into leaner, interim ones. Leadership now sits with a single forum of the region's Mayors and its Regional Council Chair. What Hawke's Bay is proposing through Head Start is simply the next, permanent step in a transition it has already begun, with a single Hawke’s Bay Unitary Authority building on a history of shared regional governance that already works.

Proposal overview

This Outline Proposal is from Central Hawke's Bay District Council (CHBDC), Hastings District Council (HDC) and Napier City Council (NCC). Following endorsement by the three participating councils, it proposes the creation of a unitary authority for Hawke's Bay, under the Government's Simplifying Local Government policy. It does not include Wairoa District Council (WDC), who has resolved not to participate in the Head Start process. The proposed design would allow for WDC to join at a later date if it chose to.

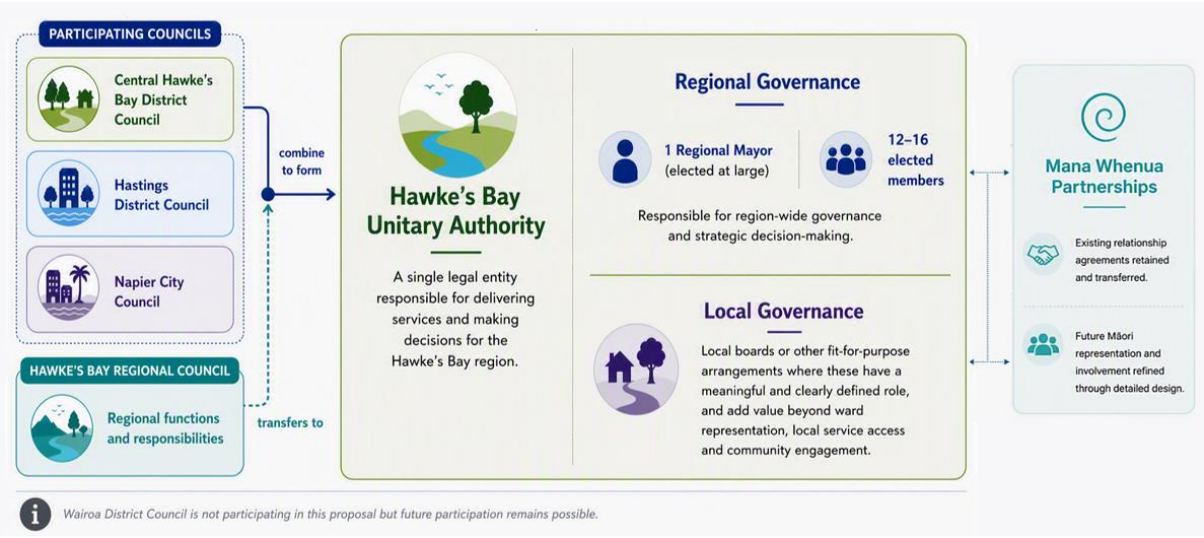
Under the proposal, the three participating Territorial Authorities (TAs) would amalgamate, as well as taking on the functions and responsibilities of the Hawke's Bay Regional Council (HBRC), as the Hawke's Bay Unitary Authority.

Governance would be consolidated, with the creation of one regional governing body for the Hawke's Bay Unitary Authority made up of a regional Mayor elected at large and a council of between 12-16 elected members. The final size of the governing body would be worked through in the detailed design phase.

Provision would be made for a second tier of local governance, using local boards or other fit-for-purpose arrangements where these have a meaningful and clearly defined role, and add value beyond ward representation, local service access and community engagement. Clearly defined local roles and responsibilities would be conferred or delegated by the governing body to the second tier of local governance.

All existing relationship agreements and arrangements with mana whenua would be retained and transferred to the new authority, with new models for Māori representation and involvement to be explored through the design phase.

FIGURE 1: OVERVIEW OF UNITARY AUTHORITY ARRANGEMENTS



Eligibility and assessment criteria:

Eligibility criteria:

- ✓ The three participating TAs represent both the majority of directly affected TAs and the population across the directly affected areas.
- ✓ The proposal provides for the amalgamation of three TAs into a new unitary authority
- ✓ The proposal commits to upholding Treaty settlement arrangements between the three participating TAs and HBRC

Assessment criteria:

1.	**Supports the new planning system**	**HIGH**	A unitary authority for Hawke's Bay will enable more efficient governance of the planning system, better integrated and aligned planning, clear accountability, enhanced catchment scale delivery and more integrated regional approaches to transport planning and infrastructure.
2.	**Simplifies local governance**	**HIGH**	A unitary authority for Hawke's Bay will reduce the number of councils and elected representatives, and clearly define the roles and responsibilities between tiers, making the system easier for communities to understand and for the organisation to deliver.
3.	**Provides economies of scale**	**HIGH**	The proposal provides the opportunity to build a more integrated and capable local government organisation, creating opportunities to reduce duplication, avoid repeated investment and build capability that is difficult to sustain across separate councils. It will provide benefits from realisable savings, avoided costs, better value and stronger organisational capability.
4.	**Maintains local voice**	**HIGH**	The proposal is based on the principle that decisions should be made at the most appropriate level, with governance and representation design focused on meaningful local decision-making, maintaining local voice and preserving local service access.
5.	**Deliverability**	**HIGH**	There is a credible pathway to implementation before the 2028 local elections, with the requirements, risks, constraints and unknowns sufficiently understood to be actively managed.

Background

Hawke's Bay is not starting from scratch when it comes to considering local government reorganisation. Its communities of interest have been tested and re-tested through successive Local Government Commission determinations and reorganisation proposals, and through each council's own representation reviews over the years. The pattern that keeps emerging is consistent – Hawke's Bay is a region bound together by geography, activity, whakapapa and heritage, but with genuinely distinct places at a local level.

DISTINCT – AND DISTINCTIVE – COMMUNITIES

Hawke's Bay functions as one integrated economic and infrastructure system. Regional roading and transport networks carry the region's primary produce to Napier Port and Hawke's Bay Airport. Water, flood protection and natural hazard planning routinely cross council boundaries, a reality only sharpened by Cyclone Gabrielle. And the shared recovery task since 2023, led throughout by the region's councils and mana whenua working as one, has itself become a defining regional community of interest.

At the same time, each council area is long recognised as a distinct community in its own right. Napier is compact, urban and coastal, with its art deco heart and port-city economy shaping a distinct civic identity. Hastings contains two clearly different communities within one district – an urban centre anchored by Hastings, Flaxmere and Havelock North, and a rural plains and hill country area built around the Heretaunga Plains' horticultural economy. Central Hawke's Bay is a large, predominantly rural district with a strong farming tradition, centred on the twin towns of Waipawa and Waipukurau.

URBAN AND RURAL IDENTITY DIVIDES

There is a consistent urban-rural distinction which is not only regional, but which also repeats inside individual districts. In Central Hawke's Bay, Waipukurau and Waipawa are the district's main towns, with a separate rural and village-based community of interest across the rest of the district. Hastings District shows the same pattern in a more layered form, with Hastings City, Havelock North and Flaxmere each long recognised as distinct vibrant urban communities, historically kept visually and physically separate from one another by greenbelts, while the rural Heretaunga Plains and hill country beyond support further, quite separate communities of interest built around horticulture and farming. Napier, despite its relatively small size, shows the same layering with a strong city-wide identification alongside real, persistent attachment to individual suburbs and wards. Cyclone Gabrielle appears to have deepened this local, neighbourhood-level resilience even as it reinforced the region's wider sense of shared purpose.

IWI AND HAPŪ ROHE FORM A FURTHER LAYER

Ngāti Kahungunu is one of the largest iwi in the country, with hapū and iwi interests forming a distinct layer of community that does not simply follow council or constituency boundaries. Hawke's Bay is also distinctive in the way Treaty settlements have been progressed through several hapū- and iwi-based settlement groupings and PSGEs. These settlements establish enduring rights, interests, relationships and responsibilities that continue to shape regional economic development, services, and environmental management. In Hawke's Bay, Māori make up about 30 per cent of the population, with a relatively young and growing demographic that will help shape the region's future workforce.

Across each council, mana whenua relationships include iwi and PSGEs, alongside strong and distinct hapū and marae interests. Hawke's Bay has already established governance structures, including the regional Matariki Leadership Group, to recognise mana whenua leadership. This proposal explains how Treaty settlements and partnership arrangements will be upheld, and how meaningful Māori representation will be addressed in any future governance design.

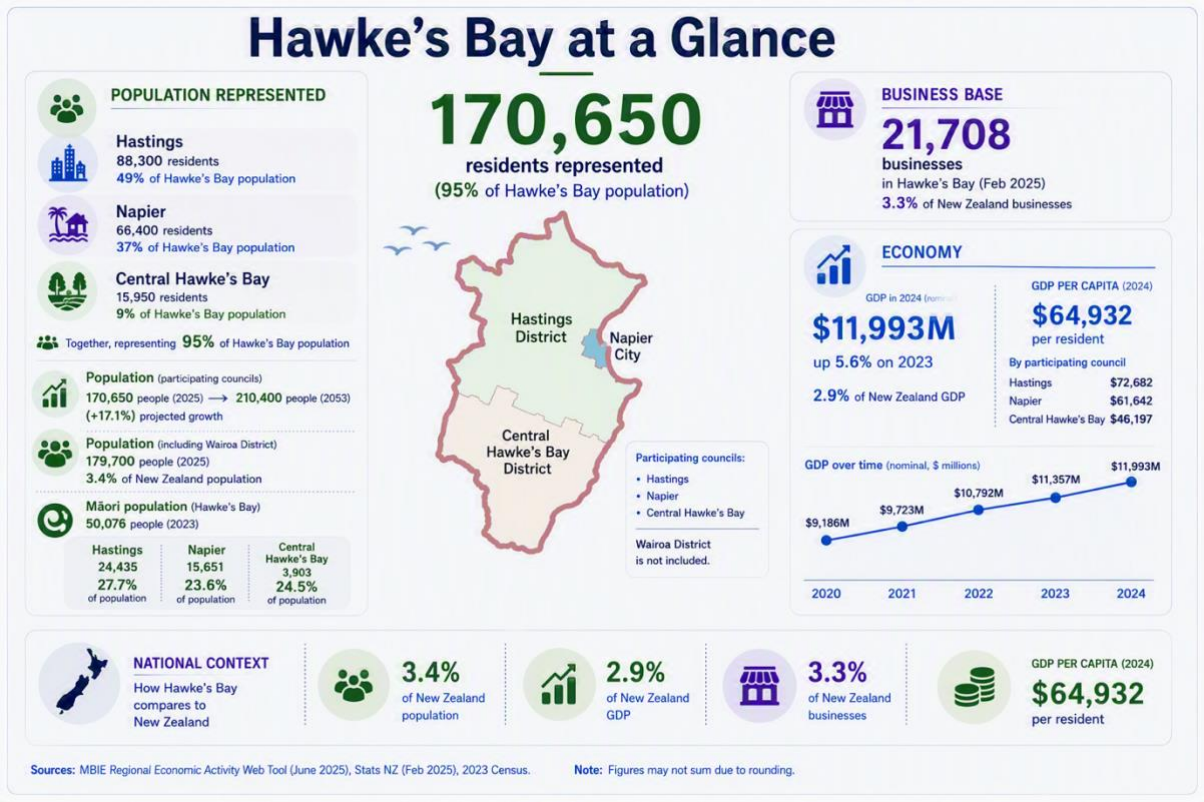
Taken together, these layers, regional, urban-rural, and iwi/PSGE/hapū, describe a region that already knows itself well. The task ahead is not to discover Hawke's Bay's communities of interest, but to design governance arrangements that reflect what is already well understood.

LAND USE PATTERNS AND CHARACTERISTICS

TABLE 1:LAND USE PATTERNS AND CHARACTERISTICS

Area	Land use
Napier ***Urban/lifestyle***	Residential, commercial, and industrial concentration across the urban area. Napier Port and Hawke's Bay Airport underpin significant freight, logistics, transport and processing activity, while the city serves as a major service, retail, tourism and administrative centre. The city's art deco heritage, waterfront, and mild climate support a strong visitor economy. Marine and coastal land uses are also defining features.
Hastings ***Urban/intensive/ rural/lifestyle***	Residential concentration around Hastings, Flaxmere and Havelock North, with a broad rural catchment zone. High concentration of intensive horticulture, pip fruit, viticulture, and arable production on highly productive soils. Temperate climate, high-quality soils, advance innovation. Broad pastoral catchment zone with sheep, beef, dairy and deer, underpinned by meat and wool processing. Extensive lifestyle small block community. Marine/coastal zone.
Central Hawke's Bay ***Rural/urban/lifestyle***	Predominantly rural pastoral systems with sheep, beef, dairy, deer, and forestry, supported by meat processing. Strong arable sector (maize etc.) and growing horticulture footprint including vegetable production, small seeds and pip fruit. Urban concentration around Waipawa and Waipukurau, with strong rural communities around Pōrangahau, Takapau, Ōtāne, Tikokino and Ongaonga. Coastal communities spread along an extensive coastline.

FIGURE 2: HAWKE'S BAY REGION - KEY STATISTICS



Process

Following the Government's announcement of the Head Start pathway in May 2026, the five councils in Hawke's Bay – CHBDC, HDC, NCC, WDC and HBRC – entered into a Memorandum of Understanding to explore the Head Start pathway as a region. This process has been overseen by the Hawke's Bay Mayoral Forum, coordinated by the Interim Regional Office. It has been supported by Independent Advisors Wayne Eagleson and Lawrence Yule and informed by a Council Reference Group with officers from each of the councils.

Across May, June and July, each TA undertook their own council workshops, engagement with mana whenua, community engagement, and assessment of the options available to the council.

Community engagement

Although the Government did not require public consultation before the submission of an Outline Proposal, each participating TA undertook community engagement during June and July 2026 to help inform its position on the Head Start process. Approaches reflected local circumstances but generally included online surveys, public meetings, community pop-ups, elected member engagement, social media campaigns and targeted engagement with mana whenua and key stakeholders.

Engagement was clearly positioned as an opportunity to understand community views and inform councils' decisions about whether to progress to the next stage of the Head Start process. All engagement with the community to date has been explicit that, should Cabinet agree in-principle to support this Outline Proposal, the final decision of participating councils to submit a final proposal in March 2027 would be contingent on formal community consultation, as required under the Local Government Act 2002.

Hastings District Council received more than 1,500 pieces of feedback across two phases of engagement, gathered through online feedback, a community drop-in session, meetings with community groups and organisations, and engagement with mana whenua and key stakeholders. In phase two, nearly 75 per cent of respondents preferred a single Hawke's Bay council, while 46 per cent supported one council making both regional and local decisions. Feedback also showed a stronger preference for lower costs than increased local representation.

Napier City Council also undertook two phases of engagement through online surveys, community meetings, public pop-ups, webinars, social media and informal engagement opportunities, receiving 520 responses to phase one engagement and nearly 1,800 responses in phase two. Affordability, financially sustainable services and infrastructure emerged as the community's highest priorities. Around 66 per cent of respondents supported progressing a single Hawke's Bay unitary authority, while also emphasising that any future governance model should retain meaningful local

representation, accountability and opportunities for communities to influence local decisions.

Central Hawke's Bay District Council undertook two phases of engagement through online surveys, community meetings and discussions on future governance models, receiving 236 responses. While views on governance models were more mixed than elsewhere in the region, just over 40 per cent supported a single unitary authority and 80 per cent of respondents wanted change from the status quo. Retaining local representation, local voice and access to services locally, consistently emerged as the community's highest priorities, closely followed by affordability.

Despite each council adopting a different engagement approach, the findings were broadly consistent across the region. Communities recognised the need to consider future governance arrangements and were generally supportive of continuing to explore regional reform. Affordability, financially sustainable services, effective local representation and clear information about the practical implications of change were consistently identified as the issues of greatest importance.

These findings informed each participating council's decision to continue with the Head Start process and the development of this Outline Proposal. They also identify the matters that will require detailed consideration through formal public consultation should Cabinet agree in principle to support the proposal.

Mana whenua engagement

Engagement with mana whenua has been undertaken by each participating council individually, as well as regionally through Te Kāhui Ōhanga (TKO).

Napier City Council has engaged Ahuriri mana whenua entities (Mana Ahuriri Trust, Maungaharuru-Tāngitū Trust, Te Taiwhenua o Te Whanganui ā Orotū, Ngāti Kahungunu Iwi Incorporated) for hui across June and July. Ahuriri mana whenua entities expressed an in-principle preference for a single Hawke's Bay-wide unitary authority, considering that a single authority could provide greater consistency in planning and environmental management, support more integrated delivery of Treaty settlement commitments, improve strategic coordination across the region, and better capture potential efficiencies from reduced duplication. Clear priorities for any proposal were provided, specifically to carry forward existing Treaty settlement redress, statutory acknowledgements, co- governance arrangements and partnership commitments; to provide for meaningful mana whenua participation, influence and partnership in governance and decision-making, rather than representation alone; to support simple, cohesive and effective regional governance that does not fragment regional functions, catchments, waterways or whenua; and to involve mana whenua as partners in any future detailed design process relating to governance arrangements and the transfer of settlement commitments.

Hastings District Council has engaged its mana whenua partners (Maungaharuru-Tangitū Trust, Mana Ahuriri Trust, Tamatea Pōkai Whenua, Ngāti Pāhauwera, Ngāti Hineuru, Ngāti Kahungunu Iwi Incorporated, Te Taiwhenua o Heretaunga, Te Taiwhenua o Te Whanganui a Orotū, Te Taiwhenua o Tamatea) via a range of hui across June and July. Feedback through these hui indicated a preference for a single Hawke's Bay unitary authority – a model seen as offering a more coherent structure for environmental management, catchment planning, Treaty settlement arrangements and mana whenua participation. Mana whenua also noted that current council boundaries don't always reflect whakapapa, marae connections or traditional rohe. Some marae are physically located within Hastings District but have whakapapa and relationship connections to Ahuriri Napier. A single Hawke's Bay unitary authority was seen as potentially helping to address some of these historical boundary issues, where current administrative lines cut across mana whenua relationships and communities of interest.

Central Hawke's Bay District Council engagement included hui at local Marae, providing an opportunity for mana whenua to share perspectives on the reforms and identify matters to be considered. This engagement included a hui endorsed by Te Taiwhenua o Tamatea at Te Whatuiāpiti Marae for the Tamatea rohe[6], and a hui at Rongomaraeroa Marae. Mana whenua raised the importance of considering communities and traditional rohe that extend beyond current TA boundaries, rather than articulating a preferred structural model. No strong view was expressed for one reorganisation option over another – instead, the focus was on how Mana whenua voice would be recognised in any future governance design, including maintaining meaningful relationships, enabling mana whenua participation in decision-making, and upholding Te Tiriti o Waitangi obligations through any transition.

Te Kāhui Ohanga wrote to the region's Mayors in June 2026 on behalf of its participating PSGE, iwi and Taiwhenua members, supporting a serious review of local government arrangements, conditional on Treaty settlement arrangements being preserved with equivalent or stronger effect, continuation of the Hawke's Bay Regional Planning Committee (HBRPC), and genuine partnership on Māori representation.

Following regional engagement and hui in July, eight participating organisations (Ngāti Kahungunu Iwi Incorporated, Te Taiwhenua o Heretaunga, Te Taiwhenua o Tamatea, Te Taiwhenua o Te Whanganui ā Orotū, Hineuru Iwi Trust, Mana Ahuriri Trust, Maungaharuru-Tangitū Trust and Tamatea Pōkai Whenua Trust) expressed support for one regional unitary authority for Te Matau-a-Māui Hawke's Bay. Their position was that this model best preserves Treaty settlement arrangements, catchment and awa integrity, and mana whenua boundaries, while requiring meaningful mana whenua participation from the outset of the design process.

[6] *Pukehou Marae, Te Whatuiāpiti Marae, Rongomaraeroa Marae, Pourerere Marae, Waipukurau Marae, Rakautātahi Marae and Kahuranaki Marae were represented.*

Ngāti Kahungunu Iwi Incorporated (NKII) also separately confirmed its support for a single unitary authority, Māori representation in its governance, and elected community boards for local representation.

As with the commitments around formal community consultation, the participating councils have resolved that, should Cabinet agree in-principle to support this Outline Proposal, the detailed design phase would include development of an effective model for Māori representation and the giving effect to Treaty Settlement redress arrangements.

Business engagement

The business community has an important perspective in this work, given the role local government plays in supporting economic development, infrastructure, and investment confidence. Targeted engagement with local businesses was undertaken by each council, as well as region-wide engagement by the Independent Advisors, inviting businesses to provide practical, commercially-focused feedback.

The responses provided consistent feedback, describing the current local government structure as fragmented, duplicative and unnecessarily complex, creating inconsistent consenting processes, slower decision-making and higher costs. There was strong support for a more integrated model, particularly a single unitary authority, with respondents citing improved coordination, greater consistency, economies of scale, stronger regional planning, and a unified voice when advocating to central government.

At the same time, businesses emphasise that any future model must retain meaningful representation for rural communities, Māori and other minority interests, remain focused on economic growth and infrastructure delivery, strengthen resilience, and ensure governance reform is driven by strategy and regional outcomes rather than simply changing organisational structures.

Positions of Hawke's Bay councils

In meetings in mid-July 2026, CHBDC, HDC and NCC all resolved to continue in the Head Start process and agreed to progress with a proposal to create a single unitary authority for Hawke's Bay.

This agreement included the three participating TAs passing resolutions that the Head Start proposal:

"should clearly state that it is conditional on full community consultation before any final proposal is submitted in March 2027, financial modelling to confirm the benefits of the proposed Local Government reorganisation model, and development of an effective model for Māori representation and the giving effect to Treaty Settlement redress arrangements (including in particular the Hawke's Bay Regional Planning Committee"

At a meeting on 21 July 2026, WDC elected members voted not to participate in the Head Start process and to commence an investigation of options under the Local Government Act that reflect the Wairoa community's feedback on Wairoa becoming a standalone unitary authority.

Given this decision, this Outline Proposal does not include WDC. There will always be a seat at the table for Wairoa, and the proposed design would allow for WDC to join at a later date if it chose to. It is proposed that all current Regional Council functions and services relating to the Wairoa District would sit with the new Unitary Authority until otherwise notified, with an agreement in place to govern this. The arrangements would be confirmed through the detailed design phase.

Although not formally able to be party to an Outline Proposal, HBRC has been a part of the regional process, including the Memorandum of Understanding.

HBRC supports the Outline Proposal as it reflects their view that a single unitary authority, supported by strong local voice, provides the best opportunity to create a simpler, more coherent system of local government while maintaining integrated regional planning, environmental management and resilience functions that are fundamental to Hawke's Bay's long-term resilience and prosperity and are most effectively delivered at a regional scale.

HBRC recognises that the Outline Proposal establishes the direction of travel rather than the final design. HBRC is committed to working collaboratively with its local government partners, mana whenua and Government through the detailed design phase to ensure the future governance model maintains strong, integrated regional capability, gives effect to Treaty settlement arrangements, and supports meaningful local voice.

Guiding principles and outcomes for Hawke’s Bay

This proposal seeks to establish a local government structure for Hawke's Bay that reflects a region already unified in how it works, while preserving the district-level and hapū and iwi identities that remain distinct and important to the people who hold them, and ensuring Napier, Hastings and Central Hawke’s Bay each retain a genuine local voice in decisions that affect them.

It is designed to shape an entity that can more effectively protect and grow the region's economic base, particularly its highly productive land and the horticulture, agriculture and tourism built on it, build lasting resilience to natural hazards and climate change following Cyclone Gabrielle, and give effect to genuine partnership with mana whenua consistent with Treaty settlement commitments.

Underpinning all of this is a commitment to a model that is affordable and fair for the communities who fund it, deliverable through a well-managed transition, and built for the region Hawke’s Bay is becoming and the stronger, more collective voice it wants to bring to the country.

REGIONAL OUTCOMES – WHAT THIS REFORM NEEDS TO ENABLE

TABLE 2-REGIONAL OUTCOMES FOR HAWKE’S BAY

	Outcome	Description
1	**Effective service delivery**	Consistent, reliable services for every Hawke’s Bay community, regardless of which side of a current council boundary they happen to sit on.
2	**Affordable local government**	Seeking efficiencies and value by reducing duplication and leveraging economies of scale, protecting Hawke's Bay's position as one of only a handful of regions with household incomes above the national average.
3	**Economic resilience and prosperity**	A coordinated approach to growing a competitive regional economy anchored in horticulture, agriculture, tourism, and the infrastructure that moves the region’s produce to market.
4	**Community wellbeing**	Improved wellbeing outcomes for everyone who calls Hawke’s Bay home, from Napier’s urban suburbs to Central Hawke’s Bay’s rural communities.
5	**Natural hazard and climate resilience**	A step-change in how the region plans for, responds to, and recovers from climate change and natural hazards, building on the post-Cyclone Gabrielle momentum and unity Hawke’s Bay has established.
6	**Infrastructure sustainability**	Coordinated, affordable and resilient planning, funding and delivery of the roading, three waters and flood protection infrastructure that already crosses council boundaries in practice.

7	**Integrated planning**	Supporting coordinated decision-making across land use, infrastructure, environmental management and economic development.
8	**Strong regional capability**	Building institutional knowledge and depth of capability across the region.
9	**Strong governance**	A model that addresses regional challenges and opportunities, while retaining meaningful local representation and decision-making for each community.
10	**Regional identity and local character**	Strengthening Hawke's Bay's collective voice while preserving what makes Napier, Hastings and Central Hawke's Bay, and the communities within them, distinct.

DESIGN PRINCIPLES – WHAT A GOOD MODEL SHOULD LOOK LIKE FOR HAWKE'S BAY

TABLE 3: DESIGN PRINCIPLES FOR HAWKE'S BAY

	Principle	Description
1	**Affordability and financial sustainability**	Ensures the proposed model genuinely improves affordability for Hawke's Bay households and safeguards the long-term financial sustainability of delivering local government functions across the region.
2	**Financial fairness and equity of funding**	Delivers a rating and funding model where costs and benefits are shared across Napier, Hastings and Central Hawke's Bay, with debt treated equitably and the costs of transition fairly distributed.
3	**Effective local voice and place-based decision making**	Keeps decision-making close to the communities it affects, giving Napier, Hastings and Central Hawke's Bay, and the distinct communities within them, real and lasting influence over the decisions that matter to them.
4	**Preserved local service access**	Maintains practical, everyday access to services for every community.
5	**Improved effectiveness and efficiency of delivery capability**	Strengthens the region's ability to deliver infrastructure, investment and services, making full use of economies of scale.
6	**Coherent environmental management**	Aligns boundaries and structures with the catchments, hazards, biodiversity, water and flood protection work that already crosses council lines in practice, strengthening the region's climate resilience.
7	**Respecting and maintaining Te Tiriti, mana whenua and settlement arrangements**	Protects and strengthens Iwi and hapū participation, existing relationship agreements, and Treaty settlement obligations across the region.
8	**Transition deliverability and organisational capability**	Retains the critical people, systems and capability Hawke's Bay needs to deliver uninterrupted services through the transition, and beyond.
9	**Decision-making for long term outcomes**	Protects what matters most for Hawke's Bay's future generations, including the region's highly productive land and its resilience to climate change and natural hazards.
10	**Recognising regional strengths by working together**	Builds on the shared regional way of working Hawke's Bay has already established, giving the region a stronger, more unified voice when engaging beyond its own boundaries.

Treaty of Waitangi settlements

The participating councils strongly endorse the Government's position that Treaty settlement arrangements with PSGEs must be upheld through this process.

While particular attention has been given to the HBRPC, this statement reflects the broader commitment to preserving all Treaty settlement legislation, Treaty redress and partnership arrangements across Hawke's Bay. This includes place-based co-governance, statutory acknowledgement, planning and relationship agreements that apply within individual TA areas.

PURPOSE OF TREATY OF WAITANGI SETTLEMENTS

The purpose of Treaty of Waitangi settlements between tāngata whenua and the Crown is to acknowledge and settle the Crown's historical breaches of Te Tiriti o Waitangi/the Treaty of Waitangi and to provide redress for those breaches. Settlements consist of three main types of redress:

- Apology redress, which includes a historical account, Crown acknowledgements of Treaty breaches and a Crown apology.
- Cultural redress, such as the return or acknowledgement of sites of significance, or co-governance arrangements.
- Financial and commercial redress, comprising a total quantum including cash and the value of commercial assets.

Settlements are intended to provide the foundation of a renewed relationship between the settled group and the Crown, consistent with Te Tiriti. This includes recognising and enabling the enduring legal and constitutional relationships between the Crown (including local government) and tāngata whenua. Settlements cannot be unilaterally undermined by changes to Crown structures such as local government and must endure regardless of changes to governance arrangements.

COUNCILS COMMITTED TO OBLIGATIONS

The councils are committed to preserving and giving full effect to their existing obligations to tāngata whenua, including those arising from Deeds of Settlement, Treaty settlement legislation, Treaty redress and the statutory obligations of councils to tāngata whenua. A summary of the mechanisms reflecting these obligations has been developed and will support the detailed design phase.

In resolving to proceed with a proposal for one unitary authority for Hawke's Bay the councils have acknowledged that existing Treaty redress mechanisms applying to the individual councils, as well as other statutory obligations, will transfer to the new entity. Detailed design and development of a final reorganisation proposal will allow the councils and PSGEs to work through the detail of how this occurs.

HAWKE'S BAY REGIONAL PLANNING COMMITTEE (HBRPC)

Of particular note is the HBRPC, a unique form of Treaty redress established by the Hawke's Bay Regional Planning Committee Act 2015 (Act). Further detail on the HBRPC can also be found in the Planning system section of this report.

The HBRPC is a permanent committee of HBRC with members appointed by each of the nine PSGEs in the region and an equal number of councillors appointed by HBRC. Its purpose is to provide tāngata whenua with greater involvement in the management of natural resources. The HBRPC provides an established governance framework with underlying principles and a Terms of Reference that can be readily adapted and incorporated in the proposed unitary authority.

The councils support giving effect to Treaty legislation through retaining the HBRPC and ensuring it continues under any future unitary authority governance arrangements. The HBRPC provides an established and legislated governance framework through which councils and PSGEs can continue to jointly undertake regional planning functions within the proposed new planning system including future spatial and natural environment plans.

As noted in the section on the new planning system, the first-generation spatial plan will be commenced by the existing five Hawke's Bay councils although adoption will occur once the proposed unitary authority has been established. The councils propose to uphold the intent of the Hawke's Bay Regional Planning Committee Act 2015 by establishing a spatial planning committee for the first-generation plan that includes equal representation of the existing five councils in Hawke's Bay and the relevant PSGEs. Section 10 of the Planning Bill covers the need to give effect to existing Treaty redress.

The councils acknowledge that any legislative changes required to uphold the HBRPC will necessarily be negotiated between the Crown and tāngata whenua. In the interim the councils are working with PSGEs to explore how the intent of the HBRPC can be upheld in the intervening period, consistent with the Crown's commitments in the proposed sections 9 and 10 of the Planning Bill. The councils understand proposals from the PSGEs for upholding the HBRPC have already been discussed with the Ministry for Cities, Environment, Regions and Transport (MCERT).

A series of local hui have been held, with iwi, PSGE and other Māori entity representatives participating and providing formal feedback on local arrangements. Representatives of the TKO Working Group have also been involved in the Mayoral Forum, Chief Executive's Forum and Council Reference Group. Given the time available, it has not been possible to agree a partnership model; that work will be progressed through the detailed design phase. The proposal recognises the need to uphold Treaty of Waitangi settlements and Treaty redress, and to co-design effective Māori representation.

Assessment criteria: Support for the new planning system

A FUNDAMENTAL SHIFT IN REGIONAL PLANNING FOR HAWKE'S BAY

At the heart of the Government's new planning system is the objective to enable significant growth while protecting key environmental values. The Government seeks nationally and regionally consistent planning approaches that are more efficient and better integrated to support future infrastructure, housing, development, and primary sector needs.

The proposed Hawke's Bay Unitary Authority will provide a fundamental shift in local government's ability to deliver the new planning system. Councils in Hawke's Bay have worked closely together for many years on joined-up planning, but a unitary authority would enable more efficient delivery.

Essentially the proposal for a single unitary authority delivers:

- simpler, more efficient governance of the planning system
- better integrated, aligned planning that drives growth and enhances the Hawke's Bay environment
- clear accountability and responsibility for regulatory decision-making
- enhanced catchment scale delivery and decision making
- more integrated regional approaches to transport planning and infrastructure.

The proposed unitary authority will have overall responsibility for the new planning system in Hawke's Bay. It will:

- be responsible for the regional combined plan incorporating the regional spatial plan, natural environment plan and land use plans
- lead the science, policy, planning and monitoring required to drive and inform the new system
- ensure that the planning system is coherent, aligned and responsive to the needs of Hawke's Bay
- set direction and priorities consistently for Hawke's Bay
- be responsible for the implementation and review of the new planning system to ensure its success.

The councils propose to give effect to the Hawke's Bay Regional Planning Committee Act 2015 through establishing the HBRPC as a committee of the unitary authority in line with its role and functions in the current Act.

Advantages of a unitary authority to deliver the new planning system

Table 4 compares the delivery of the new planning system under the status quo in Hawke's Bay of the three participating TAs and the HBRC, and a Hawke's Bay unitary authority. Note that provision will need to be made for working with WDC, which is not part of this proposal.

TABLE 4: COMPARISON OF NEW PLANNING SYSTEM

Issue	Status quo in Hawke's Bay	Advantages of a Hawke's Bay Unitary Authority
Governance	Governance decisions are made through four council governance structures, creating duplication, delay, and the risk of inconsistent final decisions.	A single council will provide one decision-making structure for the combined regional plan, reducing duplication and improving consistency and accountability.
Integrated Planning	The planning system is moving to be better integrated through a combined regional plan. However, delivery of the planning system remains fragmented across four councils working at both local and regional scales, not always aligned to catchment boundaries, and with responsibility for parts of the system distributed across them. This can mean decision making is not aligned or timely despite the best efforts of councils to work together.	Direction and intent will be set by a single organisation administering a joined up and aligned planning system. A unitary council will bring key functions into one organisation, making it easier to align spatial planning, land use regulation, infrastructure investment, environmental limits, and natural hazard management.
Accountability to communities	Communities and applicants must navigate several councils with different responsibilities, systems, processes, and decision points. Lines of accountability can be opaque for those interacting with the regulatory system.	A single council will create a clear point of accountability for plan development, regulatory decisions, monitoring, infrastructure priorities, and implementation. As a result, communities will be empowered to interact and navigate the system.
Capability and capacity	Capacity and capability vary across councils, making it harder to consistently develop plans, monitor implementation, and respond to changing economic, environmental, and community needs.	A single organisation will concentrate planning, science, monitoring, consenting, compliance, and policy capability. This will promote more consistent, responsive and resilient decision-making.

Integrated catchment management	Catchment outcomes are more difficult to achieve when delivery responsibilities are dispersed across regional and TAs operating at different scales. Catchment collectives and communities can spend unnecessary effort navigating across councils.	A unitary council will strengthen catchment-scale planning and delivery by aligning environmental management with land use, infrastructure, hazard, and transport decisions. It will provide a single entity for interaction with catchment collectives.
Transport planning	Transport responsibilities sit across TAs and the regional council, requiring ongoing coordination between land use planners, infrastructure managers, passenger transport planners, and regional transport planning.	A unitary council would enable alignment between growth planning, corridor management, infrastructure priorities and delivery, public transport, and regional transport planning. There would be considerable benefits from having common priorities, strategic outcomes and budgets.
Treaty settlement arrangements	The HBRPC operates within the existing regional council structure and will need to be aligned with the new planning system. Under existing legislation, it does not include representation from TAs.	Subject to Crown and PSGE agreement, the HBRPC can be carried over into the new unitary council structure as a committee with equivalent powers and functions to those under current legislation.

CATCHMENT AND REGIONAL SCALE PLANNING INFORMED BY LOCAL VOICE

Importantly the unitary authority's planning system will be informed by local voice and feedback, enabled at a catchment scale. This will be particularly significant as Hawke's Bay grapples with the challenges of natural hazards and climate adaptation to which it is particularly vulnerable. For example, over 80 per cent of Hawke's Bay's population lives or works behind flood infrastructure. These sorts of issues cross existing TA boundaries and need to be managed at a catchment and regional scale. A key lesson from the effects of Cyclone Gabrielle is that integrated land use, hazard and infrastructure planning is of critical importance for a resilient future.

Local voice will also be critical as Hawke's Bay decides how to manage the natural resources which provide the foundation for its economy, such as water and highly productive land. Hawke's Bay's water resource, either rivers or aquifers, crosses multiple existing council boundaries. The unitary proposal supports continued resource decision making at the catchment and regional scale.

A RESPONSIVE AND ACCOUNTABLE SYSTEM

By simplifying governance and delivery of the planning system from three TAs and HBRC to a single unitary authority the system also becomes more responsive for those

who use it, for example iwi, developers, farmers, horticulturalists, industry and infrastructure providers. Too often users of the current regulatory system must navigate multiple plans and multiple councils. The combination of a simplified council structure and simplified planning system makes that navigation much easier. In short, moving to a unitary model enables clear lines of accountability and responsibility back from the unitary authority to the communities it serves.

ALIGNING DELIVERY TO ACHIEVE PLANNING OUTCOMES

The proposed unitary authority enables aligned delivery to achieve the outcomes of an integrated planning system. For the first time in Hawke's Bay a unitary authority will bring together council functions previously spread across four entities operating at both local and regional scales. Whilst councils have worked hard to overcome this distribution of functions a unitary authority provides a vehicle that promotes aligned delivery, shared strategic direction, and budget decisions. This means, for example, that inside a single organisation local roading managers are working with flood resilience teams, biodiversity and biosecurity teams are working with land use planners and emergency managers are working with hazard planners. Hawke's Bay has learned from its cyclone recovery work how much a unitary authority could have made the recovery process simpler by having a single delivery entity.

Preparing for transition to a new planning system and a unitary authority

Existing planning functions will be maintained across Hawke's Bay in the lead-up to transition, providing stability and clear direction as the region moves to a new model. A complex area through transition will be delivery of the first-generation regional spatial plan, a key element of the new resource management system, in parallel with establishment of a new unitary authority for Hawke's Bay.

The spatial plan will provide a thirty-year strategic direction for growth and change in Hawke's Bay. The first-generation spatial plan must be notified within 21 months of the enactment of the Planning Bill expected in August/September 2026, or within six months of the first tranche of national policy direction being published – whichever is the earliest. That means notification by June 2028.

Notification and decision making on the spatial plan will straddle the proposed 2028 local body elections and the bespoke legislation establishing a new unitary authority. Table 5 provides an indicative timeline noting that the Planning Bill is still being considered by Parliament.

TABLE 5: INDICATIVE TIMELINE FOR ESTABLISHMENT AND DELIVERY OF A SPATIAL PLAN

Date	Milestone
August 2026	Submit the Headstart proposal.
September 2026	Cabinet decides whether Hawke's Bay can enter the Head Start process. The Planning Bill and Natural Environment Bill expected to become law.
May 2027	Cabinet confirms which Head Start proposals will be implemented.
Late 2027 to mid-2028	Approve the detailed design of Head Start proposals and develop bespoke legislation.
June 2028	Notify regional spatial plans.
October 2028	Hold elections for the new unitary council.
March 2029	Adopt the regional spatial plan (unless this date is shifted earlier by earlier publication of national direction).

Delivery of the first-generation spatial plan in parallel with establishing the Hawke's Bay Unitary Authority will require transitional arrangements to ensure that the plan is delivered within the required timeframes. Further decisions on transitional arrangements will be made through detailed design. These arrangements will need to include provision of a role for WDC given the spatial plan and subsequent natural environment and land use plans must cover the currently delineated Hawke's Bay region. Subsequent spatial plans (i.e. from 2029 onwards) can effectively be delivered by the new unitary authority.

Work will start on the natural environment and land use plans, as part of the combined regional plan, under existing council structures. This will transition into the new unitary authority which will inherit the relevant planning functions from the existing TAs and regional council. The councils are committed to making this transition as seamless as possible.

Transition arrangements will also need to cover any remaining timing issues, details of roles and functions ascribed to existing regional councils and TAs in the Planning and Natural Environment Bills, and governance arrangements to ensure smooth functioning of the planning system through transition.

The councils will work with MCERT officials as they develop these transitional arrangements. Bespoke legislation to establish a new unitary authority provides an opportunity to set a legislative framework for the transition.

WORK IS UNDERWAY TO DELIVER A FIRST-GENERATION REGIONAL SPATIAL PLAN

Given the need to start spatial planning as the Planning Bill is enacted, Hawke's Bay councils are currently working towards both the establishment of a regional spatial planning committee and the formalization of a secretariat to develop the first-generation plan. A team working across the councils is in the preparatory stages of

developing terms of reference for the committee and developing the thinking for a process agreement, which would reduce transition risk, alongside early establishment of a secretariat to reduce the risk of losing capability to deliver a spatial plan during the transition period.

To give effect to the intent of the Hawke's Bay Regional Planning Committee Act 2015 it is proposed that the committee for the first-generation spatial plan will include equal representation of the existing five councils in Hawke's Bay and the relevant PSGEs. The Minister may also choose to appoint a representative.

GIVING EFFECT TO THE HAWKE'S BAY REGIONAL PLANNING COMMITTEE ACT 2015

The Hawke's Bay Regional Planning Committee Act 2015 established the HBRPC as a statutory joint committee of the Hawke's Bay Regional Council. Its primary purpose is to improve tāngata whenua involvement in resource management planning in the region. The HBRPC comprises equal membership of regional councillors and PSGE appointees.

Further detail on Treaty matters can also be found in the Treaty section of this report. The committee:

- considers and recommends strategies, policies, rules, and other methods for inclusion into the Regional Policy Statement, Regional Resource Management and Regional Coastal Environment Plans to Council
- makes recommendations to Council to ensure the effective implementation of plans, processes, research, monitoring, and enforcement to satisfy the requirements of the Resource Management Act (RMA), National Policy Statements, National Environmental Standards, and relevant associated legislation.

Any changes to the existing Act to align it with the new resource management system are primarily a matter for the Crown and the relevant PSGEs in Hawke's Bay. However, any changes will not occur before the new resource management legislation is enacted in August/September 2026. In the interim the councils are committed to upholding the intent of the legislation through the arrangements for producing and notifying the first-generation spatial plan. As currently drafted the Planning Bill expects that persons exercising powers and functions under the Planning Act give the same or equivalent effect to existing redress in relation to the RMA.

Subject to the work of the Crown and PSGEs, the HBRPC would then translate into a new Hawke's Bay Unitary Authority. It would become a committee of the full council with the equivalent role and functions as currently detailed in legislation. The councils note that the existing legislation provides for representation from PSGEs in the Wairoa District.

Further work for detailed design

- Transitional arrangements to cover the period between notification of the first-generation spatial plan and its adoption and the establishment of a new unitary authority and the 2028 local body elections.
- Advice from the Crown and PSGEs on transition of the Hawke's Bay Regional Planning Committee Act 2015 to the new resource management system including clarity about role and functions in the new resource management system.
- Transitional arrangements to ensure that there is effective transfer of the elements of the new planning system managed by the three TAs and the regional council into the new unitary authority including consideration of timing, resourcing, staff and transfer of governance responsibilities.
- Transitional arrangements for continuing to deliver a Hawke's Bay regional combined plan that includes the new unitary authority and WDC in the decision-making process to notify and adopt all elements of the combined plan.

Assessment criteria: Simplifies local governance and maintains local voice

This proposal will simplify local governance by reducing the number of councils and elected representatives, and by clearly defining the roles and responsibilities between the governing body and local governance arrangements.

The current three participating TAs and HBRC governance tables would be replaced by one regional governing body, plus any local governance structures, such as local boards, established through detailed design, such as local boards. This reduces the number of elected members from 50 representatives to 12-16 elected to the unitary authority table, plus a regional Mayor. The size of any local governance arrangements will be determined through detailed design.

A key objective of the proposal is to simplify governance without weakening the connection between communities and the decisions that affect them. At present, regional and local functions are split across multiple councils, each with separate governance structures, planning cycles, policies, strategies and accountabilities. While this reflects the current statutory framework, it can make decision-making more complex for communities, partners and government agencies, particularly where issues cross council boundaries or require both regional and local responses.

Bringing these functions together within a single unitary authority would provide a clearer line of sight between regional strategy, infrastructure investment, environmental management, land use planning, transport and local service delivery, reducing duplication, supporting more consistent policy settings, and giving elected members a fuller view of the trade-offs between regional priorities and local impacts. This should make the system easier for communities to understand and for the organisation to deliver.

Representation principles for Hawke's Bay

The work by the participating TAs to consider representation arrangements has been guided by a set of representation principles. These principles will also guide the detailed design phase as areas such as ward arrangements, Māori representation, and local governance arrangements are finalised.

TABLE 6: HAWKE'S BAY REPRESENTATION PRINCIPLES

Representation principles	
Principle 1: Equitable and effective regional representation	*Representation and governance arrangements should provide equitable and effective representation for participating councils and communities, recognising population, geography, land area, urban and rural interests. Arrangements should provide confidence that the perspectives of participating communities can meaningfully influence regional decisions.*
Principle 2: Communities of interest and local identity should shape representation	*Representation arrangements should reflect communities of interest and local identity, including how people live, work, access services and participate in community life, rather than relying solely on existing administrative boundaries.*
Principle 3: Meaningful local decision-making within a clear and accountable governance framework	*Local representation arrangements should provide meaningful local decision-making, not merely advisory input, while operating within a clear and accountable governance framework. The governing body would confer or delegate clearly defined roles and responsibilities to local boards or other local governance arrangements.*
Principle 4: Clear local access and pathways into regional decisions	*Communities should retain direct access to locally based elected representatives and have clear, visible pathways for local issues to influence regional decisions.*
Principle 5: Governance arrangements should be simple, transparent and workable with one regional Mayor	*Representation and governance arrangements should avoid unnecessary duplication, be sufficiently resourced to be effective, and be transparent about costs, trade-offs and accountability.*
Principle 6: Representation arrangements should provide effective representation and an effective voice for rural and coastal communities alongside urban populations	*This principle recognises that rural and coastal communities can have different needs, priorities, and perspectives from larger urban centres. It reflects a view that representation should not be determined solely by population size and that consideration should be given to how rural and coastal communities can continue to be effectively represented within a larger regional organisation.*
Principle 7: Effective Māori representation	*Providing arrangements that give practical effect to the relationships and commitments to iwi/Māori.*
Principle 8: Equitable regional decision-making	*Representation arrangements ensure no single perspective can dominate regional decision-making solely because of its population or land area.*
Principle 9: Preserving local service access	*Ensuring local communities can access services in practical ways.*

Governance design

DECISION-MAKING AT THE APPROPRIATE LEVEL

Simplification does not mean that all decisions should be centralised. The proposal is based on the principle that decisions should be made at the most appropriate level:

- regional decisions by the governing body where consistency, scale or integration are required, and
- local decisions supported through fit-for-purpose local governance arrangements where the impact is primarily place-based.

Local boards will form part of these arrangements where they make sense and where there is strong community support for them, such as in Central Hawke's Bay, who will have a local board should they confirm they would like one through the detailed design. Additionally, local governance arrangements will be available where evidence shows they have a meaningful and clearly defined role and add value beyond ward representation, local service access and community engagement. Other mechanisms may be more appropriate elsewhere. Any arrangement must support the overall objective of a simpler governance system that provides for ongoing local service delivery in all parts of the region.

Maintaining local voice matters, particularly in a region of distinct urban, rural, coastal, and remote communities, each with different settlement patterns, infrastructure needs, economic drivers, environmental challenges and expectations of local services. Relying only on regional-scale representation risks making it harder for smaller or more dispersed communities to see where they fit within the wider system; equally, too many separate local governance bodies may dilute the benefits of simplification.

For this reason, the detailed design phase will identify local governance arrangements that are proportionate, durable and clearly connected to communities of interest. The model will provide for local governance arrangements, such as local boards. Any such arrangements should have a clearly defined role that adds value beyond ward representation, local service access and community engagement. In other areas, the detailed design phase will test whether those mechanisms can provide effective local voice without creating another governance tier. The final model should avoid unnecessary local governance bodies or recreating the current council structure under a single regional umbrella.

ACCOUNTABILITIES

This approach also recognises that community confidence in any new structure will depend on more than the number of elected members or governance bodies. Communities will need to understand who represents them, what decisions those representatives can influence, how local priorities are escalated into regional decision-making, and how local outcomes are reported back. The detailed design phase will therefore need to give careful attention to ward design, local governance boundaries,

responsibilities and delegations, funding arrangements and engagement mechanisms so that local voice is visible, meaningful and durable.

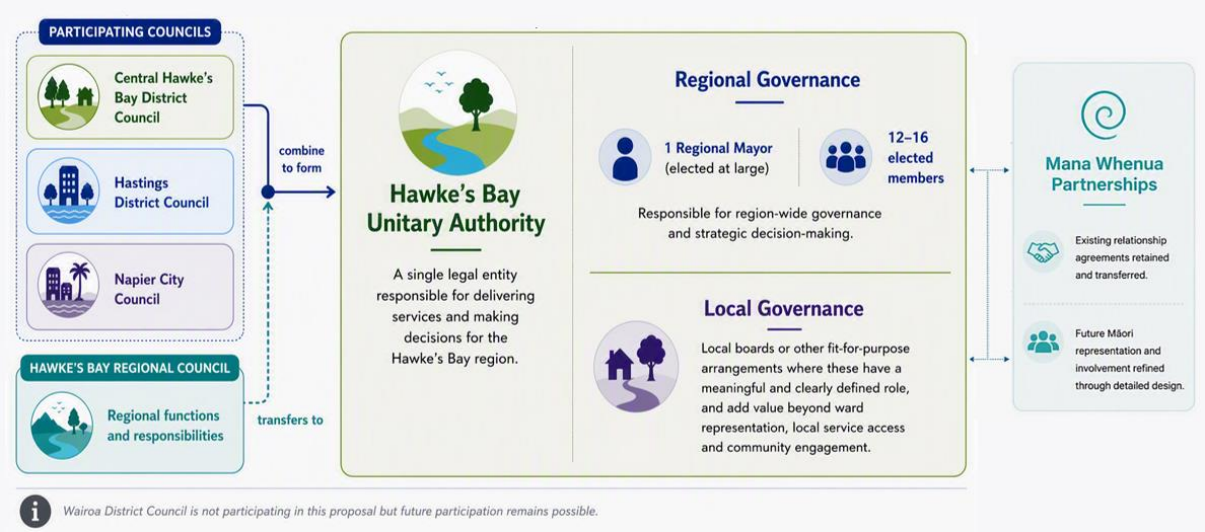
The proposed two-tier model would also provide clearer accountability than current arrangements, where responsibilities are spread across several councils and governance tables. The governing body would be accountable for regional strategy, key statutory responsibilities, financial stewardship, infrastructure networks, regulatory functions and overall organisational performance, while local boards or other local governance structures, where established, would have clearly defined roles and responsibilities, local functions and decision-making, conferred or delegated by the governing body. Their role should add value beyond ward representation, local service access and community engagement, rather than duplicating these mechanisms or the governing body.

Clearer accountabilities would also support better performance monitoring and public transparency. Communities should be able to see which matters are regional, which are local, who is responsible for decisions, and how elected members have responded to community priorities. This will be particularly important during transition, as the new authority will need to build confidence that the benefits of a simpler regional structure are being achieved while maintaining strong, accessible and accountable local representation.

TABLE 7: EXISTING GOVERNANCE STRUCTURES

	Existing Governance Structures	Total
Central Hawke's Bay District Council	Mayor, nine councillors and a Pou Whirinaki appointment	11
Hastings District Council	Mayor and fifteen councillors	16
Napier City Council	Mayor and eleven councillors	12
Hawke's Bay Regional Council	Eleven councillors, including a Chair appointed from among members	11

FIGURE 3: PROPOSED GOVERNANCE STRUCTURE



ROLES AND RESPONSIBILITIES

The two tiers of governance would see:

- The Unitary Authority ("governing body") delivering core regional functions and providing overall governance
- A second tier of local governance using local boards or other fit-for-purpose arrangements, providing strong local voice, and exercising powers conferred or delegated by the governing body, focused on place-based services.

The final roles and responsibilities will be a matter for the detailed design phase, with appropriate design guided by the following principles:

- Decision-making at the most appropriate level, based on regionality or localised impact
- Organisational delivery and execution through a single organisation, governed by the Unitary Authority
- Effective service delivery and customer interface points distributed around the region (e.g. local service centres and appropriate local technical personnel).

Elections and representation

Elections would be held for the governing body. While the electoral arrangements will be explored through detailed design, the participating councils are predominantly looking at a ward approach, with some members potentially elected at large.

Detailed design will also look at the ward boundaries, beyond existing boundaries to consider communities of interest, including urban and rural. The participating TAs will jointly seek bespoke legislative provision to give effect to these arrangements, including provision that the ward structure of the unitary authority is not constrained by the fair representation requirements of the Local Electoral Act 2001.

The communities of each participating district will have guaranteed representation on the governing body of the unitary authority. The communities of Central Hawke's Bay will be represented by a minimum of three members. The minimum of three seats would require a boundary change to ensure that every rural ward in the region broadly has a similar number of people per member. Representation will not be determined by population alone, and boundary adjustments will be informed by matters including similarity of communities of interest among other relevant inputs.

MĀORI REPRESENTATION

Across the three participating councils and the HBRC, Māori participation in governance and decision-making is supported through a layered set of formal arrangements. These include Māori representation through wards and constituencies appointed, standing and joint decision-making mechanisms; statutory and settlement-based governance arrangements; and formal relationship instruments such as statutory acknowledgements, accords, memoranda of understanding and partnership agreements.

Together, these arrangements operate across governance, policy and council activities and reflect distinct mana whenua interests, mandates and statutory obligations. The principal governance and representation mechanisms are summarised below. This summary is not exhaustive, and the full range of arrangements will be identified and carried through during detailed design.

TABLE 8: EXISTING MĀORI REPRESENTATION ARRANGEMENTS

	Māori representation arrangements
Central Hawke's Bay District Council	Council currently provides Māori representation through one Māori ward represented by one councillor, and the appointment of a non-voting Pou Whirinaki position to the Council and its Committees. Council also has an established partnership with Tamatea Pōkai Whenua through its Memorandum of Understanding and has recently signed the Lake Whatumā Accord with Te Rongo o Whatumā, HBRC and the Department of Conservation.

Hastings District Council	Council provides Māori representation through one Māori ward, represented by three councillors, and through the Heretaunga Takoto Noa Māori Standing Committee. The Council is party to Te Komiti Muriwai o Te Whanga, a statutory co-governance mechanism of treaty settlement. It also participates in joint committee arrangements and statutory acknowledgements, in partnership with other councils and mana whenua.
Napier City Council	Council supports Māori representation through one Māori ward represented by two councillors and a specialist advisory committee – Ngā Mānukanuka o te Iwi. It also maintains arrangements with mana whenua, including Maungaharuru Tangitū Trust and Mana Ahuriri Trust, through statutory acknowledgements, relationship expectations, co-governance arrangements and direct obligations. This includes Te Komiti Muriwai o Te Whanga, established under the Ahuriri Hapū Claims Settlement Act 2021, and associated obligations relating to Te Muriwai o Te Whanga Plan.
Hawke's Bay Regional Council	Council provides Māori representation through two Māori wards represented by two councillors, through the HBRC Māori Committee and through the Hawke's Bay Regional Planning Committee. The latter is a formal Treaty arrangement explained elsewhere in this document. It also participates in specific Treaty arrangements such as the Tripartite agreement with Wairoa District Council and Tātau Tātau o Te Wairoa, Te Komiti o Te Muriwai o Te Whanga, and various statutory acknowledgements. It also participates in non-statutory arrangements such as Memoranda of Understanding, place-based accords, and technical working groups.

The proposal is for these arrangements to be retained or transferred, with a commitment from all participating councils that the detailed design phase will include the development of an effective model for Māori representation.

The Hawke's Bay region is home to NKII and PSGEs whose mana whenua and rohe/takiwā extend across existing TA boundaries. The proposal principles reflect the councils' commitment to enduring mana whenua participation in decision-making, policy development and wider council activities, and to upholding of Treaty of Waitangi settlements, Treaty redress and the partnership between tāngata whenua and local government. The form of these arrangements will be co-designed with iwi and PSGEs during the detailed design phase.

TKO and local Taiwhenua endorse that alongside the preservation of Treaty settlement redress, meaningful tāngata whenua participation, influence and partnership is a fundamental part of any future governance arrangements for Hawke's Bay. Both are needed if the relationships this region values are to be maintained and strengthened into a new era of local government, but they are separate commitments: upholding Treaty settlement redress does not depend on Māori representation being resolved, and work to secure meaningful Māori representation should proceed. Meaningful

partnership must begin during the design of future governance arrangements, not after those arrangements have been determined.

Māori representation must be effective and flexible, able to adapt as governance arrangements evolve rather than being fixed to a single structure or mechanism. At every level of any future governance arrangements, governance, committee and operational, the relationship between councils and tāngata whenua must be meaningful and enduring, not limited to a point-in-time consultation or a single seat at the table.

Specific mechanisms for Māori representation in a future unitary authority or authorities have not yet been sufficiently explored. This work requires dedicated resourcing and technical and legal support to develop properly, together with appropriate governance arrangements that reflect the interests of PSGEs, NKII, Taiwhenua and other relevant mana whenua groups.

Further work for detailed design

Some details relating to governance arrangements will need to be developed through the design stage of a final proposal. Specifically, the focus will be on:

- The design of ward arrangements
- The detail of an effective model for Māori representation and detail of Māori contribution to decision-making
- The specific local governance and decision-making arrangements
- The full list of roles and responsibilities to be conferred or delegated to the local governance tier

The participating councils will be guided by the set of representation principles in developing these features, exploring the inherent trade-offs in governance design, including balancing simplicity with meaningful local voice, avoiding risks of unnecessary duplication, and considering affordability and value for money.

The detailed design phase will be governed by a joint committee or transition board to ensure a well-governed transition and implementation, on which each participating TA is equally represented. This is covered in more detail in the Deliverability section.

Future governance arrangements will be designed in genuine partnership between councils and tāngata whenua, reflecting the principles' existing commitments to give effect to Treaty settlement redress and provide for effective Māori representation. This will include local government structures, Māori governance and partnership mechanisms, and transition planning, addressing all Treaty settlement, representation and partnership arrangements affected by reform, regardless of the number of authorities or statutory pathway ultimately applying across the region.

Assessment criteria: Economies of scale

Overview

Bringing the three TAs and HBRC functions into one organisation would create opportunities to reduce duplication, avoid repeated investment and build capability that is difficult to sustain across separate councils. The main benefit is not an immediate reduction in rates, but reduced cost pressure over time from a stronger organisation that can plan, invest and deliver more consistently.

The benefits are expected to take four forms:

- **realisable savings** that can reduce operating costs over time
- **avoided costs** that the region would otherwise incur under the status quo
- **better value**, where a larger organisation delivers a service more capably, consistently or resiliently even where it does not cost less
- **stronger organisational capability**, where greater scale supports more effective strategic planning and delivery, specialist expertise, service resilience and functions that individual councils can struggle to sustain independently.

For Hawke's Bay, the most reliable gains are likely to be avoided costs, better value and stronger organisational capability. The region is already demonstrating some of these benefits through Hawke's Bay Regional Technology Services and other joint arrangements. A unitary authority would remove much of the governance and contractual overhead required to maintain collaboration between separate organisations and make integrated delivery the normal operating model.

The sections that follow highlight selected functions where a unitary authority may create economies of scale, avoid duplicated investment or strengthen organisational capability. They are illustrative rather than exhaustive. Other functions may also present opportunities, but the nature, scale and timing of any benefits would need to be tested through detailed design.

WHEN BENEFITS WOULD ARISE

TABLE 9: BENEFITS OF A UNITARY AUTHORITY OVER TIME

Period	Description of benefits
Transition period	Some costs are likely to increase during establishment. The new authority would need to integrate people, systems, data, contracts, policies and financial arrangements while maintaining uninterrupted services. Costs would include legal and employment work, programme management, systems integration, consultation, accreditation changes, branding and the alignment of service and funding arrangements. Early savings will likely include reduced governance and executive costs, however these should not be relied on to fund the transition.
Consolidation period	As the organisation is established, some savings and avoided costs could begin to be captured through simpler governance, selected system and contract consolidation, coordinated procurement and more consistent regulatory and organisational processes. However, consolidation would also involve substantial additional work and cost. People, finance, legal, technology, records, communications and other corporate functions would need to support organisational design, employment processes, system and data integration, policy alignment, service continuity and the establishment of the new authority. These changes would take significant time, investment and management effort. They would require a clear and adequately resourced roadmap, deliberate operating-model decisions and active tracking of costs, savings and service outcomes. Financial efficiencies from corporate and people-related functions should not be assumed during this period.
Longer term	The most valuable gains are likely to emerge over a longer period through stronger asset management and investment prioritisation, more consistent regulation and customer service, greater buying power, deeper workforce capability, planning integration, risk management and avoided future investment in duplicated systems and advice. These benefits would be reflected mainly in stronger financial resilience, improved services and lower cost pressure than would otherwise occur, rather than a one-off reduction in rates.

FINANCIAL VIABILITY AND SUSTAINABILITY

High-level financial analysis demonstrates that a combined Hawke's Bay unitary authority would be financially viable, financially sustainable and capable of supporting the region's long-term service delivery and infrastructure investment requirements. The combined organisation would have the scale, revenue base, balance sheet strength and borrowing capacity required to fund its planned capital programme while remaining well within prudent borrowing limits. See Appendix A for more details.

Importantly, these conclusions have been reached without assuming operational efficiencies, economies of scale or organisational redesign. The assessment therefore

provides a conservative baseline of financial viability. Detailed financial modelling, including transition costs, efficiencies and future operating models, would be undertaken during the detailed design phase. This aligns with the July 2026 resolution from the participating TAs that any final proposal would be subject to detailed financial modelling.

The significance goes beyond financial soundness. A larger organisation would be better placed to finance and sequence long-term infrastructure investment, maintain essential services through future financial pressures, and sustain the specialist capability that increasingly complex statutory responsibilities demand. Greater scale also brings stronger organisational resilience and more capacity to invest in innovation and transformational change.

Delivery of integrated functions

Some functions work best when managed as connected regional systems rather than as separate council activities. A unitary authority would bring together local and regional responsibilities for catchments, transport and related infrastructure, reducing the need to align separate governance, budgets, data and delivery programmes. The benefit is clearer accountability, a common evidence base, and a stronger ability to sequence investment and manage trade-offs across the whole system.

Planning reform, including the integration of spatial, land-use and environmental planning, is addressed in a separate section of this proposal. This section focuses on operational delivery: how bringing together functions currently split between regional and TAs could improve coordination, capability and investment outcomes, while retaining necessary local input and external partnerships.

CATCHMENT MANAGEMENT

Feedback received through engagement to date - particularly from the primary sector, mana whenua and HBRC - has consistently emphasised that effective land, water and flood management outcomes require a whole-of-catchment approach. Rivers, groundwater, sediment, ecosystems and floodwater do not follow council boundaries. Actions in the upper catchment can create environmental, economic and infrastructure effects across the plains, within urban areas, and at estuaries and the coast.

This aligns with national resource management direction, which requires freshwater and land use effects to be managed on a whole-of-catchment basis, including downstream receiving environments. The concept of ki uta ki tai, which recognises the connections from the mountains and groundwater systems through rivers, lagoons and estuaries to the sea, requires councils sharing a catchment to cooperate on land use, freshwater management and urban growth.

This is particularly significant in Hawke’s Bay, where rivers and aquifers support drinking-water supplies, primary production, horticulture, food processing, industry and the wider environment. Decisions about land use, water allocation, infrastructure

and environmental protection therefore affect not only individual waterways, but also communities and significant parts of the regional economy.

HBRC already carries most of the core regional environmental and catchment-management responsibilities, reflecting. the statutory role of regional councils in managing water, soil, discharges, natural hazards and environmental effects that cross district boundaries.

A unitary authority would retain these functions at regional scale, rather than dividing them between former TA areas or moving away from catchment-based management. It would continue to monitor, plan and invest across major systems such as the Tukituki, Waipawa, Ngaruroro, Tūtaekurī, Ahuriri, Esk, Mōhaka and Karamū catchments, recognising that each has different environmental conditions, communities, land uses, cultural values and economic pressures.

The opportunity from a unitary authority is not primarily to centralise functions that are currently local. It is to bring the existing regional catchment management role together with the land use, growth and infrastructure planning and delivery functions currently held by TAs, one of the clearest potential benefits of the proposed structure. Decisions affecting catchment outcomes could then be made through one organisation, using one evidence base and coordinated planning, investment and delivery programmes.

The participating TAs currently make decisions about a range of functions (such as urban growth, local roads, water infrastructure, parks and reserves), that can significantly affect runoff, sediment, water quality, flood risk, groundwater recharge and the health of downstream receiving environments, meaning regional and territorial councils currently hold overlapping responsibilities for integrated land and water management.

The interaction is particularly clear in stormwater and flood management, where urban development changes the amount and speed of runoff entering streams and rivers. TAs manage urban stormwater networks and local streams, while HBRC regulates discharges, monitors receiving environments and manages major river and flood-protection systems. Hastings' work on the Karanema Havelock North streams illustrates this interdependence: rural runoff, urban stormwater, detention dams, private land, HBRC requirements and the downstream Karamū receiving environment all form part of one catchment system.

Bringing these responsibilities into one organisation would provide opportunities to:

- align land-use and growth decisions with catchment limits and infrastructure capacity
- coordinate stormwater, drainage and rural land management interventions to manage flood and sediment risk
- integrate freshwater, groundwater, coastal and biodiversity information

- use one evidence base for planning, consenting, infrastructure and emergency management
- coordinate investment across prevention, protection, response and recovery
- reduce duplicated engagement, advice and governance processes, with clearer accountability for catchment outcomes.

For example, decisions about where urban growth occurs could be made alongside decisions about stormwater capacity, flood risk, water availability, wastewater discharges and the health of downstream waterways. Investment could then be sequenced through one spatial plan, one infrastructure strategy and one long-term plan, rather than relying on sustained alignment between separate organisations.

A single organisation could also provide a clearer and less resource intensive interface for mana whenua, landowners, catchment groups and the primary sector, who would no longer need to engage separately with regional and territorial councils on the same issue. Effective catchment management would still depend on strong local relationships and place-based knowledge, particularly as communities increasingly organise through catchment groups and collectives. A regional operating model would need to retain and strengthen these partnerships, providing consistent technical support while recognising that priorities differ between catchments.

The benefits are therefore mainly better integration and clearer accountability, in particular the ability to manage causes and effects together rather than through separate mandates, plans and budgets. Some savings may also arise from common science, data, planning, engagement and programme management.

Because WDC would sit outside the proposed authority, further design work would be needed for catchments and regional functions extending into Wairoa. Those arrangements must preserve whole-of-catchment planning, environmental monitoring, flood management and Treaty settlement obligations. The boundary between authorities should not become a new barrier to managing natural systems at the scale at which they operate.

TRANSPORT

For Hawke's Bay, transport is an enabler of wider economic and community outcomes, supporting primary production, freight, tourism, workforce mobility and access to education, healthcare and community services.

The region's primary industries depend on reliable connections from farms and orchards to processing facilities, Napier Port, and Hawke's Bay Airport, journeys that cross TA boundaries and rely on both local roads and state highways.

A constraint or failure in one part of the network can reduce the value of investment elsewhere, disrupt supply chains and limit access to essential services, since roads, people and products do not stop at council boundaries. Integrated planning and investment are therefore important to the productivity, resilience and wellbeing.

Hawke’s Bay’s transport system operates as one connected network, but responsibility for its planning, funding and delivery is spread across several organisations: the TAs, HBRC – regional transport planning and public transport, and the New Zealand Transport Agency Waka Kotahi (NZTA) – the state highway network.

The TAs are responsible for local roads, footpaths, parking, walking and cycling infrastructure, and supporting public transport infrastructure such as bus stops. They also manage the close relationship between the transport network and local land use decisions. Each council funds and develops its own transport programme, putting eligible activities forward for inclusion in the Regional Land Transport Plan and National Land Transport Programme, for which NZTA provides national co-investment.

The Hawke's Bay Regional Transport Committee (RTC) is a statutory committee, responsible for preparing the Regional Land Transport Plan for approval by HBRC. Its voting membership brings together HBRC, each TA and NZTA. It is also supported by advisory representatives from interests including rail, ports, aviation, freight, road safety, active transport, health, and cultural and environmental matters.

HBRC separately prepares the Regional Public Transport Plan in collaboration with the TAs, plans and contracts public transport services, and administers services such as Total Mobility.

NZTA separately owns and operates the state highway network, sets national standards, and decides which activities are included in the National Land Transport Programme within the direction set by the Government Policy Statement on land transport.

Considerable effort goes into making this arrangement operate as a coherent regional system. The Regional Land Transport Plan is the main mechanism for agreeing the region's long-term transport direction, bringing separate investment programmes together and prioritising bids for national funding. The plan explains how the transport system connects people, communities, businesses and markets, and identifies the investment needed for the system to remain safe, reliable, resilient and fit for purpose. Hawke's Bay's current plan covers state highways, local roads, public transport, walking and cycling, safety, resilience and recovery.

This collaborative process is necessary and has enabled the region to develop shared priorities. However, coordination is not always seamless. Different parts of the transport system are subject to separate governance decisions, long-term plans, funding constraints, asset-management approaches and delivery programmes.

This can make it harder to align:

- regional public transport services with the local road infrastructure they depend on
- growth and land-use decisions with the timing of transport investment
- urban and rural network planning
- investment across connected parts of the network, so that each intervention delivers its full system-wide benefit
- maintenance, renewal, resilience and improvement programmes.

For example, the Regional Council may plan a public transport service, while the TA controls the roads, bus stops, shelters, interchanges, parking settings and street changes needed to support it. Similarly, the value of a state highway or local-road investment may depend on land use, connecting road and infrastructure decisions made by other organisations.

Each organisation may be acting appropriately within its responsibilities, but the performance of the overall system still depends on sustained alignment between separate decision makers.

A unitary authority would not bring every part of the transport system into one organisation. NZTA, KiwiRail, transport operators and other partners would all retain their existing roles, including NZTA's control of state highways and national co-investment funding.

The proposed structure would, however, bring the local government components of the system within one authority. The unitary authority would be responsible for regional transport planning, public transport and the local road networks currently managed separately by the TAs.

It would still prepare a Regional Land Transport Plan and work closely with NZTA. However, the local government input into that plan would come from one organisation, one long-term plan and one coordinated investment programme.

This would create opportunities to:

- align land use, growth, transport and infrastructure planning
- align transport investment with regional productivity, freight and economic-development priorities
- plan public transport services and supporting street infrastructure together
- manage local roads as one connected network, sequencing and packaging maintenance, renewal and capital works based on performance, risk and community need

- coordinate local-road investment with state highway priorities to maximise network-wide benefits
- consolidate transport data, modelling, technical standards and specialist capability, and procure professional services and construction more strategically
- present a clearer investment case to central government, including the benefits across the whole transport system.

Individual councils can also struggle to recruit, retain or fully use specialist transport expertise on their own.

A combined function could sustain deeper capability in:

- network operations and performance
- bridge and pavement engineering
- transport resilience and emergency recovery
- preparation of investment cases and funding applications.

Consultants and contractors would continue to play an important role, with stronger in-house capability allowing the authority to act as a more informed client. The case for this is set out more fully under the Asset management section, below.

The benefit would not simply be a larger transport team. It would be a more capable and resilient function, better equipped to plan investment, maintain delivery certainty and respond when major events place additional pressure on the network.

The integration of spatial and transport planning would be particularly important. Transport investment influences where growth can occur, while land use decisions determine future demand on the transport network. The timing and location of housing, commercial development and infrastructure therefore need to be considered alongside the capacity, performance and resilience of the transport system.

A single authority would be better placed to coordinate spatial planning, infrastructure sequencing and transport investment. It would also better position Hawke's Bay to respond to any new regional spatial planning and infrastructure requirements arising from resource management reform. Planning reform is addressed more fully elsewhere in this proposal.

A single authority would also be better placed to take a network wide approach to resilience. Cyclone Gabrielle demonstrated that disruption to one road, bridge or state highway can isolate communities, interrupt freight and workforce movements, and place pressure on other parts of the network.

One local government transport function could coordinate investment in:

- lifeline routes, alternative connections and network redundancy
- emergency and evacuation access
- links from farms and orchards to processing and distribution facilities
- vulnerable bridges and other critical assets.

A unitary authority would not by itself create new physical connections or remove the geographic vulnerabilities of the network. It could, however, provide greater organisational capacity to plan for disruption, maintain specialist capability, redeploy people and resources, and coordinate the response across current council boundaries.

The authority would continue to work closely with NZTA on state highway resilience and investment.

The proposal would not require every local road to have the same service level. Urban streets, rural roads, bridges, walking and cycling facilities, parking and public transport infrastructure serve different communities and face different demands, conditions and risks.

Local governance arrangements, such as local boards, and communities could continue to influence local priorities and service levels within an agreed regional strategy and funding framework. Investment decisions would need to use transparent criteria and recognise both local needs and wider network benefits. The aim would be better coordination and visibility of trade-offs, rather than treating all parts of the region in the same way.

Many local road activities receive national co-investment and must meet NZTA requirements for planning, asset management, evidence, performance, delivery and reporting. A larger transport function could strengthen the quality and consistency of the programmes put forward for funding and provide greater capacity to meet these requirements. This could improve Hawke's Bay's ability to present well supported investment proposals and make effective use of the national co-investment available. It would not change NZTA's funding role or guarantee that individual activities would receive funding.

A more consistent regional framework could also reduce costs for those who interact with the transport system, including contractors, developers, consultants, utility operators and service providers (the wider case for this is set out under the Asset management section, below). Greater consistency could improve certainty, reduce duplicated effort and allow suppliers to plan and price work more efficiently. The benefits would therefore extend beyond council operating costs to businesses and organisations working across the wider regional economy.

Because WDC would remain outside the proposed authority, the detailed design process would need to determine how Wairoa participates in regional transport

planning and how services, journeys and investment priorities that cross the new boundary are managed. The arrangements would need to support coherent transport planning across the whole of Hawke's Bay while recognising the responsibilities of the two authorities.

The new authority would also need to maintain strong relationships with NZTA, transport operators, KiwiRail, Napier Port, Hawke's Bay Airport, emergency services, and major freight and industry users.

Overall, the main gain would be a more integrated, capable and resilient local government transport function, coordinating public transport, roads and land use more effectively and presenting a stronger case for national investment, with some efficiencies from consolidated planning and procurement rather than an immediate cash saving.

Realising these benefits would require detailed work to align asset data, service levels, contracts, funding policies, delivery programmes and technical standards. Transport services and current recovery programmes would need to continue without disruption during transition.

Benefits by function

GOVERNANCE OF FUNCTIONS

Consolidating the governing bodies of the TAs and HBRC into one governing body would remove duplicated elected-member, committee and democracy servicing costs. Regional governance cost modelling estimated annual governance costs of about $14 million under the status quo, reducing to about $4 million to $7 million under a single unitary authority, with the final figure depending on the agreed representation and local governance model. These figures are indicative only and exclude services, capital expenditure, debt and transition costs. Unlike many of the wider operational benefits, governance savings could begin from establishment, since the new authority would operate with one governing body from the outset.

REGULATORY FUNCTIONS

Regulatory services depend on specialist and, in some cases, accredited staff. Resource consenting and compliance, building consenting, environmental health, food premises verification, alcohol licensing, animal control, parking enforcement and swimming pool barrier compliance are currently delivered through separate teams, systems and processes. This creates duplicated fixed costs, inconsistent customer interfaces and key person risk, particularly for smaller councils.

Building consenting

Hawke's Bay had already recognised the case for greater scale in building consenting before the Head Start process began. As part of the work to develop a Hawke's Bay Regional Deal, the councils agreed to assess a more integrated approach to Building Consent Authority services. The work was intended to establish a clear picture of existing service delivery across the councils, including consent demand and trends, financial performance, and systems and technology, alongside the organisational, policy and customer service differences set out below.

While each authority operates under the same legislation, Building Code and accreditation framework, the extent of alignment between them is not yet known. These differences would need to be resolved before a future operating model or efficiencies could be confirmed.

The three participating TAs already share a common consenting technology platform, though aligning the systems and standards built on top of it would still require work. A unitary authority would deliver the most integrated of the options the region's own prior work had already been assessing, without needing to separately establish and govern a shared-service arrangement.

Building consenting is a specialist regulatory function. Building Consent Authorities must maintain accreditation, meet statutory timeframes and retain competent staff across residential, commercial and complex building work. Smaller teams can be

vulnerable to staff departures, fluctuating consent volumes and shortages in specialist processing or inspection capability.

A combined service would create a larger pool of processors, inspectors, technical specialists and accreditation capability. This could move capacity across the region as demand changes, sustain specialist expertise, and strengthen training opportunities.

A single Building Consent Authority would also support one set of policies, procedures, templates, customer standards and technical interpretations across the participating area. Applicants, designers, builders and developers working across existing council boundaries would deal with one organisation rather than several systems and approaches.

Potential benefits include a single customer interface with consistent processing, technical interpretation and reporting standards, and simpler engagement for the regional construction sector.

Consolidation would not mean that every function should be delivered from one location. Processing, accreditation, quality assurance, technical support and workflow management may lend themselves to greater consolidation.

Inspections and other customer facing services would still need to remain accessible across the region, with staff located according to consent volumes, geography, travel requirements and community need. Processing work itself could be allocated from the nearest practical base rather than constrained by current council boundaries, for example some sites in northern Hastings District may be more efficiently serviced from Napier, reducing travel time and making better use of inspection capacity. Locally based inspection capability would remain in Central Hawke's Bay regardless, and likely also in Wairoa should it later joint the authority or receive services from it given its geography and distance from the main population centres.

Greater scale would also provide a stronger basis for investment in common technology and process improvement, such as one consistent document-management platform, a common digital application and tracking tools, and consistent inspection technology.

The main financial opportunity would come from using shared capability, systems and fixed costs more efficiently, rather than simply reducing staff numbers. Potential efficiencies include:

- fewer duplicated management, accreditation and support functions
- one set of systems, policies and quality-assurance processes
- shared investment in regulatory and technology change
- spreading fixed accreditation and system costs across a larger service.

At HDC, the current funding policy treats 80 per cent of Building Control costs as private benefit and sets fees to cover most of the service's cost. Efficiency gains here would therefore mainly benefit applicants rather than general ratepayers, easing future pressure on consent fees or supporting faster, more consistent services, in turn supporting housing, business investment and development activity.

The funding policies and level of user charge recovery across the other participating councils have not yet been assessed. This would need to be resolved in the detailed design phase (see below).

These savings should not be assumed before the current state and financial analysis is completed, since some existing teams may already be lean and the combined authority would need enough capacity to protect service performance and maintain accreditation. Upfront costs could arise from system integration, employment change, process alignment, accreditation transition and harmonising fees or service standards.

The assessment and design process would need credible, suitably independent leadership, with strong Building Consent Authority and local government experience, ensuring the future model reflects objective evidence and the combined service's needs rather than simply adopting one council's existing structure.

The detailed design phase would need to address:

- the future operating model and organisational structure
- accreditation and quality assurance arrangements
- workforce and competency requirements
- differences in risk settings, delegations and decision-making practices
- systems, data and process integration
- a common fee and funding approach
- continuity of consenting and inspection services during transition
- local customer access and deployment of inspectors
- any future service relationship with WDC
- performance measures and benefits tracking.

The strongest case is therefore improved resilience, consistency and use of scarce capability, supported by more modest cost efficiencies – benefits already identified through the region's existing work and which a unitary authority would provide a direct pathway to realise.

Wider regulatory services

Resource consenting is one of the most significant functions in the wider regulatory suite. Under current arrangements, TAs generally manage land use and subdivision

consents, while HBRC manages consents relating to matters such as water, discharges, air, riverbeds and the coastal marine area. Some projects therefore require applicants to work with more than one council.

A unitary authority would bring these functions into one organisation, providing a single customer pathway, better coordinated processing of related applications, and a deeper pool of planning, environmental science, engineering and technical expertise. The same logic applies across the wider regulatory suite, including compliance and enforcement: bringing together the region's compliance expertise into one organisation would strengthen these functions and support greater career pathways for staff. A single organisation could consolidate specialist capability and use common processes, while services that depend on local presence and knowledge, such as animal control and environmental health, remain locally deployed within a consistent regional system.

Amalgamation would not require every existing rule or bylaw to be made identical on day one. Differences that reflect genuine local circumstances could remain while the new authority reviews where harmonisation would improve fairness, efficiency or customer experience.

EMERGENCY MANAGEMENT

Emergency management is where fragmentation carries its highest cost - not primarily in dollars, but in the region's ability to respond when it matters most. The Independent Review into the Hawke's Bay Civil Defence Emergency Management Group's response to Cyclone Gabrielle identified significant weaknesses in the system's ability to manage a large-scale event spanning council boundaries. The review made nine priority recommendations and 66 further suggestions, centred on adequate resourcing and capability building, more informed leadership and governance, situational awareness and intelligence gathering, and professional debrief and early recovery resourcing.

The Government Inquiry into the 2023 North Island severe weather events reached similar conclusions. It found that New Zealand's emergency management system did not have sufficient capacity and capability to respond consistently to major emergencies affecting several communities at once. These findings reinforce the importance of building a system that can respond locally while drawing quickly on regional leadership, specialist capability and resources.

These findings should not diminish the extraordinary efforts of council staff, emergency services, iwi, volunteers, community organisations and residents during Cyclone Gabrielle. Many people worked in extremely difficult circumstances and continue to carry the personal and professional effects of the response. The purpose of identifying system weaknesses is not to question that commitment. It is to make sure future responses are supported by stronger structures, systems, resources and leadership.

Post Cyclone Gabrielle and the independent reviews, the region has committed to a regionally coordinated and locally led approach. A unitary authority would enable that

to happen more quickly, as those areas that are less resourced would be supported more easily than if they were trying to develop capacity alone.

Hawke's Bay has already begun this work. The region adopted the Hawke's Bay Civil Defence Emergency Management Transformation Strategy in January 2025, and all five councils are implementing it. Current governance is provided through the statutory Joint Committee comprising the region's mayors and the HBRC Chair, supported by a Coordinating Executives Group, a regional emergency management office and a service-level agreement negotiated between councils. The service-level agreement defines responsibilities across community, local and regional levels.

Each TA is also building its own capability. HDC, for example, has expanded its emergency management team and community emergency hubs and allocated about $1.6 million in 2026/27 to community resilience, iwi Māori engagement, response capability, workforce and hazard planning. Other councils are also strengthening their local readiness and response capability.

The strategic direction emerging from the reviews and the Transformation Strategy is not based on regional coordination replacing capable local delivery. In line with the recommendations of the independent reviews, each participating organisation needs the people, systems, structures and resources needed to perform its role, integrating effectively when an event escalates or crosses boundaries.

A unitary authority would materially simplify these arrangements for the participating Council. Instead of a Joint Committee with representation from five separate bodies and executive structures that need to align their priorities, funding and work programmes, the new authority would create a single Emergency Management Committee as part of the Unitary Authority, establishing one Chief Executive and one organisational programme. This would create clearer governance accountability for emergency management and make it easier to integrate the Group Plan and Transformation Strategy with hazard management, infrastructure, community resilience and other work programmes.

Much of the inter-council coordination within the participating area would become an internal organisational responsibility. Functions currently split between the participating TA and HBRC could operate through one structure, supported by common systems, clearer accountabilities and a shared operating picture.

The new authority would also bring emergency management closer to the functions responsible for flood protection, catchment management, hazard information, land use planning, roads, stormwater and community services. This would strengthen the connection between risk reduction, readiness, response and recovery across the river systems.

Under the proposed structure, community-based readiness, welfare, local intelligence and response delivery would remain close to the places they serve. These functions

would be supported by one management structure, common operating systems and a regional capability able to coordinate and scale the response.

At management level, a single organisational structure should allow faster coordination and make the system less dependent on the knowledge, relationships or personal strengths of particular individuals. A single organisation could build and resource shared capability once rather than assembling it council by council.

At leadership level, effective emergency management will continue to rely on capable people, trusted relationships and sound intelligence, particularly when leaders must make significant decisions such as declarations and evacuations. Strong systems support good leadership; they do not replace it.

Governance oversight would also remain important. This currently sits with the Joint Committee, and any changes to those arrangements would require a change to legislation. Future arrangements would need to ensure the Transformation Strategy, Group Plan and service-level commitments are translated into funded work programmes, clear accountabilities and measurable improvements in readiness.

This would not mean centralising every response: local staff, community networks, iwi, marae and local facilities would continue to play a central role, with regional coordination scaling in support whenever an event crosses boundaries or overwhelms local capacity.

Because WDC would remain outside the proposed unitary authority, detailed design would still need to determine the future governance and operation of the wider Civil Defence Emergency Management Group. WDC could remain part of the Joint Committee, though this would require a change in legislation. Alternatively, some other joint arrangement may be necessary, involving fewer participating local authorities and a simpler accountability structure.

The new authority would also continue to work closely with emergency services, lifeline utilities, iwi and hapū, central government and other partners, consistent with the independent review's call for CDEM partnerships to become more inclusive, mature and enduring. The proposal would remove much of the coordination currently needed between the participating councils, but not the need for strong external relationships with emergency services, lifeline utilities, iwi, central government and communities. The benefit is that these relationships would operate within clearer governance and more consistent organisational arrangements, reducing how much successful coordination depends on particular individuals.

The main gain is improved capability, resilience, integration and accountability rather than an immediate cash saving. Reduced overhead from less duplicated management would free capacity for continued investment in regional coordination and local delivery, focused on CDEM capability and capacitythrough one long-term plan and governance structure, consistent with the Emergency Management Bill (No 2).

TECHNOLOGY, DATA AND SHARED SERVICES

The economies of scale and capability available through a unitary authority are not theoretical in Hawke's Bay. The councils are already pursuing shared technology services and are beginning to reach the limits of what voluntary collaboration between separate organisations can achieve.

Through Hawke's Bay Regional Technology Services, Hastings District Council has built on several years of providing shared server, storage, network and technical support to other councils. The current programme was established with HBRC and Central HDC, with NCC onboarding underway.

The programme provides a practical proof of concept for regional service delivery. It combines shared infrastructure, procurement, governance, specialist resources, common technology standards and a common charging model. The supporting business case estimated a regional financial benefit of between $6.2 million and $8.4 million over five years. The programme also provides wider benefits through improved cyber security, resilience, service continuity and access to specialist technical capability.

The wider opportunity extends beyond shared infrastructure. The councils have identified potential for a more integrated regional technology function covering:

- technology infrastructure and cyber security
- business platforms and applications
- service operations and customer support
- records and information management
- data and analytics
- geographic information systems
- digital services
- automation and artificial intelligence.

Hawke's Bay Regional Technology Services demonstrates both what shared delivery can achieve and the limits of the current model. Because the councils remain separate legal and governance entities, each extension of the service requires separate negotiation and agreement on:

- governance and decision-making arrangements
- service standards
- resourcing and funding
- cost allocation
- contracts and licence recovery

- financial reporting
- provisions for councils joining or withdrawing.

This overhead exists mainly to manage collaboration between separate organisations. Participation can also remain partial and voluntary. Not every council needs to adopt every service, system or platform, which means some duplication remains and regional benefits may not be fully realised.

A unitary authority would remove the structural ceiling on this work. What currently requires negotiation between separate councils would become a matter of internal operating design. The new organisation could progressively consolidate systems, platforms and licences through one technology roadmap and one set of organisational priorities.

Bringing systems and data together would also strengthen the organisation's capability. Specialist teams could be built and retained at a scale that is difficult for smaller councils to sustain. This would reduce key person risk, provide stronger career pathways and improve service continuity.

A common data environment would provide a more consistent evidence base for:

- spatial and land use planning
- infrastructure and asset management
- hazard and emergency planning
- environmental monitoring
- regulatory services
- land information memoranda
- customer services
- performance and financial reporting
- automation and responsible use of artificial intelligence.

This would make it easier to connect and use information that currently sits across separate organisations. For example, hazard data, asset condition information, land use planning, building consenting and infrastructure investment could be managed through connected systems rather than separate council platforms and data sets.

The benefit would not be immediate. The new authority would inherit different systems, contracts, data standards and levels of technical maturity. Some systems could be consolidated relatively quickly, while others may need to remain in place until contracts expire or replacement is justified. Systems integration, data cleansing and migration, cyber security and business continuity would require careful planning and investment.

The transition should therefore follow a staged technology and data roadmap rather than a single large-scale system replacement. Early priorities should focus on maintaining service continuity, protecting data and cyber security, and identifying low complexity contracts, systems or services where early consolidation would provide clear value and demonstrate progress. Broader platform and data integration could then occur during the consolidation and longer-term periods.

Amalgamation would provide the organisational basis to complete the shared services journey already underway, moving from negotiated and partly adopted arrangements to one coordinated system, with likely benefits spanning realisable savings, avoided future investment and stronger capability.

CORPORATE AND ORGANISATIONAL SERVICES

Corporate and organisational services provide significant long-term opportunities to build stronger specialist capability and, once integration is complete, reduce duplication. The participating councils currently maintain separate leadership, finance, people and capability, payroll, legal, procurement, strategy, policy, communications, engagement, records, governance support and other corporate functions. They also operate separate systems, processes, reporting cycles and organisational policies.

These functions face many of the same pressures: increasing demand for specialist expertise, separate systems and reporting frameworks, duplicated organisational infrastructure, and vulnerability where capability depends on a small number of people.

A unitary authority would ultimately require one set of core organisational services. Potential long-term benefits include:

- consolidated finance, payroll and people management systems
- common financial, employment and organisational policies
- stronger legal, procurement, insurance, treasury, risk and assurance capability
- one organisational strategy, performance and reporting framework
- coordinated communications and engagement planning
- common records and information management processes
- deeper specialist teams and reduced key person risk
- stronger career pathways and an improved ability to attract and retain capability within Hawke's Bay
- reduced use of external advice where capability can be sustained in-house
- reduced duplication in management, systems and transactional processes over time.

These benefits should not be assumed to arise early. During transition and the early consolidation period, corporate functions would carry much of the work required to establish the new authority. Additional temporary and specialist capacity would be needed before longer-term efficiencies could be considered.

The future model should be designed around the needs of the new authority rather than simply retaining one council's structure and removing the others. Each council has different strengths, systems, staffing levels, employment arrangements and reliance on external providers. Some functions may be duplicated, while others may already be lean, depend heavily on a small number of people or require additional capability.

The new structure would also need to support a larger and more complex organisation, including local boards, distributed services, Treaty settlement obligations, major infrastructure programmes and a wider regulatory role. Systems integration, data migration, employment change, organisational design and capability development would create material upfront costs.

People and capability, payroll and health, safety and wellbeing

Amalgamation could, in time, create a more capable and resilient people and organisational function, requiring one overarching employment framework, payroll platform, workforce strategy, remuneration approach, set of people policies and organisational capability plan.

Greater scale could support deeper specialist expertise in:

- employment relations and collective bargaining
- workforce and succession planning
- remuneration and job evaluation
- organisational development and change management
- learning and leadership development
- workforce analytics
- payroll assurance and compliance
- health, safety and wellbeing
- occupational health and critical risk management.

A larger organisation could also provide clearer career pathways, greater internal mobility, more consistent leadership and people management practices, stronger succession planning, improved payroll resilience and a stronger regional employer proposition.

However, there should be no assumption of early savings from these functions. Bringing several workforces together would significantly increase workload during transition and consolidation. Key matters would include:

- organisational design, consultation, recruitment, selection and redeployment
- managing different individual and collective employment agreements
- pay, allowance, leave and benefit arrangements
- payroll migration and testing
- employment relations and union engagement
- integration of people, payroll, recruitment, learning and safety systems
- data quality, privacy and employment record requirements
- organisational culture, leadership expectations and employee experience
- perceived fairness between staff from the former councils
- retention of workforce capability, local knowledge and organisational memory
- clear delegations and accountability for employment and health and safety decisions.

Employment terms and remuneration may differ materially between councils, and harmonising them could be expensive and complex, creating perceived winners and losers. Alternatively, some arrangements may need to remain attached to individual employees for a period. Either way, these matters would require detailed legal, financial and employment relations analysis.

Payroll integration would be a particularly high-risk activity. Different rostering, overtime, allowance, leave, deduction and backpay arrangements would need to be mapped and tested carefully. Errors could result in underpayments, compliance issues and loss of employee confidence.

The new authority would also inherit the combined health and safety risk profile of the participating councils. While greater scale could support stronger specialist capability, the breadth of infrastructure, transport, regulatory, community, contractor and emergency management activity would increase the need for assurance, worker engagement, site visibility and officer due diligence.

The longer-term opportunity is therefore improved capability, resilience, consistency and workforce development. Efficiencies may eventually arise, potentially through consolidated systems, contracts, policies and management structures, though the timing and scale of any savings would depend on successful integration rather than being assumed during transition.

Other corporate functions

Finance would ultimately benefit from one general ledger, rating system, treasury function, budgeting process, set of financial policies and external reporting framework. This should reduce duplicated systems and processes over time.

However, the existing finance functions may already be relatively lean. The new authority would have a larger balance sheet, more complex debt and rating arrangements, significant transition work and strong requirements for financial control and assurance. Any staffing or financial efficiencies would need to be tested against a detailed current state assessment and the future operating model.

Strategy, policy and performance functions could be brought together around one set of regional priorities, one long-term plan and one organisational performance framework. This would reduce repeated research, reporting and strategy development and could create a stronger evidence base and deeper policy and analytical capability. Planning matters are addressed separately in this proposal.

Communications and engagement require a balance between coordination and local presence. One organisation would reduce duplicated corporate communications, media monitoring, branding, publishing and organisation wide engagement planning. It could also provide clearer and more consistent information to the public.

However, effective engagement depends on trusted local relationships, knowledge of individual communities and accessible local channels. The future model should therefore combine a coordinated regional function with staff and capability connected to local communities, mana whenua, rural areas and local boards.

The same principle applies more generally: transactional processing, systems and specialist advice may benefit from consolidation, while functions that depend on local knowledge or regular face-to-face contact may need to remain distributed, even within one organisation.

Any changes to roles or staffing would need to follow fair and transparent employment processes and be based on the capability required by the new authority rather than an arbitrary savings target.

The strongest benefits are likely to emerge over the longer term, once the authority has established its operating model, integrated its workforces and systems, and developed a common organisational culture. The opportunities, costs and timing would need to be assessed separately for each function.

ASSET MANAGEMENT, INFRASTRUCTURE DELIVERY AND PROCUREMENT

A single unitary authority would create an opportunity to strengthen infrastructure stewardship across Hawke's Bay. The objective would not simply be to manage the same assets through a larger organisation or reduce duplicated activity. It would be to create a high-performing infrastructure organisation that consistently invests in the

right assets at the right time, manages risk proactively, delivers programmes with greater certainty and achieves measurable outcomes for communities.

The new authority's direct asset portfolio would be narrower than that of the existing TAs. Water Hawke's Bay Limited is scheduled to take over the delivery and management of drinking water, wastewater and stormwater services for Central Hawke's Bay, Hastings and Napier from 1 July 2027. Those assets and services would therefore sit with the water organisation rather than within the unitary authority's operational asset management function.

The unitary authority's direct infrastructure responsibilities would focus primarily on transport, flood protection and river control assets, solid waste, coastal assets, parks, community facilities and other public assets. Transport would be the largest direct asset management and infrastructure delivery function.

The region would still face the same deferred renewals, resilience risks and infrastructure pressures. The benefit would come from how the assets remaining with the authority are planned, prioritised, funded, procured, delivered and managed throughout their lives.

The strongest potential gains include:

- better investment decisions
- stronger resilience and risk management
- greater certainty of delivery
- clearer governance and accountability
- improved ability to attract external funding and investment
- retention of specialist expertise within Hawke's Bay
- better long-term value for ratepayers and taxpayers.

Stronger asset management and investment decisions

The new authority could manage its infrastructure through one asset management framework, supported by common condition data, technical standards, risk methods and lifecycle planning. This would provide a more complete view of asset performance, renewal needs, infrastructure risk and the regional capital programme. Good infrastructure stewardship requires more than accurate asset registers. It depends on a shared understanding of asset condition and performance, criticality and consequence of failure, current and future demand, service levels and community outcomes, natural hazard and climate risks, and lifecycle and long-term funding requirements.

A mature asset management framework, built on this common evidence base, would allow the authority to identify where intervention is most urgent, where investment

could be deferred safely, and where non asset or lower cost responses may achieve the required outcome. It would also support:

- coordinated investment across connected networks and catchments
- clearer regional prioritisation and sequencing of capital investment
- earlier identification of emerging asset risks and funding pressures
- measurement of whether investment achieves its intended service and community outcomes.

Common systems and standards would take time and investment to establish. Once in place, they could reduce premature replacement, avoid duplicated investment and help direct funding towards the interventions that provide the greatest value and reduction in risk.

A single organisation could also consider infrastructure dependencies through a Hawke's Bay-wide lens rather than through separate council programmes. Many networks, hazards and economic activities cross existing council boundaries. Decisions about transport, flood protection, solid waste, coastal adaptation, community facilities and regional parks can therefore affect communities and services beyond the area in which an individual asset is located.

Water Hawke’s Bay would manage three waters infrastructure separately, but its investment programme would remain closely connected to the new authority’s responsibilities. Growth, land use, road corridors, catchment management, flood resilience and emergency planning all depend on effective coordination between the two organisations.

The reorganisation design would also need to determine how the participating councils’ ownership interests in Water Hawke’s Bay transfer to, or are otherwise represented by, the new authority. Clear governance and planning arrangements would be needed so that council and water infrastructure programmes remain aligned.

This would not mean that local priorities or existing service commitments should automatically be displaced by whichever part of the region has the largest project or most immediate pressure. Investment decisions would need to be made through transparent criteria, agreed service levels and clear funding arrangements, with local boards and affected communities able to influence local priorities. The benefit would be better visibility of regional dependencies and trade-offs, rather than an assumption that investment should be centralised or allocated uniformly.

Integrated programme delivery and governance assurance

A larger and more predictable capital programme would support a permanent infrastructure delivery capability. This could operate as a centre of excellence for programme and project management, technical assurance, cost management, procurement, construction oversight, reporting and risk controls.

The model would maintain clear responsibilities across the asset lifecycle. Asset managers would identify needs, establish priorities and prepare the forward works programme. The delivery function would manage investigation, design, procurement, construction and commissioning. Operational teams would help shape practical solutions and take responsibility for completed assets.

All three participating TAs and HBRC have Programme Delivery Offices (or Teams). The underlying rationale is directly relevant at regional scale. The benefits extend beyond reducing reliance on consultants or lowering delivery costs. Stronger project controls, forecasting, risk management, assurance and reporting support better governance decisions and provide greater confidence that programmes will be delivered successfully.

A regional delivery function could provide consistent oversight of:

- programme and project scope
- cost and cash flow forecasting
- delivery schedules and dependencies
- design and technical assurance
- commercial and procurement risks
- project and programme level risk
- change control and management of variations
- reporting to management and elected members
- transition from project delivery into operations.

A consolidated view of the capital programme would also make it easier to identify emerging delivery pressures, competing demands on funding and resources, and opportunities to coordinate related projects.

Benefits realisation and performance

Successful infrastructure delivery should not be measured only by whether a project is completed on time and within budget. The more important test is whether the investment achieves the outcomes it was intended to deliver.

A unitary authority could use one benefits realisation framework across its infrastructure programme. This would define the expected economic, social, environmental, service and resilience outcomes before investment decisions are made and track whether those outcomes are achieved after delivery.

Measures could include:

- improved service reliability and performance

- reduced exposure to natural hazard and infrastructure risk
- improved network resilience and recovery time
- reduced lifecycle and operating costs
- improved environmental outcomes
- increased capacity to support housing or economic growth
- improved community access, safety or wellbeing
- achievement of the outcomes used to justify external funding.

Clear benefits reporting would strengthen accountability to elected members, communities, funding partners and central government. It would also improve future investment decisions by showing which interventions provide the strongest outcomes and value.

Economies of capability

Beyond economies of scale, a larger organisation could achieve economies of capability. Some specialist infrastructure roles are difficult for individual councils to recruit, retain or keep fully utilised. A larger and more varied programme could sustain a deeper pool of technical, commercial and programme expertise.

This may include capability in:

- geotechnical and structural engineering
- transport and network planning
- flood, coastal and climate resilience engineering
- ecology and environmental assessment
- infrastructure strategy and asset management
- programme controls, cost management and assurance
- procurement and commercial management
- contract management and contract law
- data, modelling and investment analysis.

External consultants and contractors would continue to play an important role, particularly where highly specialised expertise or flexible capacity is required. Greater in-house capability would, however, allow the authority to define its needs more clearly, challenge and assure external advice, retain institutional knowledge and make better-informed investment decisions. A more systematic approach to commissioning, alongside insourcing some functions where it makes sense to do so, could also reduce consultancy costs.

A larger organisation could also provide clearer professional career pathways. This would support the attraction, development and retention of skilled infrastructure professionals within Hawke's Bay, strengthen succession planning and reduce dependence on capability sourced from outside the region.

The benefit is not simply a larger workforce. It is an organisation with sufficient depth and specialist capability to manage complex infrastructure risks, act as a smart buyer and maintain service and organisational resilience when key people leave or demand increases.

A smart buyer of services

The purpose of greater in-house capability would not be to remove the private sector from infrastructure delivery. Specialist design, investigation, construction and technical advice would continue to be sourced externally where this provides the right expertise, capacity or flexibility.

The unitary authority would, however, be better placed to retain core client-side capability so it can:

- define needs and prepare better scopes and briefs
- select delivery and contracting models suited to the project and its risks
- challenge and assure technical advice and design
- manage consultants, contractors, claims and variations actively
- retain commercial intelligence and project knowledge
- benchmark costs and performance across programmes
- reduce reliance on consultants for routine programme management and client functions.

This would help the authority become a smart buyer of professional services rather than an organisation that depends on suppliers to define, manage and assure its own programme.

Greater consistency could also reduce costs outside the authority. Contractors and consultants may be able to price work with greater certainty where procurement processes, contractual terms, technical standards and approaches to risk allocation are more consistent.

Developers and other infrastructure users could face a clearer and more predictable set of expectations, while technology and service providers could support common systems, data and processes more efficiently. A stronger regional pipeline of work for suppliers could also present an opportunity to standardise solutions and adopt a more progressive approach to construction.

The value proposition should therefore consider wider system costs and benefits, rather than focusing only on the authority's own operating expenditure.

Regional procurement and market confidence

A consolidated infrastructure pipeline would allow procurement to be planned across programmes rather than project by project. The authority could coordinate timing, package work efficiently, use common specifications and commercial terms, and give the market better visibility of future demand.

A visible and credible forward programme would provide greater certainty to contractors, consultants, training providers and suppliers. This could support investment in local people, capability and equipment and help Hawke's Bay maintain a more resilient infrastructure supply chain.

A consolidated programme could also allow the authority to work with the market earlier, identify likely capacity constraints and select procurement models suited to different project types and levels of risk.

Potential benefits include:

- avoiding councils competing for the same suppliers
- using scale to obtain better value for software, vehicles, materials, energy, insurance, contractors and professional services
- improving cost estimation and management of claims and variations
- developing longer-term supplier relationships where these provide value
- supporting suppliers to invest in local people, skills and equipment
- supporting apprenticeships and local workforce development
- maintaining smaller contract packages where this supports competition and access for local firms.

Scale alone would not guarantee lower prices. Benefits would depend on good market intelligence, commercial capability, disciplined contract management, better category management of procurement activities, and avoiding over reliance on a small number of large suppliers. Building regional capability and capacity, and maximising utilisation of a reliable pipeline of work, would also help reduce cost.

Infrastructure resilience and external investment

Cyclone Gabrielle demonstrated that infrastructure risks and recovery needs do not align neatly with territorial boundaries. Failure of a bridge, road, stopbank, water asset or communications connection in one area can affect communities, freight movement, emergency access and economic activity across the wider region.

A single authority could apply common resilience and criticality assessments across connected infrastructure systems. This would support coordinated investment in:

- flood and coastal protection
- infrastructure required to support emergency response
- the ability of critical networks to continue operating or recover quickly after disruption.

Resilience investment would still need to reflect local conditions and community needs. The benefit would be the ability to understand dependencies across the wider system and make coordinated decisions about where investment provides the greatest reduction in risk.

Stronger asset information, clearer investment priorities and a credible delivery programme could also improve Hawke's Bay's ability to attract external funding and partner with central government.

Funding agencies are more likely to have confidence in proposals that demonstrate:

- sound evidence
- clear regional and local benefits
- coordinated investment
- robust governance and assurance
- realistic funding and delivery plans
- measurable outcomes
- the capability to deliver successfully.

These assessments would also need to be coordinated with Water Hawke’s Bay, NZTA and other infrastructure providers.

Long-term value

The main financial benefits would be expected from:

- better project definition
- stronger investment decisions
- fewer late scope changes
- reduced rework
- stronger cost and cash flow management
- improved contract performance
- coordinated investment

- better management of lifecycle cost and infrastructure risk.

A larger team would also provide greater depth, workload flexibility, succession opportunities and retention of institutional knowledge.

Some changes may increase internal staffing costs while reducing external professional services costs, project risk or long-term asset costs. The relevant test is therefore whole-of-life value and delivery performance, not simply whether the new authority employs fewer people or spends less in a particular year.

Ultimately, the success of the future model should not be measured by the size or structure of the organisation. It should be measured by whether Hawke's Bay communities receive more reliable and resilient infrastructure, better service outcomes, greater delivery certainty, stronger accountability and better long-term value for money.

Realising the benefits

The benefits described in this section would not arise automatically from creating a unitary authority. The new structure would create opportunities to reduce duplication, integrate connected functions and build stronger capability, but those opportunities would need to be deliberately designed and managed.

The transition would be complex. The new authority would need to bring together people, systems, contracts, policies, funding arrangements and work programmes while maintaining service continuity, protecting regulatory accreditation, and keeping existing infrastructure and recovery programmes on track.

A successful transition would require:

- a clear design for how the new authority would operate
- a reliable baseline of current costs, staffing, systems and service performance
- realistic assumptions about when savings and service improvements could be achieved
- careful workforce planning to retain capability, local knowledge and organisational memory
- staged integration of systems, data, policies and processes
- clear arrangements for local service delivery and community access
- transparent approaches to investment priorities, service levels and funding
- strong oversight of transition costs, risks and expected benefits
- regular public reporting on progress and outcomes.

There are also material risks. Transition costs may be higher or last longer than expected. Systems integration may prove more difficult than planned. Uncertainty may lead experienced staff to leave at the point where their capability and organisational knowledge are most needed. Corporate and people related functions may require significant temporary capacity to manage employment processes, organisational design, system integration, communications and workforce transition. Service harmonisation may increase costs in some areas, particularly where different standards currently apply. A larger organisation could also add complexity if its structure is not kept clear and focused.

These risks are manageable, but they reinforce the need for conservative financial assumptions and a staged approach. Savings should not be included in budgets until they have been tested and can be delivered without weakening services or capability.

The strongest benefits are unlikely to be immediate. They are more likely to emerge over time through better investment decisions, less duplication, stronger resilience, improved service consistency and lower future cost pressure.

Overall assessment – economies of scale

A unitary authority would provide Hawke's Bay with the opportunity to build a more integrated and capable local government organisation.

Governance provides the clearest opportunity for savings from the establishment of the new authority. Efficiencies may also arise over time from management, corporate services, systems, procurement, regulatory services and technology. However, these benefits would generally follow substantial transition and integration work and should not be assumed in the first years of the new organisation.

For catchment management, transport, emergency management, building consenting and infrastructure delivery, the stronger case is improved performance rather than simple cost reduction. These functions depend on coordinated decisions, shared information, specialist capability and the ability to respond across current council boundaries.

The main long-term benefits could include:

- better coordination of land, water, transport and infrastructure decisions
- stronger management of public assets and investment
- improved resilience and emergency readiness
- greater depth of specialist and technical capability
- more consistent services for residents and businesses
- clearer accountability and stronger governance oversight
- reduced duplication of systems, processes and advice
- a stronger case for central government funding and partnership.

These benefits would take time to achieve, with some of the most significant gains may not be evident for several years. Establishment would involve cost, disruption and difficult organisational decisions, and workload and costs are likely to increase before integration benefits can be realised, particularly in people and capability, payroll, organisational development, health and safety, finance and technology.

The proposal should therefore not promise immediate rates reductions. Its stronger case is that one organisation would be better placed to manage future cost pressures, infrastructure risk and connected regional functions than the current arrangement of separate councils.

The ultimate test would be whether Hawke's Bay communities receive more reliable services, stronger resilience, better investment decisions and improved long-term value for ratepayers and taxpayers.

Assessment criteria: Deliverability

Overview

While implementation will be complex, the requirements, risks, constraints and areas of uncertainty are sufficiently understood to provide confidence that the transition can be delivered by the 2028 local elections.

This proposal does not assume that all implementation decisions have been made. Rather, it demonstrates that there is a credible pathway to implementation, supported by an understanding of the task ahead, the principal risks and dependencies, the governance and programme arrangements required to support delivery, and the matters that remain to be resolved through detailed design.

For the purposes of this proposal, implementation by the 2028 local elections means that governance, organisational, statutory and operational arrangements are sufficiently established to enable the new unitary authority to commence operation from that point. It does not assume that every system, process, service delivery model or organisational integration activity will be fully harmonised by establishment. Some integration and optimisation activities may appropriately continue beyond commencement.

The Head Start pathway is intended to test whether a proposal is workable in practice, rather than requiring a fully designed implementation programme at outline proposal stage.

The deliverability case therefore rests on four key propositions:

- the implementation task is understood
- the principal risks, dependencies and constraints are identifiable and manageable
- governance and programme arrangements can be established and scaled as the programme matures, and
- remaining design questions can be resolved through a structured detailed design process.

The following sections explain the objectives, principles, foundations and implementation approach that support this conclusion.

Implementation objectives and principles

IMPLEMENTATION OBJECTIVES

The implementation approach is intended to:

- establish the new local government arrangements by the 2028 local elections
- maintain continuity of services and statutory responsibilities throughout the transition period, including implementing the new planning system
- support effective regional governance, coordination and service delivery outcomes
- protect meaningful local voice, democratic representation and place-based decision-making
- uphold Treaty settlement commitments and provide for ongoing mana whenua participation
- minimise transition risk and disruption for communities, staff and partner organisations, and
- provide a practical and affordable pathway from current arrangements to the future model.

IMPLEMENTATION PRINCIPLES

The implementation approach aligns with the principles established through the Hawke's Bay Memorandum of Understanding and reflects the commitments already agreed by participating councils.

TABLE 10: IMPLEMENTATION PRINCIPLES

Principle	Description
Regional benefit and collective responsibility	Support the long-term prosperity, resilience and wellbeing of Hawke's Bay while recognising the shared responsibility of participating councils to progress transition activities in a coordinated, constructive and regionally aligned manner, including retaining critical capability and ensuring successful implementation.
Respect for local identity and democratic representation	Recognise the importance of local identity, local voice and democratic participation, ensuring these considerations remain central to governance design, representation arrangements and decision-making structures.
Good faith collaboration and constructive engagement	Characterised by transparency, information sharing, constructive engagement and a commitment to maintaining positive regional relationships between participating councils, mana whenua and other stakeholders.

Evidence based and future-focused decision-making	Decisions should be informed by robust analysis, practical evidence and a focus on achieving sustainable long-term outcomes for Hawke's Bay communities.
Service continuity and pragmatic transition	Prioritise continuity of essential services, statutory responsibilities and community outcomes, while balancing the pace of change with implementation risk, organisational capacity and affordability.

Together, these objectives and principles provide the framework against which implementation decisions, priorities and trade-offs will be assessed throughout detailed design and transition planning. They recognise that important governance, representation and implementation decisions remain to be worked through, while providing clear direction for how those decisions should be approached.

EXISTING REGIONAL FOUNDATIONS AND COLLABORATION

The proposal is supported by an existing history of collaboration across governance, planning and service delivery activities. While none of these arrangements represent direct precedents for local government reorganisation, they demonstrate experience in establishing shared governance arrangements, coordinating decision-making across councils, and progressing issues of regional significance.

FIGURE 4: EXISTING REGIONAL FOUNDATIONS IN HAWKE'S BAY

These foundations do not make reorganisation any less complex, but they do mean the region is not starting from nothing. The following sections set out how that complexity would be managed in practice, through the implementation pathway, governance arrangements and detailed design process.

Implementation pathway

TRANSITION OVERVIEW

The proposal would be implemented through a phased transition programme that progressively moves from proposal development to detailed design, to implementation and establishment. This recognises that not all implementation decisions need to be made at outline proposal stage, but that there must be a clear pathway for resolving outstanding matters and preparing the new arrangements for operation by the 2028 local elections.

Implementation should be viewed as a staged programme of work rather than a single event. Governance arrangements, programme capability and resourcing requirements are expected to evolve as the programme progresses.

IMPLEMENTATION PHASES

The phases below describe the implementation programme as a whole and include both technical transition activities and governance decision-making processes. Throughout the programme, elected members would be involved in activities such as reviewing analysis and modelling, considering design options, participating in workshops, engaging with communities, and making decisions on matters requiring political direction or approval.

TABLE 11: PHASES OF THE IMPLEMENTATION PROGRAMME

Phase	Indicative Timing	Primary Focus
Phase 1 – Proposal Development and Mobilisation	Current – Cabinet agreement in principle	Refine the proposal, prepare governance, programme structures and resourcing for the detailed design phase, and identify key risks, dependencies and priority workstreams
Phase 2 – Detailed Design and Transition Planning	Cabinet agreement in principle – final proposal and legislative decisions	Resolve key design questions, develop implementation plans, establish transition governance and programme structures
Phase 3 – Implementation and Establishment	Legislative approval – 2028 local elections	Deliver transition activities, establish organisational and governance arrangements, achieve operational readiness
Phase 4 – Integration and Optimisation	Following establishment	Progress longer-term integration, harmonisation and optimisation activities, and embed the new arrangements.

WHAT IMPLEMENTATION BY 2028 MEANS

Implementation by 2028 should be understood as achieving establishment readiness rather than complete organisational integration.

At a high level, implementation by 2028 would be expected to include:

- establishment of the new institutional, statutory and decision-making arrangements
- confirmation of the legal, financial and operational arrangements required to support commencement
- implementation of representation and accountability arrangements for the new model
- continuity of service delivery and statutory functions throughout the transition period
- agreed arrangements for the transfer of staff, assets, contracts, responsibilities and obligations
- readiness to conduct the 2028 local elections under the new arrangements, and
- implementation plans, sequencing and resources being in place to support any remaining transition and integration activities following establishment.

By that point, the governance, statutory, financial and operational arrangements required for commencement would be in place. Existing governance, statutory and service delivery responsibilities would remain with participating councils throughout the transition period unless and until they are transferred through legislation or other formal transition mechanisms. Some transition activities, including aspects of organisational integration, systems harmonisation and service optimisation, may continue beyond establishment where this supports a more practical, lower risk and cost-effective transition.

Equally, where appropriate, some functions, teams or service delivery arrangements (particularly corporate support services) may be progressively aligned or brought together ahead of formal structural transfer. This may support knowledge retention, workforce continuity, service optimisation and the early realisation of benefits, while reducing transition risk and improving Day 1 readiness.

CRITICAL PATH TO IMPLEMENTATION

TABLE 12: CRITICAL PATH TO IMPLEMENTATION

Critical path activity	Why it is critical	Consequence if delayed
Cabinet agreement and detailed design funding	Enables transition from outline proposal to a dedicated detailed design programme with appropriate capability and resources.	Delays detailed design activities, compresses implementation timeframes and increases delivery risk.
Establishment of transition governance and programme authority	Provides clear accountability, decision-making processes, programme oversight and coordination across participating councils.	Risk of fragmented decisions, inconsistent direction and slower resolution of implementation issues.
Detailed design and final proposal decisions (March 2027)	Confirms governance, financial, organisational and implementation arrangements and provides the basis for Government decisions.	Delays legislative development, implementation planning and programme mobilisation.
Legislative programme and establishment framework	Enables creation of the new arrangements and provides authority for transfers, elections, governance arrangements and transitional provisions.	Establishment cannot proceed regardless of readiness in other areas.
Workforce retention and capability preservation	Maintains access to critical organisational knowledge, programme capability and specialist expertise needed for implementation.	Loss of key personnel increases transition costs, implementation risk and delivery delays.
Alignment with Water Hawke's Bay, planning reform and regional spatial planning programmes	Many programmes draw on the same leadership, governance and specialist capability and have interrelated implementation impacts.	Competing priorities and resource constraints may reduce deliverability across multiple programmes.
Systems, data and operational readiness	Ensures services, regulatory functions, financial systems and corporate operations can continue from establishment.	Risk that the new arrangements are legally established but operationally unprepared.
Treaty settlement continuity and mana whenua arrangements	Required to maintain existing commitments and support continuity of relationships, governance arrangements and statutory obligations.	Creates legal, relationship and implementation risks and may require redesign of implementation arrangements.
Representation design and election preparedness	Required to establish electoral arrangements and support conduct of the 2028 local elections under the new model.	Establishment timetable is compromised if elections cannot proceed on schedule.

Governance and programme management

IMPLEMENTATION GOVERNANCE

Governance requirements are expected to differ between the detailed design phase and any subsequent implementation and transition phase. During detailed design, governance arrangements would focus on regional coordination, implementation planning, issue resolution, oversight of analysis and engagement, and maintaining alignment across participating councils. Formal decision-making authority would remain with participating councils during this phase.

The current regional direction supports establishment of a joint committee or transition board comprising representatives of participating councils to provide coordinated oversight, reporting, advice and decision support throughout the detailed design phase. Councils are also exploring the appointment of an independent chair to support effective regional coordination, maintain neutrality where required, and assist in managing complex cross-council issues. The final transition governance arrangements, including their form, membership and any role for an independent chair, will be considered and confirmed through the detailed design phase.

Should a final proposal receive Cabinet approval and subsequently proceed, separate governance arrangements may be established to oversee implementation and transition activities. The focus of this phase would shift from design and recommendation making to programme delivery, transition oversight, risk management, organisational readiness and establishment of the new arrangements.

The detailed design phase would determine the final form, membership, responsibilities, reporting arrangements, delegations and decision-making authorities for both detailed design governance arrangements and any subsequent implementation governance structure.

Detailed design would also need to consider the scope and limits of any transition body's authority, including the matters that remain reserved to participating councils, the treatment of significant financial and strategic decisions during the transition period, and arrangements for managing major transactions. This could include consideration of approval thresholds or protocols for significant borrowing, major asset transactions, long-term contractual commitments and other decisions that may materially affect the new unitary authority. The objective would be to balance effective transition management with democratic accountability and ensure no participating council can materially prejudice future regional arrangements.

Chief Executives are expected to play a critical role throughout both the detailed design and implementation phases, providing strategic leadership, supporting alignment across participating councils, advising elected members, sponsoring organisational change activities, and ensuring their organisations are prepared for transition. The relationship between any transition governance body, participating councils and Chief Executives would be considered through the detailed design phase.

PROGRAMME MANAGEMENT OFFICE

The scale of organisational, governance, financial, workforce and systems transition activities will require a coordinated programme management approach.

Programme management functions are expected to include programme planning, workstream coordination, dependency management, risk and issue management, monitoring and reporting, assurance and decision support. The capability and resourcing required to support these activities would be expected to increase as the programme progresses from proposal development through detailed design and implementation.

The detailed design phase would determine the size, structure and resourcing requirements of the programme management function, including the extent to which specialist capability or external expertise may be required to support delivery.

Key deliverability considerations

Implementation will require careful management of several significant workstreams and transition challenges, each addressed below.

PROGRAMME CAPACITY, RESOURCING AND FUNDING

Implementation will require dedicated programme management, specialist technical expertise and sufficient organisational capacity across participating councils. This will need to occur while councils continue to deliver services, meet statutory obligations and respond to community needs.

The scale of transition activity is likely to require capability beyond existing business-as-usual arrangements. This includes governance support, programme management, legal advice, financial analysis, organisation design, systems integration, communications, engagement and transition planning.

A key consideration will be the interaction between local government reorganisation and other significant transition programmes already underway across the region. Implementation of Local Water Done Well and the establishment of Water Hawke's Bay draw on much of the same capability outlined above, particularly governance, programme management, and specialist technical expertise. This overlap means the two programmes will be competing for the same leadership and organisational resources at the same time. The region will also be in the process of implementing the new planning system, including development of a regional spatial plan. Transition considerations for the planning system are covered earlier in this document.

While there may be opportunities to align planning, governance and programme management activities where appropriate, overlapping implementation programmes have the potential to create capacity constraints, competing priorities and additional

resourcing requirements. These interactions will need to be carefully considered through detailed design and implementation planning to ensure programme sequencing, workforce capacity and delivery expectations remain realistic.

Funding and resourcing requirements will become clearer through detailed design. However, it is reasonable to anticipate that implementation will require dedicated transition funding, specialist expertise and additional programme capacity to support delivery.

SYSTEMS, DATA AND OPERATIONAL INTEGRATION

The integration of systems, information, processes and operating arrangements is expected to be one of the more complex aspects of implementation.

Detailed design will need to identify the systems, datasets, processes and operational arrangements that are critical to establishment and determine how transition can occur while maintaining service continuity.

A key consideration will be the distinction between activities required to achieve establishment readiness and activities that can be progressively implemented following commencement. Not all systems harmonisation, process standardisation or operating model integration needs to be completed before the 2028 local elections.

Taking a staged approach to integration provides flexibility and helps reduce implementation risk while maintaining continuity of service delivery.

WORKFORCE TRANSITION AND ORGANISATIONAL READINESS

Successful implementation will depend on retaining critical capability and supporting staff through a period of organisational change. Workforce stability is likely to be an important consideration throughout the transition, recognising that uncertainty associated with significant organisational change can affect staff retention and recruitment.

Implementation will require decisions regarding organisational structures, workforce transition arrangements, leadership roles, capability requirements and change management approaches. It will also require clear communication and engagement with staff throughout the process, together with measures to retain key personnel and organisational knowledge.

The detailed design phase will provide the opportunity to develop workforce transition principles, identify capability requirements and establish organisational readiness planning. Early planning, clear communication and appropriate workforce retention strategies are expected to be important factors in maintaining capability, preserving institutional knowledge and supporting continuity during implementation.

TREATY SETTLEMENT ARRANGEMENTS AND MANA WHENUA PARTICIPATION

The continuation of Treaty settlement commitments and the maintenance of effective relationships with mana whenua are fundamental requirements of implementation.

Detailed design will need to identify existing arrangements that may be affected by implementation and determine how those arrangements can continue with the same or equivalent effect under any future governance structure.

Implementation will also need to consider how mana whenua participation can be reflected within future governance and decision-making arrangements, while recognising that these matters will require continued engagement and further development through subsequent phases of the programme.

These matters will be addressed through structured engagement and detailed design.

IMPLEMENTATION RISKS

As with any programme of this scale, implementation will involve risks relating to governance alignment, programme capacity, funding, systems integration, workforce transition and stakeholder confidence.

TABLE 13: IMPLEMENTATION RISKS AND MITIGATIONS

Risk area	Indicative priority	Why it matters	Likely mitigation
Governance alignment and decision-making	High	Implementation will require sustained alignment across participating councils, clear escalation pathways and timely decisions.	Establish transition governance, decision protocols, reporting and escalation processes early.
Programme capacity and resourcing	High	Transition will require dedicated programme management, specialist technical capability and council capacity while business-as-usual continues.	Establish a scalable PMO, identify critical roles, consider secondments, backfill and external support.
Funding and transition costs	High	Implementation will require dedicated funding for detailed design, programme establishment and transition delivery.	Develop a transition funding model and seek Government support where appropriate.

Parallel Reform Risk	High	Councils are assumed to simultaneously establish a unitary authority, develop a regional spatial plan, implement new planning systems, establish Water Hawke's Bay, and maintain BAU services.	Develop an integrated programme roadmap across major reforms, align sequencing and dependencies, prioritise critical workstreams and seek Government support and flexibility where required.
Workforce Retention and Capability Preservation	High	Implementation will be dependent on retaining key staff and preserving critical organisation knowledge throughout the transition. Uncertainty associated with structural change may affect recruitment, retention, morale and the availability of specialist expertise.	Develop a workforce transition and retention strategy, provide clear and regular communication, identify critical roles and knowledge holders, and implement succession, backfill and capability preservation measures.
Systems, data and service integration	High	Systems, processes, data, service delivery and organisational arrangements will need to be mapped, sequenced and integrated.	Begin early discovery, prioritise Day 1 readiness, and stage longer-term integration.
Treaty settlement and mana whenua arrangements	High	Existing Treaty settlement commitments and mana whenua relationships must be maintained and given appropriate effect.	Engage early with mana whenua and PSGEs; identify affected arrangements and design continuity mechanisms.
Community and stakeholder confidence	Medium	Public confidence may be affected by uncertainty, local voice concerns, service expectations and transition costs.	Maintain clear communications, transparent assumptions and meaningful engagement.
Legislative and statutory alignment	Medium	Implementation will need to align with Government decisions, legislation, elections and other statutory obligations.	Identify required legislative, regulatory or transitional settings through detailed design.

A more detailed assessment of implementation risks, including mitigation strategies, should be developed as part of the detailed design phase and maintained throughout implementation.

Government support and implementation barriers

OVERVIEW

Participating councils consider that Government has an important role in supporting the successful implementation of local government reorganisation.

Community feedback throughout the preparation of the Outline Proposal through the Head Start process has consistently highlighted a desire for a more efficient, affordable and sustainable system of local government. While reform may provide opportunities to improve long-term outcomes, achieving those benefits will require a period of significant detailed design, transition planning and implementation activity.

Should our proposal proceed, this transition will occur in a region that continues to manage the legacy impacts of Cyclone Gabrielle, including ongoing recovery programmes, increased debt burdens, insurance related pressures and substantial infrastructure investment requirements. At the same time, Hawke's Bay is forecast to experience relatively modest population and economic growth compared with many other regions, meaning the costs of transition cannot easily be spread across the ratepayer base.

As a result, there is a risk that communities may see transition related costs before they experience any longer-term benefits from reform. Participating councils consider it reasonable that, where Government is seeking or supporting local government reform, Government should also consider how it can support participating regions to manage transition costs, reduce unnecessary regulatory burden, and maximise the long-term success of the reform programme. In developing this Outline Proposal, participating councils have identified appropriate and practical requests, to be discussed with Government.

The support sought is therefore framed around three areas:

1. **Regulatory and legislative relief** to avoid unnecessary duplication and reduce implementation risk.
2. **Transition and implementation support** to help manage the costs and complexity of detailed design and establishment.
3. **Strategic Government partnership opportunities** that could be incorporated into a broader Hawke's Bay regional arrangement or accord to help maximise the long-term benefits of reform.

1. REGULATORY, LEGISLATIVE AND FINANCIAL SYSTEM SETTINGS

Participating councils consider that targeted legislative change, regulatory relief and adjustments to funding settings would substantially improve the deliverability of reform.

The existing legislative framework was designed for councils operating independently. During a major reorganisation process, normal statutory obligations can create duplication, additional cost and administrative burden at the same time as significant transition activities are underway. In other areas, existing funding and rating arrangements limit the region's ability to fully realise the benefits of reform and may warrant Government consideration as part of a broader reform partnership.

The following matters are identified as potential areas for Government support.

TABLE 14: REGULATORY, LEGISLATIVE AND FINANCIAL SUPPORT SOUGHT

Barrier or constraint	Support sought	Deliverability benefit
Legislative and statutory uncertainty	Clear enabling legislation covering transition powers, transfer mechanisms, employment continuity, assets, liabilities, contracts, delegations, regulatory functions, election arrangements and establishment processes. Participating councils expect to work alongside Crown officials during legislative development to identify operational issues early and ensure the legislation is practical and fit for purpose.	Provides legal certainty, reduces implementation risk and avoids delays arising from unresolved transition issues.
Long-Term Plan obligations during transition	Legislative relief enabling participating councils to replace standard Long-Term Plan requirements with a simplified planning framework and associated audit exemption during the transition period, similar to arrangements used following Cyclone Gabrielle. Early legislative and policy clarity regarding the application of section 97 Local Government Act requirements relating to strategic asset transfers would also be beneficial.	Avoids councils preparing long-term plans for institutional arrangements that may be fundamentally altered through reform, reduces duplication and cost, and provides decision-making certainty.
Bylaw and policy review obligations during transition	Legislative relief suspending statutory bylaw and policy review requirements during the transition period, with responsibility transferring to the new authority and reviews required following establishment.	Avoids councils undertaking review and consultation processes that would likely be repeated, amended or superseded following reorganisation.
Duplicated consultation and statutory processes	Targeted regulatory flexibility where overlapping consultation, planning or statutory requirements would create avoidable duplication, additional cost or community confusion.	Maintains appropriate accountability and engagement while reducing unnecessary process burden.

Representation and election readiness	Legislative provision to defer scheduled representation reviews and align representation decisions with establishment of the new authority, together with statutory support for ward design, representation arrangements, election preparation, nominations processes and establishment timing.	Enables a single integrated representation process, avoids duplication and supports robust election readiness.
Potential by-elections during the transition period	Legislative exemption from mandatory by-election requirements where elected member vacancies arise during the transition period, allowing vacancies to remain unfilled until establishment of new governance arrangements or the next scheduled election.	Avoids councils incurring significant cost and administrative effort for short-term electoral processes immediately prior to reorganisation.
Treaty settlement and PSGE arrangements	Crown coordination with PSGEs, mana whenua and participating councils to ensure Treaty settlement commitments, governance arrangements and partnership mechanisms continue with the same or equivalent effect following reorganisation.	Protects settlement commitments and reduces the risk of unresolved Treaty matters delaying implementation.
Funding Assistance Rate (FAR) transition settings	Temporary retention of existing FAR rates during the transition period, together with flexibility to align treatment of roading networks where this supports a fair and consistent regional approach.	Reduces funding uncertainty and avoids unintended impacts arising from changing administrative arrangements.
Application of GST to local authority rates	Consideration of legislative change to exempt local authority rates from GST, consistent with longstanding local government advocacy, or alternative arrangements that provide an equivalent benefit to participating councils.	Increases the proportion of locally raised revenue available for infrastructure, local service delivery and community outcomes, improving the long-term financial sustainability of the new arrangements.
Sharing GST revenue on development costs	Consideration of a legislative change to share a proportion of GST from new builds, as the current settings are less suitable for a non-fast-growth area like Hawke's Bay.	Assists with covering infrastructure costs associated with new housing developments
Exemption of Crown-owned land from local authority rates	Legislative change enabling local authorities to levy rates on Crown-owned land that receives local services, including schools, hospitals and other operational government property.	Broadens the funding base, improves equity between ratepayers and beneficiaries of local services, and reduces pressure on local ratepayers.

2. TRANSITION AND IMPLEMENTATION SUPPORT

The detailed design and implementation phases will require significant programme management, specialist expertise, consultation and engagement activity, and organisational change capability.

Participating councils do not seek to prescribe a specific level of Government funding at this stage. The full costs of implementation will not be known until detailed design is completed.

However, it is recognised that material costs will arise through:

- establishment of transition governance and programme structures
- programme management and implementation assurance
- organisational and workforce transition planning
- financial, legal and governance design
- ICT, data and systems integration
- service delivery design and due diligence
- community engagement and communications
- elections and establishment activities
- support for mana whenua and PSGE participation throughout detailed design and implementation.

In some cases, implementation may also require participating councils to accelerate planned investment programmes to ensure critical systems, infrastructure and organisational capabilities are transition ready.

Participating councils would welcome Government consideration of transition funding, specialist support or other implementation assistance that reduces the cost burden borne directly by ratepayers and supports a successful reform process.

Support sought includes:

- access to specialist Crown-funded or Crown-supported expertise where capability constraints arise
- implementation assurance and programme support functions
- continued support for meaningful mana whenua and PSGE participation throughout detailed design and implementation
- assistance with workforce transition planning and specialist HR expertise
- support for councils to undertake the engagement and consultation activities required to maintain public confidence throughout the process.

The intent of this support is not to transfer all implementation costs to Government. Rather, it recognises that the transition effort is being undertaken to achieve wider public outcomes and that Government participation may help reduce implementation risk, manage community concerns regarding transition costs, and improve the likelihood of successful delivery.

3. STRATEGIC GOVERNMENT PARTNERSHIP OPPORTUNITIES

Participating councils consider that local government reform also presents an opportunity to strengthen the partnership between Hawke's Bay and central government.

A broader regional arrangement, accord or Regional Deal-style partnership could help ensure that the benefits of reform are matched by access to tools, investment opportunities and collaborative arrangements that support long-term regional success.

TABLE 15: POTENTIAL OPPORTUNITIES FOR GOVERNMENT PARTNERSHIP

Opportunity	Potential benefit
Stronger partnership with the Public Service Commission and wider public service	Access to expertise and lessons from large-scale organisational change programmes, support for workforce transition planning, and stronger alignment between central and local government delivery models.
Regular Ministerial and Cabinet engagement	An annual Hawke's Bay/Cabinet engagement process to identify priority issues, review progress and strengthen alignment between regional and national priorities.
Early access to future regional investment initiatives	Recognition of Hawke's Bay as a priority region for future regional development, infrastructure investment and economic growth opportunities.
Access to additional specialist capability	Shared access to expertise in areas such as organisational design, governance, procurement, digital transformation and programme delivery.
All-of-Government procurement opportunities	Access to broader government procurement arrangements and purchasing frameworks to improve value for money and reduce operating costs.
Continued mana whenua partnership support	Ongoing Crown support for mana whenua participation and partnership arrangements through transition and establishment.
Infrastructure and resilience partnership	Support for infrastructure planning and investment recognising the ongoing legacy impacts of Cyclone Gabrielle and the region's resilience challenges.

Priority participation in relevant pilots and policy initiatives	Opportunity for Hawke's Bay to partner with Government on initiatives that could be implemented at regional scale through a simplified local government model.

The support outlined above should be viewed as targeted implementation assistance rather than a general funding request. It is intended to reduce avoidable cost, duplication and delivery risk while helping participating councils maintain momentum through detailed design, transition and establishment. The opportunities are in addition to ongoing and regular engagement with MCERT officials through the detailed design process.

Without such support, implementation would remain possible. However, the risks associated with capacity constraints, transition costs, statutory duplication, community confidence and establishment readiness would be materially higher. Participating councils therefore consider that reform should be accompanied by a constructive Government partnership focused on helping the region successfully deliver change and realise the long-term benefits sought by both communities and Government.

Detailed design and transition planning

The outline proposal establishes a preferred direction and demonstrates a credible pathway to implementation. Should the proposal proceed, a structured detailed design process would be undertaken to resolve remaining design questions, test assumptions, engage with communities and stakeholders, and prepare a final proposal for Government consideration.

As directed by participating councils, officers will report back by early September 2026 on arrangements for governance of the detailed design phase, and later in September 2026 with a programme of work for the detailed design phase and transition planning, including community engagement and communications. This will also include a proposed approach to financial modelling.

The detailed design phase should be viewed as a process of progressively refining and testing the proposal rather than simply developing technical implementation workstreams. While some activities may occur concurrently, the programme is expected to progress through four broad stages.

FIGURE 5: STAGES OF DETAILED DESIGN AND TRANSITION PLANNING

While the detailed design process is expected to progress broadly through the stages outlined above, a number of workstreams will need to be progressed in parallel. The following areas are expected to form the core focus of detailed design and transition planning.

TABLE 16: DETAILED DESIGN WORKSTREAMS

Detailed design workstream	Key matters to resolve	Why it matters for deliverability
Transition governance and programme authority	Form and mandate of transition governance, membership, reporting, decision thresholds, delegations, budget responsibility, and relationship with participating councils.	Ensures there is a clear mechanism to oversee transition, manage decisions, escalate issues and maintain regional alignment.
Implementation sequencing and readiness	Milestones, readiness criteria, priority workstreams, dependencies, critical path activities, risk and assurance, communications, election readiness and post-establishment activities.	Provides a practical basis for determining what must be delivered before establishment and what can continue afterwards.
Governance and representation	Final governance model, local governance role, representation arrangements, Māori representation, decision-making responsibilities, and checks and balances between regional and local governance.	Provides clarity on how the future model would operate democratically and how local voice would be maintained.
Mana whenua, Treaty settlement and PSGE arrangements	Affected Treaty settlement arrangements, continuation of commitments with the same or equivalent effect, mana whenua participation, PSGE engagement and Crown involvement where required.	Ensures existing commitments and relationships are identified early and carried through into the future arrangements.
Implementation of planning system reforms	Transitional arrangements for the spatial plan, and for continuing to deliver a Hawke's Bay regional combined plan.	Ensures the region is meeting the requirements under the new planning system.
Boundary anomalies and cross-boundary governance arrangements	Treatment of areas currently within the Hawke's Bay Regional Council boundary but located within the territorial jurisdiction of another council, including Tauhara and Ngāmatea. Consideration of future boundary arrangements, governance responsibility, rating impacts, service delivery responsibilities, regulatory functions, representation arrangements, and any legislative changes required to give effect to the preferred approach.	Provides certainty for affected communities, avoids gaps or duplication in governance and service delivery, ensures the final model is legally and operationally workable, and identifies any boundary or legislative issues that must be resolved before establishment.
Financial transition	Transition costs, funding sources, debt treatment, rates transition, financial harmonisation, existing commitments and opening financial settings.	Provides confidence that the financial implications of transition can be understood, funded and managed.

Organisation design and workforce transition	Future organisational structure, leadership requirements, staff transition principles, retention, change management, engagement with staff, secondments and business continuity.	Supports continuity of capability and services during a period of organisational change.
Systems, data and service integration	Current-state systems assessment, data migration, information governance, service continuity, customer service transition, operational alignment and integration sequencing.	Distinguishes what must be ready for establishment from what can be progressively integrated after commencement.
Assets, contracts and statutory arrangements	Asset transfer, contractual obligations, procurement, council-controlled organisations, statutory records, delegations, bylaws, consent conditions, property and transitional legal instruments.	Ensures legal, contractual and operational responsibilities can transfer or continue without avoidable disruption.

These matters represent the core issues that would need to be tested, refined and confirmed through detailed design before final decisions are made. Identifying them now supports the deliverability case by showing that the principal implementation requirements and unknowns are understood and capable of being managed through a structured process.

Overall assessment - deliverability

The proposal is deliverable because there is a credible pathway to implementation before the 2028 local elections, and because the requirements, risks, constraints and unknowns are sufficiently understood to be actively managed.

Implementation will be complex. It will require strong governance, a scalable programme management office, dedicated funding and capacity, early transition planning, careful sequencing, and sustained alignment across participating councils, mana whenua, central government and affected communities. It will also require clear decisions through detailed design on representation, local governance, financial transition, workforce matters, systems integration, Treaty settlement arrangements and statutory implementation.

However, these matters are identifiable. They are not hidden or unmanaged. They are the expected work of a detailed design and transition programme.

The strongest deliverability conclusion is therefore not that every implementation decision has already been made. It is that officers understand the nature of the transition, the risks that need to be managed, the decisions that need to be made, and the support that may be required. With appropriate governance, programme resourcing and Government support, there is a credible and practical basis for concluding that the transition can be delivered by the 2028 local elections.

Appendix A: Hawke's Bay Head Start Outline Proposal: Financial viability analysis

Author: Heuser | Whittington, August 2026

INTRODUCTION

The purpose of this analysis is to assess whether a combined Hawke's Bay unitary authority would be financially viable and sustainable, and whether it would have the financial capacity to support ongoing service delivery, infrastructure investment and long-term borrowing requirements. It is not an assessment of financial savings. Detailed modelling of efficiencies, transition costs, debt arrangements and council-controlled organisations will be undertaken during the Detailed Design phase.

The analysis is sourced from published information, including; audited annual reports (2022/23 to 2024/25), adopted long-term plan or annual plan forecasts (2025/26 to 2027/28) and public sources (including Remuneration Authority's determination and Stats NZ local authority statistics). It has been supplemented by information collated from the three Hawke's Bay territorial authorities and Hawke's Bay Regional Council.

Three waters revenue, expenditure, assets and debt are separated out where possible, reflecting the planned transfer to a new water services organisation. Cyclone Gabrielle recovery revenue and expenditure, which are largely Crown-funded and separately ring-fenced, are identified and excluded where possible.

Limitations

There are several limitations to this analysis.

- The figures presented as a "combined regional organisation" are the simple sum of four parent entities, without considering economies of scale and organisation redesign. The forecast years combine plans built on each council's own assumptions.
- The actual realisation and size of genuine operating efficiencies will depend on organisational design and implementation choices made in the Detailed Design phase, as well as transition costs.
- Finally, historical years are materially distorted by Cyclone Gabrielle response and recovery, which is separately funded and does not represent business-as-usual.

SUMMARY

This analysis combines the published financial information of the three participating territorial authorities and Hawke's Bay Regional Council to assess the financial viability and financial sustainability of a combined organisation.

The analysis indicates that the combined organisation would be financially viable, financially sustainable and well positioned to support the region's ongoing service delivery and infrastructure investment. On a combined basis, it is projected to generate operating surpluses of approximately **$64 million to $76 million per annum** before depreciation and is approximately break-even after depreciation once cyclone-related impacts are excluded.

The combined organisation would also have a strong balance sheet, a broad and diversified revenue base, and significant borrowing capacity under Local Government Funding Agency lending covenants. Together, these provide the financial capacity to support the region's long-term capital programme while maintaining prudent debt levels. This borrowing capacity would increase further following the planned transfer of three waters assets and debt.

Importantly, this assessment assumes **no efficiency savings or organisational redesign**. Any efficiencies, transition costs and implementation decisions will be considered during the Detailed Design phase, making this a deliberately conservative assessment of financial viability.

COMBINED HAWKE'S BAY UNITARY ORGANISATION

This section sets out the revenue and operating expenditure, assets and debt of the three Hawke's Bay territorial authorities and Hawke's Bay Regional Council and shows an *indicative* picture of a combined unitary organisation. The analysis does not assume any economies or diseconomies of scale – it provides a high-level viability assessment of the combined councils.

Revenue and operating expenditure

Table 1 illustrates the operating scale of a combined organisation. No assumptions have been made regarding efficiencies or organisational redesign; the figures simply aggregate the four participating councils' current financial positions.

TABLE 1

Revenue and operating expenditure (excluding three-waters and cyclone)

Revenue, operating expenditure (2024/25 annual report)

	HBRC	NAPIER	HASTINGS	CENTRAL HAWKE'S BAY	COMBINED
Operating expenditure 2024/25 ($m)	$137.9m	$199.9m	$182.6m	$57.5m	**$577.9m**
Rates revenue 2024/25 ($m)	$47.9m	$101.1m	$88.1m	$33.4m	**$270.5m**
Other revenue 2024/25 ($m)	$124.5m	$87.7m	$79.7m	$41.8m	**$333.7m**

Source: council annual reports 2024/25

Combined financial position

Table 2 demonstrates the strong financial position of the combined organisation. Excluding three waters and, where possible, cyclone-related assets and debt, the combined organisation would hold approximately $9.3 billion of assets supported by approximately $428 million of debt.

TABLE 2

Financial position

Assets and debt; three-waters and cyclone items removed to the extent possible

	HBRC	NAPIER	HASTINGS	CENTRAL HAWKE'S BAY	COMBINED
Total assets at 30 June 2025 ($m)	$1,192.7m	$2,518.5m	$2,362.8m	$1,988.3m	**$8,062.3m**
External borrowings at 30 June 2025 ($m)	$117.6m	$65.0m	$472.7m	$49.4m	**$704.7m**
Debt at 30 June 2025 **excluding three-waters and cyclone** debt($m)	$117.6m	$112.9m	$179.3m	$9.1m	**$418.9m**

Source: council annual reports 2024/25; Heuser Whittington analysis

Note: Napier's figure includes internally funded water debt, which is why it exceeds Napier's external borrowings.

Combined capital programme

To provide a clearer view of ongoing investment requirements, cyclone recovery expenditure has been excluded where possible. On this basis, the combined organisation would be responsible for an annual capital programme of approximately $200–225 million. The analysis indicates that the combined organisation would have the revenue base, balance sheet and borrowing capacity to support a capital programme of this scale.

TABLE 3

Capital programme excluding three waters and, where separable, cyclone

Bases differ by council

COUNCIL	2025/26	2026/27	BASIS
Hastings District	$68.9m	$61.3m	Council return: whole-of-council FIS less cyclone-recovery and waters FIS statements
Napier City	$116.3m	$89.0m	2025/26 per the three-year plan (whole-of-council capex less waters activity FIS: no waters split exists in that year's annual plan); 2026/27 per the annual plan's capital programme by activity group. No cyclone split published.
HB Regional	$32.0m	$32.0m	Normalised average to remove NIWE spending.
Central Hawke's Bay	$8.3m	$25.1m	Annual plan waters group FIS deducted from whole-of-council FIS capex, same documents. 2026/27 includes s ubstantial roading recovery (cyclone-related, not separately published)
Combined	$225.5m	$207.4m	

Source: Council annual plans, three-year plans and waters activity funding impact statements; Hastings District Council finance return, 31 July 2026; HBRC finance (normalised method).

INDICATIVE VIABILITY OF A COMBINED UNITARY ORGANISATION

This section analyses the potential viability of a combined unitary organisation by adding up the actual and planned expenditure of the three Hawke's Bay territorial authorities and Hawke's Bay Regional Council.

The analysis indicates that the combined organisation is financially viable. It funds its operating spending with a surplus of $64m to $76m a year and is approximately break-even after depreciation once identified cyclone flows are set aside.

The combined organisation's scale provides greater financial resilience through a broader revenue base, stronger balance sheet and increased borrowing capacity.

The combined organisation's net debt at 30 June 2025 is well under half of the 175% net-debt-to-revenue lending covenant that applies to councils without a credit rating leaving substantial borrowing headroom before the covenant binds. Headroom grows further once three-waters debt transfers to Water Hawke's Bay Limited, targeted for 30 June 2027.

Balancing a combined organisation budget

Funding Impact Statements indicate that operating funding exceeds operating expenditure by between **$64 million and $76 million per annum**. When depreciation is included and identified cyclone impacts are excluded[7], the combined organisation is approximately break-even over the planning period.

Collectively, these measures indicate that the combined organisation is able to comfortably fund its operating activities while maintaining long-term financial sustainability.

TABLE 4

Combined operating funding against combined applications of operating funding, 2024/25 – 2026/27

Four councils summed with no efficiency gains assumed; includes three-waters and cyclone-related operating flows (operating subsidies shown in the "of which" line); excludes capital grants, development contributions and vested assets.

FOUR IN-SCOPE COUNCILS ($M)	2024/25	2025/26	2026/27
Combined total operating funding (excludes capital grants, dev contributions, vested assets)	$585.7m	$529.1m	$549.3m
of which subsidies and grants for operating purposes	$100.2m	$27.9m	$28.1m
Combined applications of operating funding	($518.2m)	($465.1m)	($473.3m)
Surplus/(Deficit) of operating funding	**$67.5m**	**$64.0m**	**$76.0m**

Source: Funding Impact Statements, council annual reports 2024/25 and adopted annual plans/three-year plans (2025/26 and 2026/27).

[7] Hastings District Council has the clearest cyclone flows and so there is a risk that cyclone flows for other councils alter the results.

Borrowing capacity

A combined Hawke's Bay unitary authority would operate well within Local Government Funding Agency lending covenants[8], leaving substantial borrowing headroom to fund future infrastructure investment. This provides substantial financial flexibility to respond to future infrastructure needs while remaining comfortably within prudent borrowing limits.

Given the size and financial profile of the combined organisation, it would also be expected to maintain a credit rating, reducing borrowing costs and further increasing financial flexibility.

Furthermore, the higher borrowing capacity for rated councils would enable a combined organisation to undertake larger capital investment programmes, which could improve sustainability of services.

CONCLUSION

This analysis demonstrates that a combined Hawke's Bay unitary authority would be financially viable, financially sustainable and capable of supporting the region's long-term service delivery and infrastructure investment requirements. The combined organisation would have the scale, revenue base, balance sheet strength and borrowing capacity required to fund its planned capital programme while remaining well within prudent borrowing limits.

Importantly, these conclusions have been reached **without assuming operational efficiencies, economies of scale or organisational redesign**. The assessment therefore provides a conservative baseline of financial viability. Detailed Design will refine the financial model, including transition costs, efficiencies, debt arrangements, council-controlled organisations and implementation planning.

[8] The limits are currently 175% net debt to total revenue for a council without a credit rating, and 280% for a council with a credit rating.