



**I, Matthew Lawson, Tumu Whakarae | Chief Executive, hereby give notice that
an Ordinary Meeting of Council will be held on:**

Date: Tuesday, 3 February 2026
Time: 1:00 pm
Location: Council Chamber, Wairoa District Council,
Coronation Square, Wairoa

AGENDA

Ordinary Council Meeting

3 February 2026

MEMBERSHIP: His Worship the Mayor Craig Little, Cr Trevor Waikawa, Cr Jeremy Harker, Cr Benita Cairns, Cr Roslyn Thomas, Cr Michelle Tahuri, Cr Sara Bird

The agenda and associated papers are also available on our website: www.wairoadc.govt.nz

For further information please contact us 06 838 7309 or by email info@wairoadc.govt.nz

Order Of Business

1	Karakia	5
2	Apologies for Absence	5
3	Declarations of Conflict of Interest	5
4	Chairperson’s Announcements	5
5	Late items of Urgent Business	5
6	Public Participation	5
7	Minutes of the Previous Meeting	5
8	General Items	15
8.1	Delegation of Decision-Making Authority – Flood Protection Works Resource Consent.....	15
8.2	Submission to Consultation on a Rates Target Model	18
8.3	Monthly Financial Report to 31 December 2025	54
8.4	Local Government Reorganisation Proposal.....	76
9	Receipt of Minutes from Committees/Action Sheets	78
	Nil	
10	Public Excluded Items	79
10.1	Organisational Review.....	79
10.2	Use of Land adjacent to the Wairoa Airport.	79

1 KARAKIA**2 APOLOGIES FOR ABSENCE****3 DECLARATIONS OF CONFLICT OF INTEREST**

Members need to stand aside from decision-making when a conflict arises between their role as a member of the Council and any private or other external interest they might have.

This note is provided as a reminder to members to review the matters of the agenda and assess and identify where they may have a pecuniary or other conflict of interest, or where there may be a perception of a conflict of interest.

If a member feels they do have a conflict of interest, they should publicly declare that at the start of the meeting, or at the relevant item of business, and refrain from participating in the discussion or voting on that item.

If a member thinks they may have a conflict of interest, they can seek advice from the Chief Executive of the Chief Operations Officer (preferably before the meeting). It is noted that while members can seek advice, the final decision as to whether a conflict exists rests with the member.

4 CHAIRPERSON'S ANNOUNCEMENTS**5 LATE ITEMS OF URGENT BUSINESS****6 PUBLIC PARTICIPATION**

A maximum of 30 minutes has been set aside for members of the public to speak on any item on the agenda. Up to 5 minutes per person is allowed. As per Standing Order 15.1 requests to speak must be made to the Chief Executive Officer at least one clear day before the meeting; however this requirement may be waived by the Chairperson.

7 MINUTES OF THE PREVIOUS MEETING

Ordinary Meeting - 16 December 2025

**MINUTES OF WAIROA DISTRICT COUNCIL
ORDINARY COUNCIL MEETING
HELD AT THE COUNCIL CHAMBER, WAIROA DISTRICT COUNCIL, CORONATION SQUARE, WAIROA
ON TUESDAY, 16 DECEMBER 2025 AT 1:00PM**

PRESENT: His Worship the Mayor Craig Little (online), Cr Trevor Waikawa, Cr Jeremy Harker, Cr Benita Cairns, Cr Roslyn Thomas, Cr Michelle Tahuri, Cr Sara Bird

IN ATTENDANCE: **Matthew Lawson** (Tumu Whakarae | Chief Executive), **Gary Borg** (Tumu Whakarae Tuarua | Deputy Chief Executive & Pouwhakarae – Pūtea/Tautāwhi Rangapū | Group Manager - Finance and Corporate Support), **Te Aroha Cook** (Kaiarataki Whakaoranga | Recovery Manager & Group Manager - Community Services and Development), **Juanita Savage** (Te Toihau Mahi | Chiefs of Operations), **Henare Mita** (Māori Standing Committee Chairperson), **Hinetaakoha Viriaere** (Pouwhakarae Whakamahere me te Waeture | Group Manager Planning and Regulatory), **Kamal Narang** (Pouwhakarae – Hua Pūmau | Group Manager - Assets and Infrastructure), **Hinemoa Hubbard** (Kaiurungi Mana Ārahi | Governance Officer), **Kate Standring** (Executive Principal), **Claire Little** (Intermediate Planner), **Martin Bacon** (Assistant Accountant)

1 KARAKIA

The meeting was chaired by Cr Cairns.

The opening karakia was given by Mr Mita.

2 APOLOGIES FOR ABSENCE

Nil.

3 DECLARATIONS OF CONFLICT OF INTEREST

Cr Harker declared a conflict of interest with the following items:

- 8.10 – *QRS Letter of expectation, Director remuneration and Director Rotation.*
- 10.1 – *PX - Procurement of Capital Projects – Proposal.*

Cr Tahuri declared a conflict of interest with Item 8.3 – *Planning and Regulatory Report - December Update 2025.*

4 CHAIRPERSON'S ANNOUNCEMENTS

The Chair acknowledged the Community Services team for organising the Christmas parade and market, noting positive community feedback regarding the visibility of Council staff, the variety of stalls and out-of-town floats, and the positive atmosphere within the community.

5 LATE ITEMS OF URGENT BUSINESS

Nil.

6 PUBLIC PARTICIPATION

Nil.

7 MINUTES OF THE PREVIOUS MEETING**RESOLUTION 2025/68**

Moved: Cr Jeremy Harker

Seconded: Cr Trevor Waikawa

That the minutes and confidential minutes of the Ordinary Meeting held on 25 November 2025 be confirmed.

CARRIED

8 GENERAL ITEMS**8.1 ROADING STOPPING- TINIROTO ROAD****RESOLUTION 2025/69**

Moved: Cr Jeremy Harker

Seconded: Cr Sara Bird

That Council accepts the report and approves the road stopping of a section of the unformed Tiniroto Road Reserve.

CARRIED

8.2 MEETING SCHEDULE FOR 2026**RESOLUTION 2025/70**

Moved: Cr Roslyn Thomas

Seconded: Cr Michelle Tahuri

That Council adopts the meeting schedule for 2026 with amendments.

CARRIED

The Chief of Operations introduced the report and highlighted that Assurance, Regulatory & Infrastructure meetings would occur in the third week of each month, and that Māori Standing Committee (MSC) and Environment & Economic Development Committee meetings would be held bi-monthly, with meeting dates changing for 8 December when applicable.

Council discussed:

- Workshops should be publicly open where possible.

- The November 3rd Council meeting should be shifted to 10th of November to avoid the preceding report workshop clashing with Labour Weekend.
- Agendas to close at 12pm on the Wednesday prior to the meetings.
- A query was raised regarding the location for the MSC meetings; staff advised this would be confirmed, and it was noted the location would be discussed at the first MSC meeting.
- Work was underway on establishing a Youth Council in partnership with Taiwhenua, with a joint venture approach, and that it was anticipated to begin around April. Council noted a workshop on this matter would be appropriate.

8.3 PLANNING AND REGULATORY REPORT - DECEMBER UPDATE 2025

RESOLUTION 2025/71

Moved: Cr Trevor Waikawa

Seconded: Cr Jeremy Harker

That Council receives the report titled 'Planning and Regulatory Report – December 2025 Update'.

CARRIED

The Group Manager of Planning and Regulatory highlighted that comments relating to RMA reforms had been prepared prior to the most recent changes to the Resource Management Act.

Council discussed:

- Earthquake strengthening requirements, including confirmation that over 40 buildings had been identified as potential hazards.
- Temporary accommodation (page 24), with a suggestion that a group meeting be held with affected parties to provide more detailed information.
- The process for issuing a Project Information Memorandum (PIM), with staff advising there was no lapsing date.
- Whether information briefings could be provided outlining the services Council delivers to the community.
- Whether dog-related issues were predominantly urban or rural; staff advised these were mostly urban, and Council queried whether rural ratepayers had to contribute to urban dog-related costs.
- An increase in issues and infringements, with staff advising this reflected increased officer activity and awareness following recent dangerous dog incidents.
- Stock control matters, including the cost of call-outs.

The Chief Executive advised that one property on River Road is unable to be accessed, and that RRA had indicated funding is available for 50% compensation. It was noted that Council would need to progress a formal category 3 and buy-out policy process.

8.4 UPDATE ON PLAYGROUNDS (MCLEAN ST, NORTH CLYDE AND TUAI) & PUBLIC TOILETS (NORTH CLYDE AND MARINE PARADE)

RESOLUTION 2025/72

Moved: Cr Jeremy Harker

Seconded: Cr Roslyn Thomas

That Council approves the purchase of the three playgrounds, requests that any cost-saving benefits be reported back to Council, continues with the refurbishment of the River Parade toilets, includes the North Clyde toilet in the Spatial Plan, and directs the Chief Executive to return to Council by 31 March 2026 to finalise a location for the North Clyde Playground, and ensures the budget remains as set out in section 5.1.

CARRIED

The Group Manager of Assets and Infrastructure introduced the report, highlighting:

- The North Clyde proposals are new and included in the Long Term Plan. Construction is proposed for the next financial year, while also proposing procurement to occur in the current financial year due to delivery times.
- There is a delivery timeframe of approximately six months for toilets and playground.

Council:

- Sought involvement in determining the location of the North Clyde toilets and reiterated previous concerns about locating toilets at Memorial Park.
- Requested identification of available and unavailable location options within the North Clyde Area.
- Discussed the importance of engaging with the North Clyde residents on the preferred location.
- Noted the proximity of Memorial Park to the Wairoa Destination Playground.
- Queried the status of tourism funding for North Clyde; It was noted that approximately \$500,000 remains unconfirmed. The Chief Executive noted that a variation to an earlier TIF application has been sought to enable delivery of a playground and toilet facility at an alternative location.
- Queried the appropriateness of procurement prior to finalising a location; staff advised the projects are subject to TIF funding which is still being confirmed.

At 2:13pm, Cr Cairns adjourned the meeting.

At 2:21pm, Cr Cairns opened the meeting.

8.5 MONTHLY FINANCIAL REPORT TO 30 NOVEMBER 2025

RESOLUTION 2025/73

Moved: Cr Roslyn Thomas

Seconded: His Worship the Mayor Craig Little

That Council receives the report.

CARRIED

The Group Manager of Finance and Corporate Support introduced the report and noted that while the statement in section 1.1 was accurate, it was not complete. It was highlighted that estimates were included in the financial information, and that the budget figures incorporated carry-forward amounts approved at the previous Council meeting. It was further noted that there were significant improvements in the Group Income and Expense statements.

Council discussed:

- Variances between revenue and expenditure figures on pages 38 and 42, with staff advising that page 38 included internal recoveries recorded as income, while the final figures were reflected in the Statement of Comprehensive Revenue and Expense.
- Requirements for narrative explanations for high values and percentages, including what was included within the “other” category contributing to approximately \$2million in expenditure. Staff advised this related to emergency roadworks (noting these should be reclassified under roading), grants, and software, and it was noted that itemising grants would be beneficial.
- The grants category, including indicative amounts and recipients.
- The removal of internal interest charges.
- The Statement of Comprehensive Revenue and Expense showing a deficit of approximately \$9 million, with staff noting that further work was required on the income and expense statement.

Staff confirmed that the ‘Go to Green’ reporting would provide additional context.

8.6 ELECTED MEMBERS CODE OF CONDUCT

RESOLUTION 2025/74

Moved: Cr Benita Cairns

Seconded: Cr Jeremy Harker

That Council receives the report and adopts the existing Wairoa District Council Code of Conduct (**Appendix 2**)

CARRIED

8.7 ESTABLISHMENT OF COMMITTEES AND ADOPTION OF TERMS OF REFERENCE

RESOLUTION 2025/75

Moved: Cr Jeremy Harker

Seconded: Cr Sara Bird

That Council receives the report, confirms the appointment of the Chairs and members to each

Council Committee, and adopts the Terms of Reference with amendments for; the Environmental and Economic Development Committee, Assurance, Risk and Infrastructure Committee, Chief Executives Performance Review Committee, and the Māori Standing Committee

AND to update the delegations manual as required.

CARRIED

The Group Manager of Community Services and Development introduced the report, and highlighted the proposed change for the Environmental and Economic Development Committee and the Māori Standing Committee to move to a bi-monthly schedule.

Council discussed and requested amendments as follows:

- Assurance, Risk and Infrastructure Committee:
 - Delegations to be amended to clarify that the committee is a decision-making committee rather than one that reports to Council.
 - Council discussed the appropriateness of appointing an independent member. The Chief Executive noted feedback from DIA recommending financial expertise on the committee to mitigate risk. Council noted a preference for a local appointment, while the Chief Executive outlined the challenges due to potential conflicts of interest.
- Māori Standing Committee:
 - Council requested that Cr Bird be included.

At 2:54pm, Cr Tahuri left the meeting.

At 2:55pm, Cr Tahuri returned to the meeting.

The Group Manager of Finance noted that the delegations require updating.

8.8 STANDING ORDERS / NGĀ TIKANGA WHAKAHAERE HUI

RESOLUTION 2025/76

Moved: Cr Benita Cairns

Seconded: Cr Trevor Waikawa

That Council receives the report, and that Council adopts the reviewed LGNZ Standing Orders / Ngā Tikanga Whakahaere Hui for territorial authorities as attached as **Appendix 1 – LGNZ Standing Orders / Ngā Tikanga Whakahaere Hui**.

CARRIED

8.9 DECLARATIONS (CONFLICTS) OF INTEREST

RESOLUTION 2025/77

Moved: Cr Jeremy Harker

Seconded: Cr Michelle Tahuri

That Council receives the Declarations (Conflicts) of Interest report, and endorses the inclusion of a 'Declarations of Interest Statement' on order papers for council and committee meetings.

CARRIED

DEFERRED – ITEM 8.10

RESOLUTION 2025/78

Moved: Cr Benita Cairns

Seconded: Cr Roslyn Thomas

That Council defers Item 8.10 – QRS Letter of expectation, Director Remuneration and Director rotation to a future meeting.

CARRIED

At 3:02pm, Clr Harker declared a conflict of interest and left the meeting.

9 RECEIPT OF MINUTES FROM COMMITTEES/ACTION SHEETS

Nil

10 PUBLIC EXCLUDED ITEMS

RESOLUTION TO EXCLUDE THE PUBLIC

RESOLUTION 2025/79

Moved: Cr Michelle Tahuri

Seconded: Cr Trevor Waikawa

That the public be excluded from the following parts of the proceedings of this meeting at 3:15pm.

The general subject matter of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
10.1 - PX - Procurement of Capital Projects - Proposal	s7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the information would be likely	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of

	<p>unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information</p> <p>s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities</p> <p>s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p>	<p>information for which good reason for withholding would exist under section 6 or section 7</p>
<p>10.2 - Solid Waste Programme Update</p>	<p>s7(2)(c)(ii) - the withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest</p> <p>s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities</p>	<p>s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7</p>

CARRIED

RESOLUTION 2025/80

Moved: Cr Benita Cairns
 Seconded: Cr Roslyn Thomas

That Council moves out of Closed Council into Open Council at 4:15pm.

CARRIED

Council (Ordinary and Extraordinary) - Actions Sheet 2025 Triennium

<u>ACTION</u>	<u>MEETING THE ACTION WAS RAISED IN</u>	<u>DUE DATE</u>	<u>OFFICER RESPONSIBLE</u>	<u>COMMENTS</u> <i>Update: 28/01/2025</i>	<u>STATUS</u>	<u>PUBLIC EXCLUDED</u>
Arrange a workshop on March 10 to discuss the Youth Council. (Item 8.2)	16/12/2026		Governance Team	Calendar invite sent out.	Completed	No
Report any cost-savings benefits and present the final location for the North Clyde Playground to Council by 31 March 2026 (Item 8.4)	16/12/2026	31/03/2026	Group Manager of Assets & Infrastructure	<p><u>Playgrounds</u>: We are still securing pricing and finalising our requirements.</p> <p><u>North Clyde</u>: Information is still being collated, and previous documents are being reviewed.</p> <p>Work in progress.</p>	In Progress	No

The Meeting closed with a closing karakia given by Mr Henare Mita at 4:16pm.

The minutes of this meeting were confirmed at the Ordinary Council Meeting held on 3 February 2026.

.....
CHAIRPERSON

8 GENERAL ITEMS

8.1 DELEGATION OF DECISION-MAKING AUTHORITY – FLOOD PROTECTION WORKS RESOURCE CONSENT

Author: Hinetaakoha Viriaere, Pouwhakarae - Whakamahere me te Waeture | Group Manager Planning and Regulatory

Authoriser: Matthew Lawson, Tumu Whakarae | Chief Executive

Appendices: Nil

1. PURPOSE

- 1.1 To seek Council approval to delegate decision-making authority for a district resource consent application relating to flood protection works to an Independent Commissioner under section 34A of the *Resource Management Act 1991*.

RECOMMENDATION

The Pouwhakarae - Whakamahere me te Waeture | Group Manager Planning and Regulatory RECOMMENDS that Council That Council:

Pursuant to section 34A of the *Resource Management Act 1991*, delegates its functions, powers, and duties to hear and determine the district resource consent application RM260001 for the flood protection works project to an Independent Commissioner.

1.2 BACKGROUND

- A joint regional and district resource consent application for flood protection works was received on 12 January 2026 on behalf of Hawke's Bay Regional Council and Wairoa District Council. The application is being processed under the *Severe Weather Emergency Recovery (HB Flood Protection Works) Amendment Order 2025*, which establishes a streamlined consenting framework for eligible flood protection works.
- Section 34A of the RMA enables Council to delegate its resource consent decision-making functions to an Independent Commissioner. Given the scale and complexity of the consent application delegation is considered appropriate.
- Phil Mackay, Partner at Mitchell Daysh Limited who is an experienced RMA Independent Commissioner with expertise in complex infrastructure and flood mitigation projects, is available to undertake this role. Hawke's Bay Regional Council will appoint the same Independent Commissioner to determine the regional consent component of the application.
- The land use component of the consent application RM260001 relates to flood mitigation works including earthworks, soil disturbance, vegetation clearance, construction, reinstatement of utilities, and associated activities.

2. OPTIONS

2.1 The options identified are:

- **Option 1** – Council retains decision-making authority for hearing and determining the district resource consent application. This option presents increased risk in regard to perceived conflict of interest.
- **Option 2** – Council delegates its decision-making authority under section 34A of the RMA to an Independent Commissioner (Preferred Option). This approach ensures independence, efficiency and legal robustness for the determination of this significant flood protection works consent application.

The preferred option (2) above contributes to the following community outcomes:

Cultural wellbeing	Economic wellbeing	Social Wellbeing	Environmental Wellbeing
Valued and cherished community through transparent and independent decision-making.	Strong and prosperous economy by enabling timely delivery of critical flood protection infrastructure.	Safe, supported, and well-led community through robust governance.	Protected and healthy environment through expert assessment of environmental effects.

3. CORPORATE CONSIDERATIONS

What is the change?

- 3.1 Decision-making authority for this application is delegated to an Independent Commissioner rather than being exercised by Council or staff.

What are the key benefits?

- 3.2 Independent, transparent, timely, and legally robust decision-making.

What is the cost?

- 3.3 Commissioner costs will be met by the applicant in accordance with standard cost recovery provisions. No unbudgeted Council expenditure.

4. SIGNIFICANCE

- 4.1 Administrative impact only, no direct public impact.
 4.2 No material impact on Council’s budget or capacity.
 4.3 Low significance under Council’s Significance and Engagement Policy.

5. RISK MANAGEMENT

- 5.1 In accordance with the Council’s Risk Management Policy the inherent risks are outlined below:

Human	Financial	Regulatory
Low - Independent Decision-maker appointed.	Low - Costs recovered from applicant.	Low - Clear statutory authority under s34A.
Operations	Employees	Image & Reputation
Low – Streamlined decision-making.	Low – Reduced conflict of interest.	Low – Transparent independent process.

5.2 Who has been consulted? Hawkes Bay Regional Council and Tātau Tātau o te Wairoa Trust.

Further Information

[Severe Weather Emergency Recovery \(Hawke's Bay Flood Protection Works\) Amendment Order 2025 \(SL 2025/172\) – New Zealand Legislation](#)

Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

8.2 SUBMISSION TO CONSULTATION ON A RATES TARGET MODEL

Author: Gary Borg, Tumu Whakarae Tuarua | Deputy Chief Executive & Group Manager - Finance and Corporate Support

Authoriser: Matthew Lawson, Tumu Whakarae | Chief Executive

Appendices:

1. Rates Capping letter from DIA [↓](#)
2. LGNZ Rates Capping Submission [↓](#)
3. Infometrics Rates Capping Economic Implications [↓](#)
4. Wairoa Draft Rates Capping Submission [↓](#)

1. PURPOSE

- 1.1 The purpose of the report is to present a submission to Council for the Government's consultation on its proposed rates capping model.

RECOMMENDATION

The Tumu Whakarae Tuarua | Deputy Chief Executive & Group Manager - Finance and Corporate Support RECOMMENDS that Council:

- 1) Notes its support for the LGNZ submission and,
- 2) Approves the Wairoa submission, subject to editorial updates, for release to DIA and LGNZ approves the submission to the Government's consultation on its proposed rates capping model.

EXECUTIVE SUMMARY

2. BACKGROUND

- 2.1 Rates capping is one of several significant reforms affecting Local Government and communities that the Government heralded after the election in 2023.
- 2.2 With the first major milestone for Local Water Done Well achieved, other reforms have become more prominent.
- 2.3 The Department of Internal Affairs wrote to Local Government New Zealand (LGNZ) initiating 'targeted consultation'. A copy of the letter is attached as **Appendix 1**.
- 2.4 LGNZ has drafted a submission for its members, and this is attached as **Appendix 2**.
- 2.5 The LGNZ submission represents the sector generally and is specifically informed by an economic impact report prepared by Infometrics, attached as **Appendix 3**.
- 2.6 It is appropriate that Council presents its own submission, to give local context to these documents. A proposed submission for Wairoa is attached as **Appendix 4**.



Internal Affairs
Te Tari Taiwhenua

3 December 2025

45 Pipitea Street, Wellington

Scott Necklen
Local Government New Zealand
scott.necklen@lgnz.co.nz

Dear Scott Necklen

Subject: Consultation on a rates target model for New Zealand

On Monday 1 December, the Prime Minister and Minister of Local Government announced the introduction of a rates target model for New Zealand.

The Government has agreed that from 1 July 2029, councils will operate within a target range of rates increases to help keep rates affordable for households while ensuring councils can maintain essential services and invest in infrastructure.

The Government has also agreed to targeted consultation from December 2025 to February 2026 on how to set the target range of rates increases. We are writing to you today as you have been identified as a stakeholder to engage as part of this targeted consultation. Further information on the feedback we are seeking is below.

The Government's key decisions are:

- The range will apply to all sources of rates (general rates, targeted rates, uniform annual charges), but excludes water charges and water-related targeted rates, and other non-rates revenue.
- The range will apply to the price component of rates, not volume growth.
- Under the rates cap councils will have discretion to spend rates funding as they currently do. This system does not limit spending to certain services or activities. But councils will need to comply with changes made through the Local Government System Improvements Bill.
- The range will be anchored in long-run economic indicators, such as inflation at the lower end and nominal GDP at the higher end. An additional growth component will be added for some councils.
- There will be a transition period from 2026 to 2029. During this time, councils will be required to consider the rates target when setting rates, but it will not be mandatory to operate within the range. The Department of Internal Affairs will issue guidance and undertake monitoring of councils during this time.
- From 1 July 2029, the model will allow for variations in extreme circumstances and a clear process for councils to apply for other temporary adjustments.
 - Examples of extreme circumstances are responses to natural hazards, global economic crisis, or other significant events. In these cases, councils will need to show how they will return to the band over time.

- Where councils need to raise revenue to pay for things outside of extreme circumstances, they will be able to do so through a variation process, and they would need to apply to a regulator for approval. Councils would need to provide justification and explain how they intend to return to the band over time.
- Further work is required on detailed design, including regulatory oversight. Cabinet will make additional decisions in early 2026, and legislation will be introduced before the general election.

Targeted consultation

We seek your feedback on the proposed formula and economic indicators for setting the range, including whether the preliminary range of 2-4% per capita per year is appropriate. Details of the formula and consultation questions are attached.

Consultation closes on 4 February 2026.

Feedback can be provided directly, through meeting with the Department, or by emailing ratescapping@dia.govt.nz before 4 February 2026. Given the timeframes, our preference is to meet with you as soon as possible. If you are able to do so, please send through available times.

Should you have any questions, please get in touch.

Yours sincerely,



Rowan Burns
Policy Manager

Appendix A

Proposed formula

The proposed formula is expressed in Figure 1, based on a per capita, price basis for a fixed basket of council services:

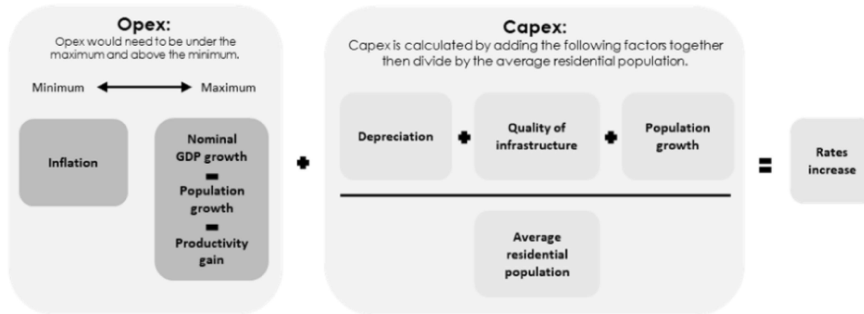


Figure 1: Proposed rates target formula

In a future ‘steady state’,¹ where investment is constant as a share of GDP, the infrastructure deficit has been addressed, and the share of operational spending to capital spending is constant, these factors should apply for both capital and operational spending.

To allow comparison with a price index, council capital expenditure is based on a per person or per rating unit basis and should –

- be sufficient to replace worn out assets (depreciation);
- respond to demand for more and improved infrastructure as income rises;
- be in line with GDP (quality of infrastructure); and
- increase as growth occurs, to cover the need to serve more people.

Capital spending to replace worn out assets should be depreciation funded. Rates should cover the increase in standards as GDP increases, and the portion of growth costs that are not recovered from other tools (i.e. from development contributions or the forthcoming development levies regime). This should be in line with the target.

Preliminary analysis using this formula suggests that a 2-4% target range for local authority rates is justifiable as a long-run guide and anchor to where rates increases should be.

¹ A ‘steady state’ is a hypothetical about the optimal level of rates as a share of GDP. Historically, rates have been approximately 2% of GDP, with infrastructure issues emerging when councils varied below this trend. As some more councils shift to water charges, total rates as a percentage of GDP are likely to need to be lower, though rates + water charges will need to exceed the historic trend for councils and water services to be financially viable and catch up on historic deficits

- *Choice of minimum:* 2% represents the midpoint target band of the RBNZ policy target. The average rate of inflation has been 2.1% since 2002, excluding the Covid-19 inflationary pressure. The average has been 2.6% including Covid. Conceptually, this reflects that councils should be maintaining service standards.
- *Choice of maximum:* As a long run anchor we believe council activity should align with national activity/growth, or GDP. Demand for council services should be reasonably in line with rises in GDP. Nominal GDP has increased at an average rate of 5.4% per annum. We analysed growth in population, household formation, and new dwellings (proxies for the rateable base for councils) which were around 1-1.5% per year on average. We also note that productivity growth has averaged to around 0.3% per year for the last decade.² Deducting prospective growth in the rateable base, and an allowance for productivity yields around 4% as a per capita/per rating unit increase.

This range represents the price component of council rates revenue increases. Councils grow in size over time as they support growth and serve more households and businesses with rates funded services. We will allow for growth in the total rates revenue that a council can collect as a result of this growth.

Consultation questions

1. Do you agree with the proposed economic indicators to be included in a formula for setting a rates target?
2. If not, what economic indicators do you suggest be included and why?
 - a. Does setting the minimum of the target in line with inflation ensure that councils can maintain service standards? If not, why not?
3. Does the maximum of the target account for council spending on core services?³
4. What council spending will not be able to take place under this target range? Why?
5. Are changes to the target needed to account for variations between regions and councils? What changes do you propose and why?

² For a full description of NZs Productivity history, see: [Treasury paper: The productivity slowdown: implications for the Treasury's forecasts and projections - May 2024](#)

³ Core services as outlined in the *Local Government (System Improvements) Amendment Bill 2025* being network infrastructure; public transport services; waste management; civil defence and emergency management; libraries, museums, reserves, and other recreational facilities.

// **SUBMISSION**



Consultation on a rates target model for New Zealand

// Local Government New Zealand's submission

// Draft for members: 27 January 2026



// SUBMISSION



About LGNZ

LGNZ champions, connects and supports local government. We represent the national interests of councils.

Key points

LGNZ does not support rates capping

- Rates capping runs counter to localism. Locally elected representatives – who are directly accountable to communities – are better placed than central government to make local taxation and investment decisions.
- Rates capping directly constrains the ability of local government to fund and finance essential services and infrastructure. The proposed model will negatively affect councils' ability to deliver the infrastructure and services that communities expect. Our analysis of available reviews of rate capping policies in New South Wales and Victoria found that while these policies constrained rate increases, they generated significant challenges including degraded infrastructure and service delivery along with reduced economic growth.
- S&P has signalled that rates capping will degrade councils' credit ratings and therefore increase councils' borrowing costs, constraining councils' ability to use debt to fund long-term infrastructure.
- We all want to keep rates as low as possible. Councils want to work with the Government to address the real cost drivers behind rates increases. The proposal doesn't do this.

We recommend two key changes to the proposed rates cap formula

While we don't support rates capping, if it was to proceed, we propose two changes to make it more workable.

1. The upper bound of the rates range should be based on general government expenditure nominal GDP growth and local-area-specific population growth
 - The formula for the upper bound of the rates range should be transparent, cost-reflective and localised. We recommend two changes to achieve this:
 - **Aggregate nominal GDP growth** should be replaced with **general government expenditure nominal GDP growth** as this more accurately reflects councils' costs.
 - The **national population adjustment** should be replaced with **local-area-specific 10-year population growth changes**. Alternatively, there could be an additional "top-up" to the formula of around 3.6% for high-growth areas.
2. Cost shifting from central government should be funded, have a funding mechanism, or be added to the upper bound of the rates range.

Consultation on a rates target model for New Zealand // 2

// **SUBMISSION**



-
- Excluding the significant unfunded costs shifted onto local government from central government means that the proposed formula is not transparent or cost-reflective.

DRAFT

Consultation on a rates target model for New Zealand // 3

// SUBMISSION



LGNZ's views on the introduction of a rates cap

The concept of a rates range, as opposed to a cap, has the potential to meet the needs of different councils. However, the proposed rates target model for New Zealand is effectively a rates cap because it applies a hard limit on the maximum increase of rates.

LGNZ does not support the introduction of a rates cap

Rates capping runs counter to localism

Our opposition to rates capping is about who decides what rates increases should be. Locally elected representatives – who are directly accountable to communities – are better placed than central government to make local taxation and investment decisions. Community expectations of council services and assets change over time, and this proposal risks making councils less able to respond to ratepayers.

Rates capping directly constrains councils' ability to fund and finance essential services and infrastructure

We agree with the Regulatory Impact Statement that “there is a mismatch between the problem identified by Ministers (lack of fiscal discipline by local authorities), the evidence available (highlighting a range of unavoidable cost pressures), and the limitations on options imposed by prior decisions (rates limitation mechanisms).”

This proposed model will have significant impacts on ability of councils to deliver the infrastructure and services that communities expect. Our analysis of available reviews of rate capping policies in New South Wales and Victoria found that while these policies constrained rate increases, they also resulted in significant challenges, including:

- Degraded infrastructure and service delivery
- Financial instability among councils
- Severe infrastructure backlogs
- Bureaucratic and expensive processes to seek approval to set rates above the cap
- Reduced local economic growth.

Analysis by Infometrics in 2024¹ noted that the key drivers of rates increases in 2024-2034 was significant cost inflation, particularly capital costs, along with operating costs including labour and interest costs. LGNZ's analysis also notes that rates increases have been driven by significant

¹ Infometrics (2024) *Analysing increases in local government costs*
<https://www.lgnz.co.nz/news/publications/analysing-increases-in-local-government-cost/>

// SUBMISSION



increases to the cost of insurance, recovery from significant weather events, and addressing infrastructure deficits (particularly addressing inadequate past investment in asset maintenance and renewal, including in water infrastructure). While the proposed variations process could address instances of significant cost increases, experience from New South Wales suggests these processes are slow and do not adequately relieve pressures.

Infometrics' analysis of the proposed model (appendix A) estimates rates collected across New Zealand of \$957m for 2023 and 2024 would have been \$957m less under the proposal. Our members says this would have meant:

- Reductions in roading investment over and above any agreement with NZTA. For one council this included: stormwater requirements on back roads to stop them being washed away, and maintaining unsealed roads servicing high country stations and small, isolated communities.
- Removal of community grants and supports for community
- Increased fees and charges for parking, recreation centres and sport field use
- Charges for waste and recycling

Examples please: does your council have any specific examples of what you would have had to cut in order to meet a 4% rates cap? We want to include them in this submission. Please email examples to simon.randall@lgnz.co.nz

Rates capping is likely to lead to higher borrowing costs and constrain use of debt to fund long-term infrastructure

As noted in the RIS, "rating agencies may downgrade local authority credit ratings because of fixed limits on local authority ability to collect rates revenue. This will flow through to higher interest rates for local authorities and larger interest costs. A small change in interest rates can lead to significant increase in the cost of debt given the large amount of debt that local authorities have."

Rising debt-servicing costs have been a significant driver of recent rates increases, and changes to credit ratings will make existing borrowing more expensive. The proposal to cap rates effectively undermines recent calls from the Government for councils to take on more debt to pay for infrastructure.

Councils want to work with the Government to address the real drivers behind rates increases and diversify funding tools for councils

A move to cap rates without any work to address the real drivers of rates increases will only reduce investment in key services and infrastructure. Councils want to work with the Government to address the actual drivers of cost increases. This would reduce rates increases and ensure appropriate investment in key services and infrastructure.

Councils are also highly reliant on rates as a funding source. Councils want to work with the Government to expand funding tools so that they can reduce reliance on rates while providing adequate funding for the infrastructure and services their communities need.

Consultation on a rates target model for New Zealand // 5

// SUBMISSION



LGNZ's response to the proposed rates target model

LGNZ commissioned analysis from Infometrics to support local government's responses to this proposal. This analysis is included with this submission (as appendix A) to inform DIA's further work on the rates target model.

The proposed rates target does not fulfil its agreed design principles

In agreeing to progress work on a rates capping system, Cabinet's Expenditure and Regulatory Review Committee agreed the following design principles:

- Independent – determined by an independent authority
- Transparent – simple for councils and their communities to understand
- Cost-reflective – accurately reflects cost changes for councils
- Localised – considers differences between councils across the country

The proposed rates target model does not reflect these design principles.

The lower bound of the target range is not cost-reflective

We are not seeking change to the proposed lower bound of the target range. However, some councils legitimately secure a democratic mandate to reduce services or increase user charges, in order to reduce rates. Any concerns about councils not adequately investing in core services and assets is better addressed through other policies, such as greater benchmarking, rather than requiring a minimum level of annual rates increase.

We note that the proposed economic anchor (the midpoint target band of the RBNZ policy target) is arbitrary and not an appropriate measure of cost increases for councils. As noted in the proposal, average inflation since 2002 has been consistently above the midpoint. Inflation is currently outside the target band, at 3.1 per cent.

Headline inflation (generally measured by the Consumers Price Index) is a poor indicator for local government costs for two reasons. First, cost pressures for local government vary considerably depending on the type of work being undertaken at any given time. Second, the type of work being undertaken by local government is different from household activities, and unlike many businesses.

The proposed capex elements of the formula are not workable or transparent

It has been challenging to engage with the proposed rates target model given the capex elements of the proposed formula are not defined, measurable or quantified for each council in a consistent way.

Two of the three elements (depreciation and quality of infrastructure) do not have a clear proposal about how they would be set. This lack of clarity includes what data will be used as the basis of the calculation, and whether the capex calculation is at a local level based on local data or at a national average level.

Consultation on a rates target model for New Zealand // 6

8.3 MONTHLY FINANCIAL REPORT TO 31 DECEMBER 2025

Author: Martin Bacon, Assistant Accountant

Authoriser: Gary Borg, Tumu Whakarae Tuarua | Deputy Chief Executive & Group Manager - Finance and Corporate Support

Appendices: 1. Monthly Financial Report December 2025 [↓](#)

1. PURPOSE

- 1.1 This report provides information on Council's operating financial performance for the 6 months to 31 December 2025.
- 1.2 This is an information report-only because it provides an update on Council's progress against objectives established and decisions previously made in the Long-term Plan 2024-27 and the Annual Plan for the year ending 30 June 2026.

RECOMMENDATION

The Assistant Accountant RECOMMENDS that Council receive the report.

2. BACKGROUND

- 2.1 Council's minimum statutory obligations regarding reporting, public accountability and financial management are contained in Part 6 of the Local Government Act 2002. Monitoring financial performance is integral to this.
- 2.2 Beyond this, regular performance reporting is good practice, keeping Council and the community informed of its financial performance and position.
- 2.3 In addition, reporting during the year provides an indication of full year outcomes and informs the decision-making process for each subsequent Annual Plan and Long-term Plan.
- 2.4 The Monthly Report to 31 December 2025, attached as **Appendix 1**, sets out the financial results.
- 2.5 We have included a draft format of the project update report. This is still a work in progress waiting on feedback from activity managers on what projects should be included.

8.4 LOCAL GOVERNMENT REORGANISATION PROPOSAL.

Author: Matthew Lawson, Tumu Whakarae | Chief Executive

Authoriser: Matthew Lawson, Tumu Whakarae | Chief Executive

Appendices: Nil

PURPOSE

- 1.1 This report provides information for Council on the current state of play with regard to the Central Government proposal for Local Government reform. No decisions are required by Council at this stage.

RECOMMENDATION

The Tumu Whakarae | Chief Executive RECOMMENDS that Council receive the report.

2. BACKGROUND

- 2.1 On 25 November 2025 Central Government announced a proposal for the simplification and reform of Local Government. In short the proposal involves the disestablishment of regional councils with the interim governance being provided at a regional level by a collaborative board comprising of the regions Mayors of the respective districts.
- 2.2 How that plays out in terms of the functions meant undertaken by regional councils and the distribution of those functions to the remaining territorial authorities or some form of regional collaboration is yet to be determined.
- 2.3 Submissions on the proposed reform close on 20 February.
- 2.4 At the meeting of Mayors and Chairs and chief executives held on Monday, 26 January 2026 it was decided that a joint submission by all councils should be made, effectively stating that the districts within Hawke's Bay are committed to working together to achieve the best outcome for all of the respective communities of interest.
- 2.5 As part of that discussion, all councils reserved the ability to put in an individual submission on behalf of their respective district setting out how that district believes good Local Government would be best achieved within the district and on behalf of its community.
- 2.6 I believe that we should put in a submission on behalf of the Wairoa District Council outlining how we see Local Government being best provided within Wairoa District.

3. WHAT DOES GOOD LOCAL GOVERNMENT LOOK LIKE IN WAIROA?

- 3.1 The Department of Internal Affairs is yet to set out a policy paper on where the various functions currently undertaken by regional councils will ultimately land or indeed whether those functions will continue.
- 3.2 We need to ascertain what should be done at a local level, what should be part of a regional collaboration or what functions currently undertaken by regional councils could in fact be nationalised under some form of national policy statement or national

environmental standard. I think the starting point for that has to be ask the question, “what does HBRC currently do in Wairoa that we need to continue?”

- 3.3 There are the obvious ones such as land and catchment management, river control and management of the Wairoa bar. I believe that all of these decisions would benefit from being made locally using local knowledge and expertise which also has the benefit of having “boots on the ground” to inform those decisions.
- 3.4 Other functions such as gravel and sand extraction, water takes, discharges to the environment and associated monitoring and control could also benefit being made locally within the Wairoa community. Local decisions could be informed by some uniform Standards set at a national level to provide guidance.
- 3.5 Other functions such as hydraulic modelling and weather monitoring and forecasting could be done at a regional or even inter-regional shared service arrangement. The rain event on 22 January 2026 highlighted the fact that we need greater cooperation and interface between weather information coming to us from national organisations, Tairāwhiti civil defence and Hawke’s Bay civil defence operations.
- 3.6 This is our chance to put forward a case to achieve the best Local Government for Wairoa. That may not be the same form of Local Government that best suits Napier, Hastings or Central Hawke’s Bay but our approach should be to maximise the things that we are best doing for ourselves, achieving clear agreements on the collaboration on matters that are best provided for on a regional basis and what should be undertaken at a national basis by way of national environmental standards or policy statements.
- 3.7 We will have a better understanding once the DIA releases its draft policy on the appropriate division of regulatory functions between district councils, regional collaboration entities and national entities.
- 3.8 From our discussions with DIA representatives, the suggested approach of identifying what best suits each territorial authority and then working out how common areas of interest can be the subject of collaboration, is considered appropriate.

4. WHERE TO FROM HERE?

- 4.1 We should participate in the formulation of a submission to be made on behalf of all of the Hawkes Bay councils.
- 4.2 We should prepare a submission setting out our ideal form of Local Government for Wairoa and how that might work.
- 4.3 A draft form of submission should be available for consideration at the council Assurance, Risk and Infrastructure meeting on 17 February 2026.

9 RECEIPT OF MINUTES FROM COMMITTEES/ACTION SHEETS

Nil

10 PUBLIC EXCLUDED ITEMS**RESOLUTION TO EXCLUDE THE PUBLIC****RECOMMENDATION**

That the public be excluded from the following parts of the proceedings of this meeting.

The general subject matter of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
10.1 - Organisational Review	s7(2)(b)(i) - the withholding of the information is necessary to protect information where the making available of the information would disclose a trade secret	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
10.2 - Use of Land adjacent to the Wairoa Airport.	s7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7