



*Draft Policies for Consultation
and Supporting Information for the*

2021 - 2031 Long Term Plan Consultation Document



TE KAUNIHERA Ā-ROHE O TE MATAU-A-MĀUI

Table of Contents

Statement of Proposal and Draft Significance and Engagement Policy	2
Statement of Proposal and Draft Revenue and Financing Policy	10
Community Outcomes for the 2021-31 Long Term Plan.....	46
Group of Activities Section for the 2021-31 Long Term Plan.....	49
Statement on Council Controlled Organisations for the 2021-31 Long Term Plan.....	86
Statement on Fostering Contributions to Decision Making by Māori for the 2021-31 Long Term Plan.....	90
Financial Strategy 2021-31.....	93
30 Year Infrastructure Strategy	106
Executive Summaries for Heretaunga Plains Flood Control Scheme, Upper Tukituki Flood Control Scheme and Small Schemes Asset Management Plans	172
Financial Statements 2021-31.....	197
Significant Forecasting Assumptions 2021-31.....	203
Fees and Charges Schedule 2021-22.....	212
Policies on Rates Remission and Postponement	228
2021-2024 Our Corporate Plan	234

Statement of Proposal and
Draft Significance and
Engagement Policy



TE KAUNIHERA Ā-ROHE O TE MATAU-A-MĀUI

Statement of Proposal on revised Significance and Engagement Policy

24 March 2021

What is the proposal?

This proposal is to adopt the attached *Significance and Engagement Policy*.

Why are we consulting on this?

According to our own Policy, it must be reviewed every five years and involve community engagement. The Regional Council is using the Long Term Plan consultation process to concurrently consult on this Policy and to seek feedback on minor changes.

What's changed

The Significance and Engagement Policy was first adopted by the Regional Council in 2014. Since then it has remained substantially the same, with the exception of additions to the list of strategic assets. Waitangi Regional Park was added to the list in 2018 and the “Napier Port Future Investment Fund (inflation adjusted capital base retention of net proceeds from partial sell-down of 45% ownership of Napier Port following Initial Public Offering)” was added in October 2019.

The new version remains substantially the same with minor changes to tidy up some of the wording and to:

Page 2: add climate-change factors as a criteria for significance

Page 2: reference the guidance of the recently established Māori Partnerships Team.

The changes are noted in red and strikethrough in the draft Policy attached to this Statement of Proposal.

Background

Under section 76AA of the Local Government Act 2002, every local authority must adopt a Significance and Engagement Policy (S&E Policy). At least a summary of the policy must be included in the Long Term Plan.

The S&E Policy must set out:

- the local authority’s general approach to determining the significance of proposals and decisions in relation to issues, assets, and other matters
- any criteria or procedures that are to be used by the local authority in assessing the extent to which issues, proposals, assets, decisions, or activities are significant or may have significant consequences
- how the local authority will respond to community preferences about engagement on decisions relating to specific issues, assets, or other matters, including the form of consultation that may be desirable
- how the local authority will engage with communities on other matters.

The S&E Policy is the Council's device for assessing where on the continuum of significance a particular matter sits. Past a certain point on the continuum the matter is deemed significant. This is important because it will drive the way the Council makes decisions. Generally, the higher the degree of significance the more analysis and engagement is required.

A council's assessment of significance can be contested in court, typically as part of a wider challenge to a council's decision-making. The court may (and have in the past) overturned council decisions for non-compliance with the council's own significance policy.

Staff are required to assess significance when writing all decision reports to the Council. It is a mandatory section in the report template. The guidance provided to report writers includes a link to the Significance and Engagement Policy.

Submissions

People wishing to submit on this consultation proposal are invited to do so by 8pm on 2 May 2021.

Submissions can be made online at hbrc.govt.nz or in writing to the Regional Council by completing the specific section on the form in the Long Term Plan consultation document: Time to act – Kia Rite!

DRAFT Significance and Engagement Policy

Purpose and Scope

Hawke's Bay Regional Council has developed this policy to:

1. Enable the Council and our communities to identify the degree of significance attached to particular issues, proposals, assets, decisions and activities
2. Provide clarity about how and when communities can expect to be engaged in decisions made by the Council
3. Inform the Council from the beginning of a decision-making process about the extent, form and type of engagement required.

The Local Government Act 2002 (the Act) has consultation principles to guide the Council when making decisions. With this in mind, the Council commits to:

- Identify and assess options
- Place a value on benefits and costs
- Consider an appropriate level of detail
- Show evidence of how we comply with this Significance and Engagement Policy
- Provide processes to encourage and engage with Māori.

Process

On every issue requiring a decision, the Council will consider the degree of significance and the most appropriate level of engagement.

The Council will refer to the *Criteria for significance* (page 2) to identify when assessing matters, issues or proposals that require a Council decision. Advice on significance and options will come from a Regional Council officer or other professional. The Council will consider and make decisions, taking into account the degree of significance of the issue and referring to the *Criteria for engagement spectrum* (page 3) to identify the appropriate level and type of engagement.

Advice from Regional Council officers normally comes through the Council-approved report format. This format specifically alerts elected members to significant impacts and engagement considerations.

Our general approach to significance

Significance means the degree of importance of the issue, proposal, decision, or matter – determined by the local authority – relating to its likely impact on and likely consequences for:

- The district or region
- Any persons who are likely to be particularly affected by or interested in the issue, proposal, decision or matter
- The achievement of, or means to achieve, the Regional Council's stated levels of service as set out in the current Long Term Plan
- The capacity of the Regional Council to perform its role and carry out its activities, now and in the future
- The financial, resource and other costs of the decision, or that these are already included in an approved Long Term Plan.

The Council will exercise its judgement when assessing the degree of significance for each decision to be made by the Council.

Significant means that the issue, proposal, decision or other matter is judged by the Council to have a high degree of importance. This is typically when the impact is on the regional community, or a large portion of the community or where the financial consequences of a decision are substantial.

If the issue, proposal, decision or related matters concerned involve a significant decision in relation to land or a body of water, the Council will take into account the relationship of Māori and their culture and traditions with their ancestral land, water, sites, waahi tapu, valued flora and fauna, and other taonga. The Council will also take into account the values of the whole community.

When making decisions, the Council will:

- Identify and assess as many options as are practical
- Evaluate the costs and benefits resulting from the decision/s to be made
- Provide detailed information, which will be accessible to the public
- Maintain clear and complete records showing how compliance with this Significance and Engagement Policy was achieved.

As part of the engagement process for the adoption of this policy, and subsequent reviews, the Council will ask people in the region their engagement preferences and will review those preferences each three-year term¹.

The Council will also take into account views already expressed in the community and make judgements on the level of support for those views, when determining the significance of a decision.

Criteria for Significance

When looking at the significance of a matter, issue, decision or proposal, elected members will assess:

- The likely level of community interest
- The likely impact or consequences for affected individuals and groups in the region
- How much a decision or action promotes community outcomes or other Council priorities
- The impact on levels of service identified in the current Long Term Plan
- **The likely impact of climate change factors in the region**
- The impact on rates or debt levels
- The cost and financial implications of the decision to ratepayers
- The involvement of a strategic asset.

Strategic assets

Strategic assets are owned by the Council and defined as ‘an asset or group of assets that the local authority needs to retain to maintain its capacity to achieve or promote any outcome that it determines to be important to the current or future well-being of the community.’ This does not include strategic natural resources managed by the Council. Regionally significant natural resources are served by the Resource Management Act and Regional Resource Management Plan.

Hawke’s Bay Regional Council considers the following to be strategic assets:

- Napier Port **Holding Limited (NPHL)**

- Napier Port Future Investment Fund (inflation adjusted capital base retention of net proceeds from partial sell-down of 45% ownership of Napier Port following Initial Public Offering)
- Hawke’s Bay Regional Investment Company Limited
- Heretaunga Plains Flood Control Scheme
- Upper Tukituki Catchment Control Scheme
- Tūtira Regional Park (excluding commercial forestry)
- Pekapeka Regional Park
- Pākōwhai Regional Park
- Waitangi Regional Park

The Regional Council owns a number of assets that, managed as a whole, we consider to be strategic. However not all trading decisions made regarding these assets are regarded as significant nor do they affect the asset’s strategic nature, i.e. the Heretaunga Plains Flood Control Scheme is strategic, but small parcels of land that make it up may not be, and the purchase or sale of such parcels of land may not amount to a significant decision.

Our general approach to engagement

Engagement is a term used to describe the process of seeking information from the community to inform and assist decision-making. There is a spectrum of community involvement, and the Regional Council follows these general principles:

- We conduct our business in an open, transparent, democratically accountable manner
- We stay aware of, and have regard to, the views of all of our communities
- When making a decision, we consider: the diversity of the community and the community’s interests in its district or region; the interests of future as well as current communities; and the likely impact of any decision on these interests
- We provide opportunities for Māori to contribute to our decision-making processes **and are guided by the Māori Partnerships Team’s advice and methodology for engagement.**

¹ Regional Resident Survey, SIL Research

The Council seeks authentic engagement with our community ~~and applies a *Criteria for engagement*~~. We acknowledge that “community” may be ‘communities of place’ or ‘communities of issue’ and will use appropriate tools and techniques to make meaningful and timely connections that result in feedback. Formal consultation is one of many approaches that can be used.

Guidance on obligations and timing to respond to public correspondence is addressed in the Local Government Official Information and Meetings Act 1987 (LGOIMA or OIA), which sets a maximum of 20 working days.

The Regional Council will prepare a communications or engagement plan for each major decision or group of inter-related decisions. Decisions are not usually delegated to those involved in the engagement processes, however they are likely to be informed by community and stakeholder engagement.

A communications or engagement plan will outline:

- Engagement objectives – the feedback that is sought from communities
- Timeframe and completion date
- Communities to be engaged with
- Engagement tools and techniques to be used
- Resources needed to complete the engagement
- Communication planning needed
- Basis of assessment and feedback to the communities involved
- Project team roles and responsibilities.

Engagement is not solely about providing information, is not always about reaching an agreement or consensus and is not always about negotiation. Engagement is not appropriate when outweighed by commercial sensitivity or when there is a threat to public health and safety.

~~Criteria for~~ Engagement Spectrum

Community engagement is a process. It involves all or some of the public and is focused on decision-making or problem-solving. The Council considers the significance of a decision to be made and uses a ~~table of criteria~~ **engagement spectrum** to assess the approach we might take to engage the community.

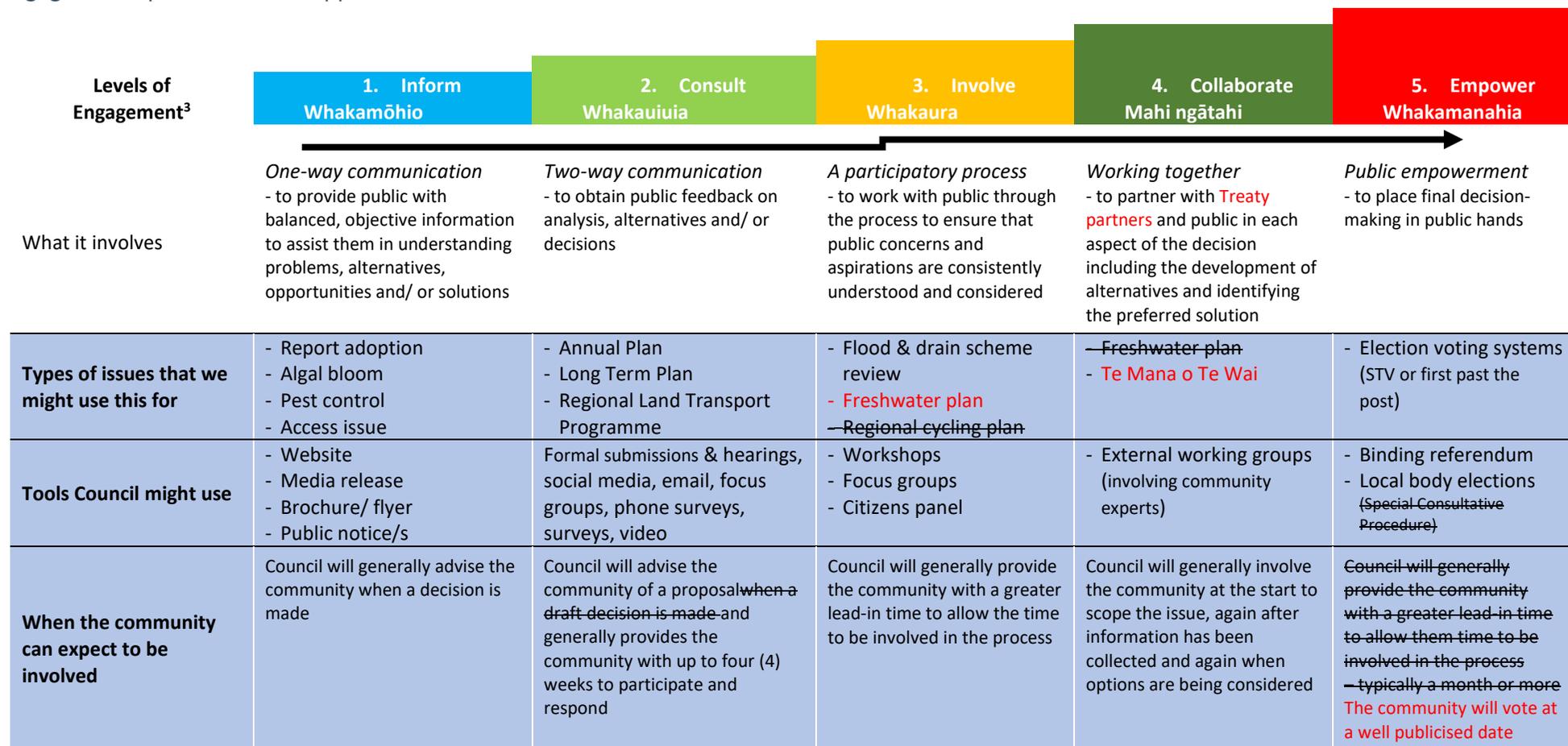
In some circumstances the Regional Council is required to use the special consultative procedure, set out in section 83 of the Act and described in a separate section below.

The spectrum ranges from “inform” to “empower”. The level of engagement will be “inform” as a minimum standard. Decisions of high significance will be at the very least informed to wider communities, and will use engagement tools and techniques beyond “inform” for affected communities.

While community and stakeholder engagement improves decision-making, it is not the sole input into a decision. There are a wide range of information sources and perspectives that will inform a Council decision. All the input gathered is harnessed and collated to help make a ‘sustainable’ decision (i.e. unlikely to require re-visiting because it is well-informed and well-considered). Decisions made by the Council may differ from the prevailing public opinion.

The level of engagement will be agreed on a case-by-case basis. The significance of the decision will guide the selection of appropriate engagement tools and techniques to be used. A low level of engagement does not mean that engagement is diminished, inappropriate or necessarily that a decision is of lesser significance. Time and money may limit what is possible on some occasions.

Engagement Spectrum² – our approach



The Regional Council engages with communities in many ways, from face-to-face to meetings, forums and surveys. Preferences for community engagement are periodically evaluated through regional surveys⁴.

² Using the International Association of Public Participation (IAP2) Spectrum of Engagement

³ **Level of engagement also determined with reference to the Māori Partnerships Team’s guidance and methodology on engagement**

⁴ [2019 Regional Resident Survey](#), SIL Research

Special consultative procedure

In some cases, and as required under the Act, the Regional Council will use the special consultative procedure to issue a proposal. When that happens, the proposal will be open to the community to provide their views for at least a month. The process we will follow is to:

- Prepare and adopt a statement of proposal, and in some cases a summary of the statement of proposal which is:
 - a fair representation of the statement of proposal
 - in a form determined by the Council, i.e. published online, in the newspaper and/ or in the Council's regional newsletter, so long as it is distributed as widely as reasonably practical
 - indicates where it is available
 - states how long it is open for public submission.
- Make publicly available (at Council offices, through interest group distribution lists, at Public Libraries, on the Council's website):
 - the statement of proposal
 - a description of how people can present their views
 - a statement of the period the proposal is open for comments.
- Make the summary of proposal widely available
- Allow people to present their views to the Council ensuring that they have a reasonable opportunity to do so and know how and when this opportunity will be available to them
- Allow people to present their views by audio link or audio-visual link, or as agreed.

The Council may also request advice or comment from a Council officer or any other person.

Where the Regional Council is required to use the special consultative procedure as part of making or amending bylaws, the statement of proposal must include:

- A draft of the proposed bylaw, or the proposed amendment of the bylaw

- The reasons for the proposal
- A report on any determinations made under the Act on whether a bylaw is appropriate.

Where the Regional Council is required to or chooses to use the special consultative procedure, the statement of proposal is a draft of any plan, policy or similar document or in any other case a detailed statement of the proposal which must include:

- The reasons for the proposal
- An analysis of options
- Any other relevant information.

Review of Policy

This policy will be reviewed at least once every five years, when it will involve community engagement. It may also be amended from time to time. This policy was last amended and adopted on ~~9 October 2019~~ **24 March 2021**.

Statement of Proposal and
Draft Revenue and
Financing Policy



TE KAUNIHERA Ā-ROHE O TE MATAU-A-MĀUI

Statement of Proposal on Draft Revenue and Financing Policy

24 March 2021



What is the proposal?

This proposal is to consult on the Revenue and Financing Policy in conjunction with the consultation on the Long Term Plan 2021-31.

Why are we consulting on this?

The Council is required to consult on a draft Revenue and Financing Policy under section 82 of the Act before adopting a policy.

Accordingly, Council is consulting on the changes to the Policy in conjunction with the consultation on the Long Term Plan 2021-31. The full proposed Revenue and Financing Policy is included with this Statement of Proposal and Council is seeking the community's view on the proposed changes. A copy of the previous Revenue and Financing Policy is available on the Council's website: hbrc.govt.nz.

Background

Under section 102 of the Local Government Act 2002, every local authority must adopt a Revenue and Financing Policy. The Revenue and Financing Policy is required to provide predictability and certainty about Council's sources and levels of funding for operating and capital expenditure.

The Revenue and Financing Policy must consider the following steps:

Step 1

- i. The community outcomes to which the activity primarily contributes; and
- ii. The distribution of benefits between the community as a whole, any identifiable part of the community, and individuals; and
- iii. The period in or over which those benefits are expected to occur; and
- iv. The extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and
- v. The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities; and

Step 2

- i. The overall impact of any allocation of liability for revenue needs on the community.

The draft Revenue and Financing Policy has reviewed the above steps for a number of activities and sub activities as part of the changes to the structure of the Group of Activities and has made changes to a number of sub-activities either through the addition of activities, changes in the delivery of the activities or omission from the previous policy.

What's changed?

The Revenue and Financing Policy has been reviewed as part of the Long Term Plan development and reflects changes in the Groups of Activities structure and funding changes for a number of activities.

These changes are consistent with the source and levels of funding in the previous policy and in some instances are minor wording changes.

Throughout the draft Policy changes have been highlighted in red for easier identification and with strikethrough where sections are being removed due to structure changes.

The following changes have been included in the Policy:

Governance and Partnerships

- Community Engagement is now included in the corporate costs of the Council as this supports the delivery of all activities of the Council and therefore is costed to all activities via the overhead allocation
- The new activity of Community Sustainability has been included and the funding mechanisms have been added.
 - Sustainable Homes was previously included in Integrated Catchment Management has been moved to this Activity with no change in funding.
 - Climate Change Engagement has been added to this activity with the proposed to fund the activity for 3 years from the sale of carbon credits.
- Regional Development has been moved to this Group of Activities with no change in funding.

Policy and Regulation

This new Group of Activities combines the previous Strategic Planning and Consents and Compliance Groups of Activities.

- The Policy Planning activity has been split to include the sub activity of Policy Implementation to reflect the work required to implement any policies developed by Council. There is no change in funding.
- Compliance has been split to include Compliance Recoverable and Compliance Non Recoverable to better align with the ability to recover costs from any compliance activity and to be able to fund the non-recoverable activity with appropriate funding ratios. The Compliance Non-Recoverable sub-activity is proposed to be funded from 100% of General Rates.
- The Maritime Safety has been included at the Activity level in line with the previous Group of Activities structure. The funding has been updated to reflect the private benefit to Napier Port identified as part of the review.

Integrated Catchment Management

- Environmental Science and Information have been split into two activities to reflect the increasing importance of information as an activity of Council. There is no change in funding.
- Marine & Coast has been included as a sub-activity in both activities as it was omitted from the previous policy. There is no changes in funding.
- Integrated Catchment Activities – Afforestation/Riparian has been updated to include loan funding for operational to reflect that the loan funding for landowners was included in capital funding in the previous LTP incorrectly. The ratios have also been updated to reflect that landowners are opting to pay for the private benefit directly rather than through a voluntary targeted rate previously budgeted in the 2018-28 Long Term Plan.

- Integrated Catchment Activities – FEMPs ratios have also been updated to reflect that landowners are opting to pay for the private benefit directly rather than through a voluntary targeted rate as previously budgeted in the 2018-28 Long Term Plan.
- Catchment Management Policy Implementation has been split out from Catchment Management Delivery to reflect the work required to implement any policies developed by Council. There is no change in funding.
- Pest Animal Control has been updated to include Research and General Advice that was incorrectly listed under Pest Plant Control in the previous policy. There is no change in funding.
- Biodiversity has been split out as a sub-activity from Pest Plant Control. There is no change in funding.

Asset Management

- Regional Water Security has been added as an activity in this Group of Activities to better align the activity to the role of Asset Management. There is no change in funding from the previous LTP.
- River and Lagoon Openings has been added as a sub-activity as it was omitted from the table in error in the previous policy however the description of the funding was in the notes. There is no change to the funding.
- Regional Pathways has been split out as a sub-activity from Regional Parks Networks and the funding updated to reflect the public benefit of maintaining the Council owned trails.
- Regional Cycling has been moved to this Group of Activities to align it to the Open Spaces activity. There is no change in funding.
- Forestry has been included as a sub-activity as it was missed in the table in error in the previous policy. There is no change in funding.

All: Tidy up some of the wording and clarification of the notes to the better inform the community of the rationale of Council in making the funding decisions.

Submissions

People wishing to submit on this consultation proposal are invited to do so by 8pm on 2 May 2021.

Submissions can be made online at hbrc.govt.nz or in writing to the Regional Council by completing the specific section on the form in the Long Term Plan consultation document: Time to Act – Kia Rite!

Revenue and Financing Policy

Introduction

This policy has been prepared in accordance with Sections 101 (3), 102 (2) (a) and 103 of the Local Government Act 2002. It identifies the funding sources and mechanisms that will be used to finance the Council's operating and capital expenditure for the 10 years beginning 1 July 2021.

Local Government is required by statute to identify the costs of its functions and fund them appropriately. This involves the allocation of costs to the functions followed by a determination of the most appropriate form of funding.

Purpose of the Policy

The purpose of the Revenue and Financing Policy is to provide and explain the policy of the Hawke's Bay Regional Council (HBRC) for the funding of operating and capital expenditure from the following sources.

- fees and charges
- general rates, including
 - choice of valuation system
 - differential rating
 - uniform annual general charges
 - targeted rates
 - investment income
 - borrowing
 - proceeds from asset sales
 - development contributions
 - financial contributions under the Resource Management Act 1991
 - grants and subsidies
 - any other source

In determining the sources that are appropriate to fund operating and capital expenditure, the Council has considered the following.

The Revenue and Financing Policy (Policy) contains Council's policies with respect to the funding of operating expenditure and capital expenditure from various revenue sources. Section 101 (3) of the Local Government Act 2002 (LGA) set out the requirements Council must consider as part of the development of the policy.

The first step requires consideration, at activity level of each of the following.

- community outcomes - the community outcomes to which the activity primarily contributes (in other words your rationale for service delivery)
- the user/beneficiary pays principle – the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals. This is also known as a public versus private allocation
- the intergenerational equity principle – the period in or over which those benefits are expected to accrue
- the exacerbator pays principle – the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity, and
- the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities.

The second step in the process considers the aggregate all of the results from step one, and consider the impact that these results might have on the community.

The following pages outline funding considerations for each activity within the seven HBRC 'Groups of Activities'.

Revenue and Financing Policy by 'Group of Activity'

Step one allocations

Details of funding by each activity are provided in the tables that follow. The Council has used the following key in assessing each of the considerations listed above and to assist with the allocation of public and private funding for each activity.

Key for the allocation of funding	
Low	10% to 20%
Low to Medium	20% to 40%
Medium	40% to 60%
Medium to High	60% to 80%
High	80% to 100%

The following tables reflect the Council's considerations of each of its activities. It is important that the notes to these tables are read along with the figures in the tables in the appendix to the policy, as the notes provide the reasoning applied to each funding split between public and private. General funding refers to investment income including dividend income from HBRIC Ltd and general funded rates.

Groups of Activities/activities	Community outcomes	Public/private allocation	Intergenerational	Actions or inactions	Costs and benefits of funding the activity distinctly from other activities	Rationale	Operational funding	Capital funding
1. Governance and Partnerships								
1.1 Community Representation and Leadership	Healthy Environment/ Resilient Community/ Prosperous Community	100% Public	Nil	Low	Nil	All ratepayers benefit from this activity	General funding	Nil
1.2 Tangata Whenua Partnerships and Community Engagement		100% Public	Nil	Low	Nil	All ratepayers benefit from this activity	General funding	Nil

Groups of Activities/activities	Community outcomes	Public/private allocation	Intergenerational	Actions or inactions	Costs and benefits of funding the activity distinctly from other activities	Rationale	Operational funding	Capital funding
1. Governance and Partnerships								
1.3 Community Sustainability		100% Public	Low	Low	Low to Medium	All ratepayers benefit from this activity	General funding/ Targeted Rate/Asset Sale	Nil
1.4 Sustainable Regional Development		100% Public	Nil	Low	Nil	All ratepayers benefit from this activity, however business receive a greater value that other ratepayers	Uniform Targeted rates and Targeted rates set on a capital value	Nil

Groups of Activities/activities	Community outcomes	Public/private allocation	Intergenerational	Actions or inactions	Costs and benefits of funding the activity distinctly from other activities	Rationale	Operational funding	Capital funding
2. Strategic Planning								

2.1 Strategy	Healthy Environment / Vibrant Community / Prosperous Economy	100% Public	Nil	Low	Nil	All ratepayers benefit from this activity	General funding	Nil
2.2 Planning		100% Public	Nil	Low	Nil	All ratepayers benefit from this activity	General funding	Nil
2.3 Sustainable Regional Development		100% Public	Nil	Low	Nil	All ratepayers benefit from this activity, however business receive a greater value than other ratepayers	Uniform Targeted rates and Targeted rates set on a capital value	Nil

Groups of Activities/activities	Community outcomes	Public/private allocation	Intergenerational	Actions or inactions	Costs and benefits of funding the activity distinctly from other activities	Rationale	Operational funding	Capital funding
2. Integrated Catchment Management								
2.1 Environmental Science	Healthy Environment	High Public, low private benefit	Low	Low	Medium	All ratepayers benefit from this activity	Differential targeted rates, water science direct charges and General Funding	Loan and reserve funding
2.2 Environmental Information		High Public, low private benefit	Low	Low	Medium	All ratepayers benefit from this activity	Differential targeted rates, water science direct charges and General Funding	Loan and reserve funding
2.3 Catchment Management		Medium to high public benefit	Low	Low to medium	Medium	All ratepayers benefit from this activity	Differential targeted rates, water science direct charges, loan funding and General Funding	Loan funding
2.4 Biodiversity and Biosecurity		Medium to high public benefit	Low	Medium	Medium	All ratepayers benefit from this activity	Differential targeted rates, and General Funding	Loan funding

Groups of Activities/activities	Community outcomes	Public/private allocation	Intergenerational	Actions or inactions	Costs and benefits of funding the activity distinctly from other activities	Rationale	Operational funding	Capital funding
3. Asset Management								
3.1 Flood Control and Protection Works	Prosperous Community / Resilient Community	Low public good, high private good	High	Low to medium	High (based on a number of schemes)	Broadly the properties that are protected by this activity gain significant benefit compared with other properties	General funding, differential targeted rates based on location and area	Use of reserves, loans and targeted rates
3.2 Flood Risk Assessment and Warning		High public good	Low	Nil	Nil	Generally all ratepayers benefit from this activity	General funding	Nil
3.3 Coastal Hazards		Medium public good and medium private good	Medium	Low	Medium	Generally all ratepayers benefit from this activity	General and grants funding and targeted rates based on location	General funding and targeted rates based on location
3.4 Regional Water Security		High public good and medium private good	High	Low	Medium	Generally all ratepayers benefit from this activity	General Rates/ Reserve Funding	Loan Funding/ Reserve funding

Groups of Activities/activities	Community outcomes	Public/private allocation	Intergenerational	Actions or inactions	Costs and benefits of funding the activity distinctly from other activities	Rationale	Operational funding	Capital funding
3. Asset Management								
3.5 Open Spaces	Prosperous Community / Resilient Community	High public good	Low	Nil	Nil	Generally all ratepayers benefit from this activity	General funding and fees and charges	Use of reserves, loans and general funding
3.6 Works Group		High private good	Low	Low	Nil		Fees and charges	Use of reserves and loans

Groups of Activities/activities	Community outcomes	Public/private allocation	Intergenerational	Actions or inactions	Costs and benefits of funding the activity distinctly from other activities	Rationale	Operational funding	Capital funding
4. Policy and Regulation								
4.1 Policy Planning & Implementation	Healthy Environment/ Resilient Community/ Prosperous Community	100% Public	Nil	Low	Nil	All ratepayers benefit from this activity	General funding	Nil
4.2 Consents		High private good	Nil	Medium	Medium	While there is a public good in issuing of consents, the primary beneficiaries are the applicants.	General funding and fees and charges	Nil
4.3 Compliance and Incident Pollution Response		High public good	Nil	High	Low	There is a public good in compliance and pollution response, Council wishes to recover its costs from those who cause the cost.	General funding and fees and charges	Nil

Groups of Activities/activities	Community outcomes	Public/private allocation	Intergenerational	Actions or inactions	Costs and benefits of funding the activity distinctly from other activities	Rationale	Operational funding	Capital funding
4. Policy and Regulation								
4.4 Maritime Safety		Medium public good and medium private good	Nil	Medium	Medium	There is a benefit to the region by having maritime safety however those who benefit will be charges where possible	General funding and fees and charges	

Groups of Activities/activities	Community outcomes	Public/private allocation	Intergenerational	Actions or inactions	Costs and benefits of funding the activity distinctly from other activities	Rationale	Operational funding	Capital funding
5. Emergency Management								
5.1 Hawke's Bay CDEM Group	Prosperous Community/ Resilient Community	100% Public	Nil	Low	Nil	All ratepayers benefit from this activity	General funding	Nil
5.2 HBRC Emergency Management		100% Public	Nil	Low	Nil	All ratepayers benefit from this activity	General funding	Nil

Groups of Activities/activities	Community outcomes	Public/private allocation	Intergenerational	Actions or inactions	Costs and benefits of funding the activity distinctly from other activities	Rationale	Operational funding	Capital funding
6. Transport								
6.1 Transport Planning and Road Safety	Prosperous Community / Resilient Community	100% Public	Nil	Low	Nil	All ratepayers benefit from this activity	General funding, local territorial authority and central government contribution and grants	Nil
6.2 Passenger Transport		Medium to high private benefit	Low	Low	Low	Those who use public transport are the primary beneficiaries, however there is a benefit to the region by having a public transport network	Fees and charges, central government subsidy	Low

Step two considerations

Council has considered the overall impact of these allocations including the use of fees and charges, the use of general funds which includes General rates and investment income. After the consideration of general funds, the primary tool that provides for the modification of the impacts on rating is the use of the uniform annual general charge UAGC). Council believes that by having an appropriate UAGC fairly reflects the services being delivered to the community.

It also believes that a move from land to capital value requires investigation and further discussions with the community that may impact on the overall allocation of liability on the community.

Other changes

~~Additional penalties to be added from July 2019~~

~~All outstanding rates including previous penalties as at 1 July each year will now have a penalty of 10% added to those rates. This penalty will be added on the first working day after 1 July each year.~~

~~Rate invoicing period change~~

~~It is proposed that during the 2018-28 LTP period HBRC will investigate changing the date that rate invoices are sent out and the final due date each year.~~

Detailed explanation of Council's considerations

Community Outcomes

The requirement to consider community outcomes in the funding process is seen as an obligation for Council to consider why it is engaged in an activity and to what level. To that extent, possible funding of activities should be consistent with achievement of desired outcomes.

Distribution of Benefits

At this stage, Council is required to consider who benefits from the activities performed by Council. This is expressed as the Public/Private split. Economic theory suggests there are two main characteristics that need to be considered when looking at a particular good or service:

Rivalry in Consumption

A good is a rival in consumption if one person's consumption of the good or service prevents others from doing so, e.g. a chocolate bar is a good with a large degree of rivalry in consumption, i.e. if Bill eats it, Jane cannot.

Excludability

A good or service is excludable if a person can be prevented from consuming the good or service, e.g. if Bill does not buy a movie ticket, then the usher can exclude him by preventing him from entering the theatre.

At one end of the continuum there are so-called 'public goods'. These are goods which are both non-rival and non-excludable, i.e. everyone can consume them and no one can be prevented from consuming them if they wish. A good example of a public good is national defence, where the whole community is protected from an invasion by the armed forces whether it wishes to be or not, and this protection cannot be removed from anyone in New Zealand.

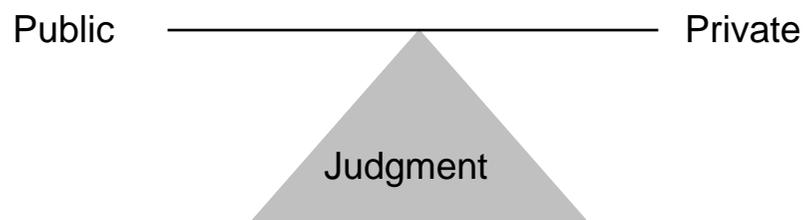
At the other end of the continuum are 'private goods' which are both rival and excludable. Most daily consumables are private goods.

Very few goods and services are entirely public goods or private goods. Most goods and services are 'mixed goods' and fall somewhere between the two ends of the continuum.

The characteristics of a good or service determine what type of funding mechanism might be used to fund a particular service. Council has already made judgements about what it considers are public goods when deciding whether or not to undertake a particular activity.

For example, a good towards the public end of the continuum may not be a good candidate for user charges as people cannot be prevented from consuming it, or because everyone consumes it whether they wish to or not. Such goods will generally be candidates for funding from some general source such as a general rate. A good towards the private end of the spectrum may be a candidate for a targeted rate or a user charge.

In the end, it is likely to come down to 'reasonable' judgement. Both the LGA and previous case law place the responsibility on elected members to make decisions about who benefits and who should pay.



Distribution of Benefits Over Time

Council needs to consider something called 'intergenerational equity' which means that funding decisions are required to consider future generations, not just today. Many of the activities provided by local government are either network or community infrastructure which has long service lives. Benefits from these services can be expected to accrue over the entire life of the asset. Current ratepayers should not be expected to subsidise the benefits that future ratepayers receive nor should future ratepayers subsidise current ratepayers.

One way that Council applies the intergeneration equity principle is by spreading costs over the future. Council will typically borrow to fund the cost of a project and future ratepayers will repay the loan (and interest cost), say over a 25 year period. Council typically only borrows to fund capital expenditure or **intergenerational environmental projects** but Council may use short term borrowing to spread some operating costs smooth funding over a limited period to avoid rate spikes.

Council also needs to ensure that appropriate funding has been allocated to reasonably meet the levels of service that each activity is targeting to meet and financial sustainability into the future needs to be considered.

Actions or Inactions of Individuals or Groups

This generally refers to how to make the 'exacerbators' pay. This could include funding mechanisms to allow for the fining of people that cause unwanted Council activity, e.g. cleaning up abandoned cars or rubbish. However, Council has very limited funding mechanisms to enable targeted charging and, in many cases, it is not possible to pass this cost on to the exacerbator and, therefore, it becomes more a case of identifying the quantum of the issue and deciding who then should bear the cost, if not the exacerbator.

Costs, Benefits and Separate Funding

Council is required to consider whether an activity should be separately funded and what the cost implications might be. There are administration costs associated with separate funding and these need to be weighed against any benefits of targeting specific beneficiaries/users of a service, including transparency and accountability.

Transparency and accountability are most evident when an activity is totally distinctly funded. This allows ratepayers, or payers of user charges, as the case may be, to see exactly how much money is being raised for and spent on the activity, and to assess more readily whether or not the cost to them of the activity represents good value.

However, funding every activity this way would be extremely complex. For some activities, the quantity of rates funding to be collected amounts to only a few cents per ratepayer. The administrative costs and lack of significance lead Council to fund a number of activities by way of a general rate. To aid in transparency and accountability, Council separates the total general rate into reasonable activity breakdowns when presenting the ratepayer with their rates assessment notices. This then allows the ratepayer to make some form of meaningful assessment down to activity level.

Selection of tools

Section 103(1) requires Council to identify the funding of operational expenditure and capital expenditure.

Operational expenditure is normally funded by way of revenue (income) while capital expenditure can be funded by way of both revenue and non-revenue items such as borrowings and the use of Council created reserves.

Capital expenditure is expenditure when the benefit of that expenditure is greater than one year and therefore benefits obtained by those assets spread according to the life of the asset.

Grouping of Activities

To comply with statutory responsibilities and for operational management purposes, HBRC groups its functions in the Long Term Plan into separate groups of activities. The Council has seven 'groups of activities' which form the Long Term Plan and Annual Report processes.

Groups of Activities are further analysed by individual activities within each group. This framework enables the Council to co-ordinate its various planning and reporting responsibilities and provides an appropriate base for determining the Council's revenue and financing policy.

Available Funding Sources

HBRC may lawfully fund its expenditure needs from the sources listed above. Set out below is discussion on the most significant of these to the Council.

Fees and Charges

Subject to the provisions of a number of statutes, the Council may directly charge beneficiaries for services.

These user pays charges may be made using a variety of methods from setting fees for certain activities to charges for actual time and materials based on pre-determined hourly charge out rates.

- Of relevance also is Section 36 of the Resource Management Act 1991 which enables local authorities to establish charges for various administrative and monitoring activities including:
- receiving, processing and granting resource consents
- implementing requests to prepare or change plans or policy statements
- monitoring compliance with conditions on resource consents
- providing information in respect of consents or plans
- gathering information or research
- monitoring the state of the environment
- providing information on water science.

Administrative charges made under Section 36 of the Resource Management Act 1991 are required to be fair and reasonable. Before making charges, the Council is required to have regard to:

- The sole purpose of any charge is to recover the reasonable costs incurred by HBRC in respect of the activity to which the charge relates
- A particular person or persons should be required to pay a charge only to the extent that either the benefit of the Council's actions to which the charge relates is obtained by those persons as distinct from the community of Hawke's Bay as a whole, or the need for its actions to which the charge relates is occasioned by the actions of those persons
- When the charge relates to monitoring the state of the environment, a particular person or persons should only be required to pay a charge, either to the extent that the charge relates to the likely effects on the environment of those persons' activities, or to the extent that the likely benefits of the monitoring to those persons exceeds the likely benefit of the monitoring to the community of the Hawke's Bay Region as a whole.

Other direct charges include fees, and sundry charges.

Rates

Rates are a substantial and traditional source of revenue for local government. Rates are a form of taxation based on the ownership or occupation of property.

- **Rating Basis:** Under the provisions of the Local Government (Rating) Act 2002, there are four bases upon which rates can be made and levied. In brief, these are:
 - **Land value:** The market value of the land
 - **Capital value:** The market value of the land and improvements
 - **Annual value:** The rent for which a particular property could be let from year to year, less 20% in the case of buildings and 10% in the case of land, but it shall not be less than 5% of the market value
 - **Area system:** Where rates are made and levied on the basis of an amount based on the area of each rateable property.

Capital and land values are determined independently of local authorities by valuation service providers. The properties for each city and district are normally revalued every 3 years. For the Hawke's Bay Region, a certificate is obtained which equalises the values of each city and district annually to compensate for timing differences in the valuations between districts.

- **General Rates:** HBRC may make and levy a regional general rate, either:
 - across the Region, or
 - within each constituent city or district, so that the rate made or levied may vary from district to district.
 - A system of differential rating for the general rate whereby rating levels may be varied for different categories of property, for example, rural versus commercial, can also be used.
 - A General Rate can be set on either the basis of land value, capital value or annual value.
 - HBRC has always used land value (equalised) as its base for general rates, and has not adopted any differentials, for example for commercial property.

- It is proposed that during the 2021-31 LTP period HBRC will investigate changing the general rate basis from land value to capital value. If it was proposed to change the current basis the options and implications will be publically consulted.
- Uniform Annual General Charge (UAGC): From 1 July 2004 HBRC introduced a UAGC to ensure that each rating unit in the region contributes a minimum amount of the general rate to represent the services that each ratepayer benefits from equally.
 - **Targeted Rates:** In addition to the general rate, HBRC is authorised to make targeted rates for the purpose of undertaking any specific service or work for the benefit of all or part of the Region. These rates are normally applied to properties that have a direct beneficiary or cause/effect relationship with the function or service being provided (thus reflecting the locality concept).

HBRC has used targeted rates to fund flood protection and drainage schemes, public transport, animal and plant pest control, civil defence emergency management, the heat smart assistance programme, and economic development. A combination of capital value, land value, area basis and Fixed Annual Charge have been used for these targeted rates. Detailed information of the rating for each scheme and its basis is set out in the funding impact statement included in this plan.

Investment Income

HBRC has a range of property, equity, and cash investments that provide a source of income not related to any specific function or activity. HBRC's investment assets are its 100% shareholding in the Hawke's Bay Regional Investment Company Limited (HBRIC Ltd) (HBRC owns 55% of Napier Port); Napier leasehold property investments; Forestry assets and reserve funds.

General Funds

Investment income is used to offset the general rate requirements of HBRC. For the purposes of this Revenue and Financing Policy investment income, general rates and UAGCs have been combined and are referred to as general funds.

Proceeds from Asset Sales

The proceeds from any property investment sales, with the exception of Napier leasehold properties, are credited to the Sale of Land Account. These funds are initially invested in fixed deposits until suitable projects that meet the criteria of Council's 'Policy on the evaluation of investment opportunities' and comply with its general investment policies are identified.

Proceeds from the sales of Napier leasehold properties are paid to Accident Compensation Commission (ACC) under the Lease Receivables Purchase Agreement. This agreement covers HBRC's agreement with ACC for the capitalisation of Napier leasehold cash flows.

The proceeds from the sale of all other operating assets are used to fund the replacement operating asset needs of Council.

Development Contributions

The Local Government Act 2002 precludes Regional Councils from charging development contributions.

Financial Contributions under the Resource Management Act 1991

HBRC has determined that it will impose financial contributions only in relation to resource consents granted for river bed gravel extraction. These financial contributions are used to avoid, remedy or mitigate the adverse effects on the environment of this activity.

Borrowing

Local authorities may borrow New Zealand currency to finance their lawful functions. Borrowing is a useful method of funding the costs of a project where the benefits will accrue into the future, for example, funding the capital costs of a flood control scheme, major building project or **intergenerational environmental projects**. Council will periodically borrow for such purposes.

Reserves

Local authorities have traditionally, and to varying degrees, developed reserve funds. Reserve funds have been used to allocate funds for special purposes such as asset replacement, future capital works, flood and drainage schemes, and for emergencies and contingencies. HBRC have some reserves which help in the financial management of activities. Consideration of the appropriate reserves and reserve levels is addressed as part of the Long Term Plan and Investment Policy.

Government Grants

The Government may provide funds to HBRC for specific purposes and projects across a range of functions on an ongoing basis. The New Zealand Transport Agency provides funding for subsidised passenger transport.

Capital Expenditure

The funding of capital expenditure is addressed in two distinct ways depending upon the nature of the expenditure.

For fixed assets including buildings, furniture and fittings, plant, equipment etc., it is HBRC policy to fully fund depreciation from operating revenue for these assets. This depreciation is placed in an asset replacement reserve which is used to fund replacement assets. If there is any shortfall HBRC will either borrow, use other Council reserves, or other general funding revenue sources.

Financing of infrastructure assets

1. Assets with infinite life

These assets include stopbanks, berm edge protection, sea or river groynes, drainage works, etc. and are considered not to deteriorate over time and are maintained in accordance with Councils Asset Management plan. No depreciation is provided on these assets.

The infrastructure asset strategy provides for continuing yearly maintenance programmes to ensure the integrity of assets in this class.

For significant new asset construction under this category, borrowed funds are used as Council's preferred method of financing. If sufficient accumulated funds are held in the Scheme operating reserve and/or the Scheme infrastructure depreciation reserve, then where provided for in the Asset Management plans for that Flood and Drainage Scheme, such new asset purchases can be directly funded from these accumulated reserves or those reserves be used to service a loan raised to fund such a purchase.

2. Assets with a finite life

These assets include culverts, detention dams, pump stations, etc. and are depreciated over their useful life. Depreciation is set at a rate that is consistent with the requirements of the Local Government Act 2002 sections 100-102, and as provided for in the adopted Asset Management Plan for each scheme. Such depreciation is placed in an infrastructure depreciation reserve for each Flood and Drainage Scheme.

Renewal of these assets will, where it is considered appropriate, be funded from this depreciation reserve, any accumulated credit balances in the scheme operating account or through the use of loan funding as set out in the adopted Asset Management plan.

Where (new) assets that will result in improved levels of service or additional capacity are to be purchased or constructed, then it is Council's preference to fund this through external loan funding other than where adopted Asset Management plans provide for such new assets to be funded from accumulated infrastructure depreciated reserves and/or scheme operating balances for each flood drainage scheme.

Set out below in the following appendix is Council's detailed allocation of rates and rationale.

Please Note:

- General Funds include General Rates on Land Value, Uniform Annual General Charges and Investment Income.
- Targeted Rate denotes the amount required from targeted rates net of any internal revenue contributions or other sundry income
- Funding required excludes internal revenue contributions
- Previous Policy reflects the Policy that was adopted in the 2018-28 ten year plan as well as amendments passed through subsequent Annual Plans.
- The cost of targeted rate collection is met directly from targeted ratepayers.
- The notes to these tables provide the logic to support the distribution of benefits between Public and Private benefits.

Revenue and Financing Policy									
Group of Activity: Strategic Development									
Sub-Activity	Further Analysis	Previous Policy		Proposed Policy		Funding Tools			Notes
		Public	Private	Public	Private	Public	Private		
Strategy	-	100%	Nil	100%	Nil	General Funds	Nil		1
Planning	-	100%	Nil	100%	Nil	General Funds	Nil		2
Economic Development	-	Nil	100%	Nil	100%	Nil	Differential Targeted Rate		3

This activity ensures that organisational strategy is more effectively translated into action to achieve the desired outcomes as set by council in its Strategic Plan. It includes research, programme management, and development of statutory and non-statutory regional strategies and plans including the Long Term Plan and Annual Plan. HBRC treats these costs as a public cost and funds them through the use of general funds.

This activity develops, reviews and evaluates Resource Management Act 1991 (RMA) planning documents including the Regional Policy Statement, Coastal Plan and Regional Resource Management Plan. This activity also provides statutory advocacy of council's resource management policies and interests through submissions and various exchanges with other resource management agencies. HBRC treats these costs as a public cost and funds them through the use of general funds.

This activity promotes economic development for the region and contributes to Business Hawke's Bay and Hawke's Bay Tourism and the Regional Business Partners Programme. HBRC is the sole local government funder of Hawke's Bay Tourism by agreement with the region's TLAs. It is considered that this activity provides a greater and more immediate benefit to the broader business community. On this basis the Economic Development activity is fully fund through the use of an Economic Development Rate across the region. The basis of the rating in the 18-19 year is that 50% of the total Economic Development rate is to be funded by the commercial or industrial properties and based on capital value. The remaining 50% is to be collected from residential and rural properties as a Fixed Annual Charge. Wairoa District ratepayers' contribution is to be limited to 5% of the total Economic Development rate. For the 19/20 year onwards the rating basis will shift to 70% of the total Economic Development rate is to be funded by the commercial or industrial properties and based on capital value. The remaining 30% is to be collected from residential and rural properties as a Fixed Annual Charge. Wairoa District ratepayers' contribution is to be limited to 5% of the total Economic Development rate.

Revenue and Financing Policy								
Group of Activity: Asset Management								
Sub -Activity	Further Analysis	Previous Policy		Proposed Policy		Funding Tools		Notes
		Public	Private	Public	Private	Public	Private	
Heretaunga Plains Schemes	Drainage	10%	90%	10%	90%	General Funds	Differential Targeted Rate	1
	Flood Control	30%	70%	30%	70%	General Funds	Differential Targeted Rate	2
Upper Tukituki Scheme		18%	83%	18%	83%	General Funds	Differential Targeted Rate	3
Other Schemes	Paeroa	13%	88%	13%	88%	General Funds	Differential Targeted Rate	3
	Makara	10%	90%	10%	90%	General Funds	Differential Targeted Rate	3
	Porangahau	10%	90%	10%	90%	General Funds	Differential Targeted Rate	3
	Poukawa	5%	95%	5%	95%	General Funds	Differential Targeted Rate	3
	Ohuia-Whakaki	5%	95%	5%	95%	General Funds	Differential Targeted Rate	3
	Esk	13%	88%	13%	88%	General Funds	Differential Targeted Rate	3
	Whirinaki	13%	88%	13%	88%	General Funds	Differential Targeted Rate	3
	Wairoa	13%	88%	13%	88%	General Funds	Differential Targeted Rate	3
	Te Awanga	10%	90%	10%	90%	General Funds	Differential Targeted Rate	3
	Kopuawhara	10%	90%	10%	90%	General Funds	Differential Targeted Rate	3
	Opoho	10%	90%	10%	90%	General Funds	Differential Targeted Rate	3
	Kairakau	10%	90%	10%	90%	General Funds	Differential Targeted Rate	3
	Te Ngarue	10%	90%	10%	90%	General Funds	Differential Targeted Rate	3
Central & Southern	13%	88%	13%	88%	General Funds	Differential Targeted Rate	3	
Investigations & Enquiries	Investigations and Enquiries	100%	Nil	100%	Nil	General Funds	Nil	4
	Subsidised Work	30%	70%	30%	70%	General Funds	Fees/Charges	5
	Consultancy Services	Nil	100%	Nil	100%	Nil	Fees/Charges	6

Sub -Activity	Further Analysis	Previous Policy		Proposed Policy		Funding Tools		Notes
		Public	Private	Public	Private	Public	Private	
River and Lagoon Openings	River and Lagoon Openings	100%	Nil	100%	Nil	General Funds	Nil	7
Gravel Management	Gravel Management	Nil	100%	Nil	100%	Nil	Fees/Charges	8
	River Cross Sections	100%	Nil	100%	Nil	General Funds	Nil	9
Flood Assessment and Warning	Flood Risk Assessment	100%	Nil	100%	Nil	General Funds	Nil	9
	Flood Forecasting & Hydrological Flow Management	100%	Nil	100%	Nil	General Funds	Nil	10
	Flood Warning System	100%	Nil	100%	Nil	General Funds	Nil	11
Coastal Hazards	Westshore	50%	50%	50%	50%	General Funds	Contribution from Napier City Council	11
	Coastal Processes	18%	82%	18%	82%	General Funds	Contribution from Napier City & Hastings District Council and Targeted Rate	12
Regional Water Security		New	New	100%	Nil	General Funds/Reserve Funding	Nil	13
Open Spaces	Regional Park Networks	98%	2%	98%	2%	General Funds / Reserve Funds	Fees/Charges	14
	Public Access to Rivers	100%	Nil	100%	Nil	General Funds	Nil	15
	Regional Pathways	100%	Nil	100%	Nil	General Funds/Loan Funding	Nil	16
	Regional Cycling Activity	33-50%	67-50%	33-50%	67-50%	General Funds	Territorial Authority Grants	17
	Forestry	0%	100%	0%	100%	Asset Sales/Reserves	Reserves	18

1. An analysis of the Heretaunga Plains Drainage Scheme has identified a 90% private benefit to those ratepayers directly benefiting from the scheme. The indirect benefits of increased productivity of the Heretaunga Plains land to the whole region, as a result of increased economic activity resulting from the productivity, are recognised in the allocation of 10% of the costs to the region as a whole which is funded through the use of general funds. The 90% private benefit is funded through a targeted rate based on capital value.
2. An analysis of the Heretaunga Plains Flood Control Scheme has identified a 70% direct benefit to the landowners within the Hastings District and Napier City Council areas. Of this, 49% results in a direct benefit to properties protected from frequent flooding and/or river coarse changes, and 21% being the indirect benefit as a result of increased opportunity arising from higher population and increased choice and competition among service industries, and improved opportunities for employment, investment and recreation. The 70% private benefit is funded through a targeted rate based on capital value, with the remaining 30% public benefit funded through the use of general funds.
3. An assessment of the public and private benefits undertaken as part of the Step 1 analysis has provided for a public contribution to be made to each of the other schemes which HBRC administers according to the following principles.
 - A scheme which provides protection to a State Highway will receive a public contribution of 12.5%.
 - A scheme which provides protection to a local roading network will receive a public contribution of 10%.
 - A scheme which provides protection only to private land will receive a public contribution of 5%.
 - The Upper Tukituki Scheme will receive an additional 5% public contribution because of the additional cost which arises from gravel flows from the upper catchment land. The balance, being the private benefit, is to be funded through targeted rates which are based on a mix of land value, capital value, and Fixed Annual Charge.
4. The provisions of HBRC internal staff time to respond to public enquires and provide expert advice on Land Drainage and River Control activities is considered a public benefit and funded 100% by general funds.
5. Subsidised work including small flood control and stream improvement works undertaken on private land, but which benefit a wider community, receives a public contribution of 30% and is funded through the use of general funds. The 70% private benefit is recovered through the charging of fees to the requesting landowner(s).
6. This activity relates to the provision of consultancy services by HBRC engineering staff for drainage, flooding, and coastal erosion issues according to individual project agreements. The costs of these services are met directly by the beneficiary through the charging of fees.
7. This activity was initially identified as a 30% private benefit recognising that the main beneficiaries from the work are the owners of land and/or utilities in the areas immediately around the river mouths. However, the costs associated with the opening of river mouths are relatively small and the cost of establishing a funding mechanism to recover the private good portion of the cost could not be justified, therefore this work is treated as a public good and funded through the use of general funds.
8. The Gravel Management activity is established to administer the allocation and extraction of river bed gravel in accordance with the Regional Resources Management Plan and in the best interest of river management. The private benefit element of this activity has been assessed at 100% with resource management charges paid directly by the consent holder, under s36 of the Resource Management Act, based on the level of gravel extracted.
9. There is a region wide benefit from flood risk assessment work for identifying and quantifying potential hazards and also for the work for flood forecasting & hydrological flow management which is funded as a public cost through the use of general funds.
10. There is a region wide benefit from being able to predict and respond to floods as they occur and also a direct benefit to the ratepayers of flood and drainage schemes. The information gathered from the flood warning system is used to predict flooding events and to input into design work associated with the flood control and drainage schemes. The public benefit has been assessed at 100% and funded through the use of general funds.

11. The Westshore coastal works are funded by 50% public / 50% private. This reflects the fact that HBRC is unable to allocate costs in accordance with its preference of Westshore renourishment because there remains uncertainty with regard to the impact of Port of Napier Limited structures on rates of erosion, and there are no legal means of identifying and collecting income from exacerbators. Consequently the use of general funds will meet the public benefit share of these costs. The private benefit costs are met by the Napier City Council.
12. The Coastal Processes activity has incorporated substantial new work in the past few years for Clifton to Tangoio Coastal Hazards Strategy, taking into account sea level rises, increased storminess, coastal erosion, coastal inundation and tsunamis. This has been a joint working committee with both Napier City Council and Hastings District Council who have met 45% of the costs. There is a new Coastal Erosion targeted rate for those in the Napier and Hastings districts to 37% of the costs. The remaining 18% has been treated as a public good and funded through the use of general funds.
13. There is a region wide benefit from being able to progress water security through the development an intergenerational action plan. The information gathered from the water assessment and other work to develop the plan benefits the whole region. The public benefit has been assessed at 100% and funded through the use of general funds and reserves.
14. HBRC maintains, develops, and provides public access to six regional parks. 2% of the funding is provided by lease and rental income with the residual 98% public benefit costs are met by general funds.
15. The public good element of this public access to rivers activity is funded through the use of general funds, and the private good element funded through charges in relation to white bait stands.
16. This activity maintains the Hawke’s Bay Regional Council’s assets of the wider Hawke’s Bay trails network. The public benefit has been assessed at 100% and funded through the use of general funds.
17. The Regional Cycling Activity has been setup to provide support the regional cycling sector and promote our cycle pathways. This project is partially funded up to 65% by external funders with the residual funded as a public benefit through the use of general funds.
18. This activity is self-funding via reserves which are utilised to manage the forestry assets and sale of timber from harvesting.

Revenue and Financing Policy								
Group of Activity: Integrated Catchment Management								
Sub -Activity	Further Analysis	Previous Policy		Proposed Policy		Funding Tools		Notes
		Public	Private	Public	Private	Public	Private	
Environmental Science	State of the Environment Reporting	83%	18%	83%	18%	General Funds	Fees/Charges	19
	Research and Grants	100%	Nil	100%	Nil	General Funds	Nil	20
	Water Science	65%	35%	65%	35%	General Funds	Fees/Charges	21
	Land Monitoring	75%	25%	75%	25%	General Funds	Targeted Rate	22

	Land Research & Investigations	65%	35%	65%	35%	General Funds	Fees/Charges	23
	Air Quality	100%	Nil	100%	Nil	General Funds	Nil	24
	Marine & Coast	New	New	100%	Nil	General Funds	Nil	25
	Sustainable Homes	Nil	100%	Nil	100%	Nil	Targeted Rate & Fees/Charges	25
Environmental Information	Water Science	65%	35%	65%	35%	General Funds	Fees/Charges	21
	Land Monitoring	75%	25%	75%	25%	General Funds	Targeted Rate	22
	Air Quality	100%	Nil	100%	Nil	General Funds	Nil	24
	Marine & Coast	New	New	100%	Nil	General Funds	Nil	25
	Water Information Services	Nil	100%	Nil	100%	Nil	Fees/Charges	26
Catchment Management	Environmental Enhancement Projects	New	New	100%	Nil	General Funds	Nil	27
	Future Farming Trust	New	New	100%	Nil	General Funds	Nil	28
	Integrated Catchment Activities – Afforestation/Riparian	New	New	100%	Nil	General Funds/Loan Funding	Fees/Charges	29
	Integrated Catchment Activities – FEMP	New	New	100%	Nil	General Funds	Nil	30
	Sustainable Land Catchment Management Delivery	75%	25%	75%	25%	General Funds	Differential Targeted Rate	31
	Catchment Management Policy Implementation	75%	25%	75%	25%	General Funds	Differential Targeted Rate	31
	Soil Conservation Nursery	Nil	100%	Nil	100%	Nil	Fees/Charges	32

Sub -Activity	Further Analysis	Previous Policy		Proposed Policy		Funding Tools		Notes
		Public	Private	Public	Private	Public	Private	
Pest Animal Control	Rabbit Control	30%	70%	30%	70%	General Funds	Differential Targeted Rate	33
	Possum Control	30%	70%	30%	70%	General Funds	Differential Targeted Rate	34
	Rook Control	30%	70%	30%	70%	General Funds	Differential Targeted Rate	35
	Site Specific Pest Animal Control	30%	70%	30%	70%	General Funds	Differential Targeted Rate	36
	Predator Free Hawke's Bay	New	New	40%	60%	General Funds	Differential Targeted Rate	37
	Marine Pests	100%	Nil	100%	Nil	General Funds	Nil	38
	Research	30%	70%	30%	70%	General Funds	Differential Targeted Rate	39
	General Advice	30%	70%	30%	70%	General Funds	Differential Targeted Rate	39
Pest Plant Control	Research	30%	70%	30%	70%	General Funds	Differential Targeted Rate	38
	General Advice	30%	70%	30%	70%	General Funds	Differential Targeted Rate	38
	Incentive Scheme	100%	Nil	100%	Nil	General Funds	Nil	40
	Primary production pest plants	40%	60%	40%	60%	General Funds	Differential Targeted Rate	41
	Environmental/human health pest plants	100%	Nil	100%	Nil	General Funds	Nil	42
	Biological Control	100%	Nil	100%	Nil	General Funds	Nil	43
Pest Management Strategies		100%	Nil	100%	Nil	General Funds	Nil	44
Biodiversity		New	New	100%	Nil	General Funds	Nil	45

19. The Step 1 analysis has revealed that there is a private benefit to consent holders from State of the Environment monitoring. Monitoring of state and trends in our natural resources is important to demonstrate that policy is effective in managing consented activities within limits. This demonstration allows the continued access to those resources. The assessment has revealed that half of the work in this area relates to work which attracts Zone Based Water Science Charges, therefore half of the potential 35%, being 17.5%, of this activity is deemed to be a private benefit and will be recovered through the charging of fees directly to the consent holder under s36 of the Resource Management Act.
20. This activity relates to the undertaking of specific one off research projects on environmental issues in order to meet scientific, regulatory or policy needs. Where the work undertaken is associated to recoverable projects, such as zone based water science charges, HBRC will endeavour to recover a share of these costs. As this is not considered a certain enough source of income to be used in the funding policy, all of this activity is treated as a public good and funded through the use of general funds.
21. HBRC determined through Step 1, that there is a significant private good that results from these activities which is assessed at 35%. This private benefit reflects that users benefit from our knowledge and understanding of the region's water resources as it facilitates the expeditious processing of the consent applications and enables Council to manage the resources in an efficient and sustainable fashion. The 35% private benefit is funded through the charging of fees directly to the consent holder under s36 of the Resource Management Act.
22. Council determined through Step 1, that there is a significant private good resulting from these activities which is assessed at 25%. This private benefit reflects that users benefit from Land Monitoring as it enables HBRC to identify and monitor the impacts of land use intensification on soil and water quality throughout the region. Given that this project relates directly to work undertaken as part of the Sustainable Land Management activity, and that Council has agreed to initiate a regional charge for Sustainable Land Management activities, the 25% private benefit is to be funded as part of the targeted rate on those properties in the region over 4ha
23. Land Research & Investigations are integral to the Sustainable Land Management Programme. The private benefit for this activity has been assessed at 35% recovered through s36 zone based water science charging where the work is related to water quality outcomes.
24. When allocating the benefits between public and private in Step 1 it was determined that part of the work required on this activity was a result of the action of users/exacerbators, with this being classified as a private benefit. However, the ability to charge fees for exacerbators is not legally possible because HBRC can currently only charge Resource Consent holders. It is also not practical to charge exacerbators through a targeted rate because it is impossible, for example, to practically isolate the impact of specific things such as ambient air quality on geographic areas. Consequently HBRC is to treat this as a public cost and fund it through general rates.
25. Marine Coast activity provides information on the effects of land based activities on our marine and coast water quality, ecosystems and habitats. It is not practical to charge exacerbators through a targeted rate because it is impossible, for example, to practically isolate the impact of specific things such as sediment and nutrient impacts. Consequently HBRC treats this as a public cost and funds it through the use of general rates.
26. The Water Information Services activity provides infrastructure and services to support the collection and management of water use data and has been established following the introduction of legislative requirements. This activity has been assessed as a 100% private benefit on the basis that water consent holders directly benefit from water metering data. Costs for this activity are recovered from these consent holders through fees and charges.
27. Environmental Enhancement Projects were introduced in the 2017/18 Annual Plan with the intention of starting the clean-up of five environmental hot spots being Lake Turira, Ahuriri Estuary, Whakaki Lake and Waiora River, Lake Whatuma and Tukituki Catchment, Karamu Stream Due to the regional public benefit HBRC has treated this a public cost funded through the use of general funds.
28. The Future Farming Trust activity has been proposed to form a governance trust of regional farming leaders to provide guidance, knowledge, leadership and research into farming best practice. It is envisioned that this trust will obtain external funding from the industry and the Crown but at this stage these funding streams cannot be guaranteed and so HBRC initially treated this as 100% public cost funded through the use of general funds.

29. Integrated Catchment Activities are a set of activities intended to reform the ~~Land~~ **Catchment** Management functions of Council to facilitate rapid delivery of solutions into catchments to attain the anticipated outcomes of in the Strategic Plan, NPSFM and RRMP. Integrated Catchment Activities – Afforestation/Riparian incorporates the Riparian Business Unit to fund riparian fencing, planting and maintenance of planted areas and also an Afforestation scheme to get trees planted on highly erodible land. An incentive will be offered on these projects in the form **of public funding with the directly private funded level to be determined as part of the ongoing policy review**. The public benefit is driven from improved water quality, instream ecological health and forest habitats and will be funded by general funds.
30. Integrated Catchment Activities - FEMP incorporates a Farm Environment Management Plans (FEMPs) business unit **to manage and monitor the FEMP programme across the region. The public benefit of the programme is driven from improved water quality and instream ecological health from the reduction of contaminants entering surface and ground water and will be 100% funded by general funds. The cost of the FEMP is paid for by the landowner.**
31. For ~~Sustainable Land~~ **Catchment** Management the Step 1 strict economic analysis indicates that there is a 50% public benefit and 50% private benefit element for HBRC's ~~Sustainable Land~~ **Catchment** Management activities. The private benefit reflects the level of private landowner and wider sector benefit that is derived through Council providing advisory and financial services to assist them in meeting Plan Change 6 requirements, in particular the benefit derived in meeting Farm Environmental Management Plans and other Plan Change 6 requirements where they would otherwise require resource consent to continue their rural operations. While recognising this private benefit, HBRC believes that a significant public benefit can also be applied to reflect the high regional priority on water quantity and quality, the positive regional flow-on benefits of significantly improved water management, the public good nature of a number of proposed HBRC Plan Change 6 services and the difficulty in applying the exacerbator pays factor. However, taking into account additional important considerations such as the requirement for the Council to respond to the Government's National Policy Statement on Freshwater Management, the major new resource management approach for the Council which Plan Change 6 represents, and transition costs, HBRC believes a 25% private benefit strikes a fair balance between HBRC's current benefit allocation for ~~Sustainable Land~~ **Catchment** Management and the result of the strict economic analysis. The 25% private benefit is to be funded by way of a targeted rate on those properties in the region over 4ha, with the 75% public funding being met by general funds.
32. The HBRC Soil Conservation Nursery operation has been established to provide for the regional community a consistent supply of quality poplar and willow poles for erosion control use in Hawke's Bay. This operation is set at a break even position and assessed as a private benefit because the cost of the purchase and production of poles is offset by the sale of poles to users.
33. Early identification and reduction of rabbit numbers has benefits to the whole region by reducing soil erosion and the prevention of the spread of rabbits. Many of the complaints and requests for advice arise from small rural properties and properties on the fringe of the urban area. Accordingly, 30% of the costs are publically funded through the use of general funds. The 70% private benefit is funded through a differential targeted rate on all rural properties greater than 4ha.
34. HBRC's Possum Control programme, involving Council's subsidy of animal pest control products and the protection of possum control area boundaries, has spin off benefits for the environment, biodiversity, public health and the regional economy. This is assessed at 30% of the cost of the work and is funded from general funds. The private portion of this activity is assessed as 70% because owners of productive land benefit directly from low pest densities and increased productivity and are therefore charged through a differential targeted rate on all rural properties greater than 4ha.
35. Rook control is largely a private good; however, rooks cover a significant range and the exacerbator is unlikely to be the beneficiary of any control work undertaken. With significantly reduced rook numbers the reduced public benefit of ongoing work is recognised by aligning the funding with Council's possum control programme which is assessed as 70% private through the charging of a differential targeted rate, and 30% public which is funded through the use of general funds.
36. This programme focusses on supporting land occupiers and community groups manage specific pest animals as part of a pest control programme or to protect QEII covenants and ecosystem prioritisation sites. Although there are significant biodiversity gains that the wider regional community is a beneficiary, almost all programmes are on private land in rural areas resulting in a 70% private, 30% public funding policy.

37. There will be both biodiversity benefits and primary production benefits from a Predator Free Hawke's Bay. Although the general community will benefit from the biodiversity gains, the primary beneficiary of predator control will be the agricultural sector. This is due to the programme being delivered in rural areas and the benefit from reducing the spread of parasites such as *Toxoplasma gondii* and bovine tuberculosis. The private portion of this activity is assessed as 60% and 40% public, to recognise the increased regional biodiversity benefits.
38. Marine pests are a major threat to production and conservation values in the Hawke's Bay marine system. Currently there is no active aquaculture being undertaken in Hawke's Bay but there are areas consented for this purpose. The primary beneficiary is the regional community therefore this activity is 100% publically funded through the use of general funds.
39. HBRC animal pest control research and general advice plays an integral part in seeking ways for the animal pest control programme to be more efficient and cost effective. The 70% private and 30% public benefits reflect a funding policy consistent with the rest of the animal pest control programme.
40. The private contribution of 50% (up to a maximum of \$3,000 each application) of the costs of total control of Plant Pests (occupier responsibility) specified in the Regional Pest Management Plan does not appear in HBRC financial statements.
41. Although there are minor biodiversity benefits from managing some primary production pest plants, the primary beneficiary is the agricultural sector. To maximise the effectiveness of individual control across the region and to minimise the externality impacts of the plant the Council has proposed an advisory, inspectorial, and compliance regime. The primary beneficiaries of this programme are land occupiers, resulting in a 60% private, 40% public funding policy.
42. Environmental/human health pest plants are a major threat to biodiversity values and human health in the Hawke's Bay region. To maximise the effectiveness of individual control across the region and to minimise the externality impacts of the plant the Council has proposed an advisory, inspectorial, and compliance regime for these pests. The benefits of this programme are a public good rather than a private good, therefore this activity is 100% publically funded through the use of general funds.
43. Plant pest biological control has benefits to the overall region of animal and human health; the environment; and the region's economy. Although there may be an initial private benefit, biological control agents spread across the region, benefiting the regional community.
44. Pest management strategies and plans cover the whole of the Hawke's Bay region and cover a wide range of pests. It is not possible to target a particular beneficiary from any one particular strategy and plan and therefore HBRC policy is for this activity to be 100% publically funded through the use of general funds.
45. Biodiversity activity includes the delivery of the ecosystem prioritisation programme and has benefits to the overall region. The benefits of this programme are a public good rather than a private good, therefore this activity is 100% publically funded through the use of general funds.

Revenue and Financing Policy								
Group of Activity: Policy and Regulation								
Sub -Activity	Further Analysis	Previous Policy		Proposed Policy		Funding Tools		Notes
		Public	Private	Public	Private	Public	Private	
Policy Planning & Implementation	Policy Planning	100%	Nil	100%	Nil	General Funds	Nil	46
	Policy Implementation	New	New	100%	Nil	General Funds	Nil	47
Consents	Resource Consents	20%	80%	20%	80%	General Funds	Fees/Charges	48
	Appeals & Objectives	100%	Nil	100%	Nil	General Funds	Nil	49
Compliance Monitoring	Compliance Recoverable	20%	80%	20%	80%	General Funds	Fees/Charges	50
	Compliance Non Recoverable	New	New	100%	Nil	General Funds	Nil	51
	Environmental Incident Response	100%	Nil	100%	Nil	General Funds	Nil	52
	Building Act Implementation	100%	Nil	100%	Nil	General Funds	Nil	53
	Hazardous Waste/ Substance Management	100%	Nil	100%	Nil	General Funds	Nil	54
	Marine Oil Spill	Nil	100%	Nil	100%	Nil	Govt. Grants	55
Maritime Safety	Coastal Use Management	100%	Nil	40%	60%	General Funds	Nil	56

46. This activity develops, reviews and evaluates Resource Management Act 1991 (RMA) planning documents including the Regional Policy Statement, Coastal Plan and Regional Resource Management Plan. This activity also provides statutory advocacy of council's resource management policies and interests through submissions and various exchanges with other resource management agencies. HBRC treats these costs as a public cost and funds them through the use of general funds.
47. This activity coordinates the implementation the Resource Management Act 1991 (RMA) planning documents including the National and Planning Documents. HBRC treats these costs as a public cost and funds them through the use of general funds.

48. HBRC determined that 80% of the work relating to the processing and administering of resource consents conferred a private benefit and would be recovered through fees and charges directly to the consent holder. It is considered that charging for general advice would be contrary to its policy of encouraging the public to enquire as to what consents are required before resource use is initiated so the provision of general advice is treated as a public good and is funded through the use of general funds.
49. Managing appeals and objections on resource consents are a statutory obligation of Council. While all costs are attempted to be recovered in the process these cannot be guaranteed and so HBRC treated this activity as 100% public cost funded through the use of general funds.
50. HBRC determined that 80% of the work relating to the processing and administering of resource consents conferred a private benefit and would be recovered through fees and charges directly to the consent holder. It is considered that charging for general advice would be contrary to its policy of encouraging the public to enquire as to what consents are required before resource use is initiated so the provision of general advice is treated as a public good and is funded through the use of general funds.
51. The Compliance Non Recoverable activity monitors any permitted activities that, although may be attributable to a specific property or location, does not require a resource consent and therefore is not able to be recovered via any fees or charges through the RMA. Therefore this activity is 100% public funded through the use of general funds.
52. For Environmental Incident Response the Step 1 analysis indicated that most of the work should be treated as a private good because it was a consequence of the actions of individuals or organisations. However, it is not possible, other than through legal action, to recover any part of these costs. HBRC will initiate appropriate legal action, but because it is not considered a certain enough source of income to be used in the funding policy, all of the activity is treated as a public good and funded through general funds.
53. It is estimated that 95% of the costs arising from this activity cover the responsibilities to hold and provide information and develop audit systems, these costs not being recoverable from consent applicants and holders. Other than the occasional issuance of Project Information Memorandums and the imposition of a fine for non-compliance there is limited income to be earned. Because this is not considered a certain enough source of income to be used in the funding policy, it is Council's preference to treat 100% of the activity as a public good and funded through the use of general funds.
54. Hazard Waste / Substance Management is a full public benefit project funded by through general funds as this is an incentive for the public to dispose of hazardous substances appropriately
55. Marine oil spills are caused by the actions or inactions of vessels or port operations. The costs are met by the exacerbators either through Maritime New Zealand or directly by the spiller and are therefore assessed as a 100% private benefit
56. The private benefit of this activity is estimated to be 60% incurred by Napier Port for the maintenance of a Maritime New Zealand accredited risk and safety management system for the Napier Pilotage area. The 40% attributed as public benefit is for the provision of navigation aids for the region's other navigable waters and for the education of the public on safe maritime activities.

Revenue and Financing Policy								
Group of Activity: Emergency Management								
Sub -Activity	Further Analysis	Previous Policy		Proposed Policy		Funding Tools		Notes
		Public	Private	Public	Private	Public	Private	
Hazard Assessment and Response	Response Management	100%	Nil	100%	Nil	General Funds	Nil	57
HB Civil Defence Emergency Management Group	Reduction – Hazard Identification and Mitigation	Nil	100%	Nil	100%	Nil	Targeted Rate as a fixed annual charge	58
	Operational Readiness and Response	Nil	100%	Nil	100%	Nil	Targeted Rate as a fixed annual charge	58
	Group Leadership and Governance Recovery and Co-ordination	Nil	100%	Nil	100%	Nil	Targeted Rate as a fixed annual charge	58
	Community Engagement and Resilience Local Emergency Management	Nil	100%	Nil	100%	Nil	Targeted Rate as a fixed annual charge	58

57. There is a region wide benefit from being able to plan for emergencies by identifying and quantifying potential hazards which is funded as a public cost through the use of general funds.
58. The Hawke’s Bay Civil Defence Emergency Management Group (CDEMG) is responsible for providing effective civil defence and emergency management **for natural disasters** within its area under the Civil Defence Emergency Management Act 2002. The CDEMG consists of the Wairoa District Council, Hastings District Council, Napier City Council, Central Hawke’s Bay District Council and the Hawke’s Bay Regional Council. The CDEMG area is reflective of the boundaries of the member TLA Councils. The Hawke’s Bay Regional Council is the administrating authority for the Group. The CDEMG has established a Group Office **as a shared service arrangement** to manage the reduction, readiness, response and recovery functions of emergency management across the region. The benefits of the work of the Group Office are therefore spread across the member Councils and their communities. This programme is funded through a separate targeted rate which has been set as a Fixed Annual Charge for properties within the CDEMG area. As of the 2018/19 financial year the local TLAs no longer individually rate for Local Emergency Management and this will funding is brought together under included in the HBRC targeted rate. **Individual councils remain responsible for maintaining and delivering their Lifeline functions and other services during an emergency**

Revenue and Financing Policy								
Group of Activity: Transport								
Sub -Activity	Further Analysis	Previous Policy		Proposed Policy		Funding Tools		Notes
		Public	Private	Public	Private	Public	Private	
Regional Road Safety		15%	95%	9-12%	91-88%	General Funds	Govt. Grants and Territorial Authority Grants	59
Regional Land Transport Strategy		47%-49%	51%-53%	48%-51%	52%-49%	General Funds	Govt. Grants	60
Subsidised Passenger Transport		Nil	100%	Nil	100%	Nil	Govt. Grants/Differential Rate & Fees/Charges	61
Regional Cycling Activity	-	35-50%	65-50%	35-50%	65-50%	General Funds	Territorial Authority Grants	57

59. This activity is directed at promoting Road Safety education in partnership with Regional Stakeholders by the promotion of campaigns. These campaigns increase awareness and lessen the risks associated with road transport. HBRC provides 9%-12% of the total Regional Road Safety funding. The remaining funding stems from contractual agreements with the New Zealand Transport Agency (91% - 88%) with the balance provided by the Hawke’s Bay Local Territorial Authorities and other Government Agencies. The funding provided by HBRC is considered to be a public benefit as all members of the regional community benefit from this activity, and is funded through the use of general funds.
60. The benefits of this activity is the development of an integrated approach to transport to meet economic, social and safety needs of the public. The New Zealand Land Transport Agency makes an annual financial contribution (52% -49%) towards the costs of undertaking this activity, with this contribution treated as a form of private user subsidy. The remaining 48% 51% is treated as a public benefit and funded through the use of general funds.
61. The current private benefit allocation at 100% includes the amount to be raised through the subsidised public transport targeted rates, the amount paid directly by private beneficiaries in the way of fares, and the New Zealand Transport Agency grant. The private contribution for the overall cost of subsidised public transport, which is raised through user charges, does not appear in the Council’s financial statements as this amount is collected and retained by the bus operator and is offset against Council’s payment for running the bus service. Over the last few years fare patronage has increased substantially with this rate of strengthening forecast to slow and level off throughout the 10 years of this plan. Any additional funding received by way of fare patronage may be reinvested to enhance the provision of the bus services.

Revenue and Financing Policy								
Group of Activity: Governance and Partnerships								
Sub -Activity	Further Analysis	Previous Policy		Proposed Policy		Funding Tools		Notes
		Public	Private	Public	Private	Public	Private	
Tangata Whenua Partnerships		100%	Nil	100%	Nil	General Funds	Nil	62
	Community Engagement & Comms	100%	Nil	100%	Nil	General Funds	Nil	58
	Enviroschools	82% – 78%	18% – 22%	82% – 78%	18% – 22%	General Funds	Grants	59
Community Representation and Regional Leadership		100%	Nil	100%	Nil	General Funds	Nil	63
Investment Company Support		Nil	100%	Nil	100%	Nil	Fees/Charges	64
Community Sustainability	Enviroschools	82% - 78%	18% - 22%	82% - 78%	18% - 22%	General Funds	Grants	65
	Sustainable Homes	Nil	100%	Nil	100%	Nil	Targeted Rate & Fees/Charges	66
	Corporate Sustainability	New	New	100%	Nil	General Funds/Asset Sale	Nil	67
	Climate Change Engagement	New	New	100%	Nil	General Funds/Asset Sale	Nil	68
Economic Regional Development		Nil	100%	Nil	100%	Nil	Differential Targeted Rate	69

62. HBRC considers that the main objective of Tangata Whenua and Community engagement and communications activities is to widely inform and assist decision making across the scope of HBRC's work. It is considered a disincentive to charge beneficiaries for information promoting behaviour change which in many cases also requires significant ratepayer investment. Public benefits are recovered through the use of general funds.
63. This function relates to the costs of elected political representation (including the Maori Committee) as well as the costs of reporting to the community, and is assessed 100% as a public benefit and met by general funds.

64. This function relates to the activities of the Hawke's Bay Regional Investment Company Limited (HBRIC Ltd) which is administered through the Council. This activity is assessed as a 100% private benefit and will be funded by HBRIC Ltd through the recovery of time and costs incurred by Council on behalf.
65. Enviroschools is the HBRC in school environmental education programme. This is partially funded through grants with the residual funded by use of regional funds.
66. Sustainable Homes has grown to, not only include the Heat Smart programme, but to also encourage the use of solar energy, domestic water storage and upgraded septic tanks. Heat Smart has the aim to reduce particles of polluting smoke in the affected air sheds by replacing open fires or wood burners with more efficient forms of heating and also installation of insulation. This activity is classified as a private benefit and is funded by way of a targeted rate based on land value for those in the Napier and Hastings air sheds, and by the charging of fees for those who take up the offer of Council assistance.
The new areas provide assistance to homeowners to install solar systems, to provide water storage that will improve resilience in an emergency and to improve the quality of septic tanks. These activities are classified as a private benefit and are funded by the charging of fees for those who take up the offer of Council assistance.
67. This activity delivers on the strategic objective of HBRC's footprint being Carbon Neutral by 2025. This includes changes to our corporate operations e.g. fuel, energy, office consumables to be an example to other organisations in the region. The public benefit has been assessed at 100% and will be primarily funded by carbon credits available for sale.
68. In 2019, HBRC declared a Climate Emergency and to further the development and implementation of Climate Change across the Region, this new activity looks to strengthen the Council's position as the leading local authority on climate change in the region; build meaningful and strong partnerships and relationships with Tangata whenua, the community and key stakeholders; and build awareness of what the Council is doing to mitigate and adapt to climate change. The public benefit has been assessed at 100% and will be primarily funded by carbon credits available for sale.
69. This activity promotes economic development for the region and contributes to Business Hawke's Bay and Hawke's Bay Tourism and the Regional Business Partners Programme. HBRC is the sole local government funder of Hawke's Bay Tourism by agreement with the region's TLAs. It is considered that this activity provides a greater and more immediate benefit to the broader business community. On this basis the Economic Development activity is fully fund through the use of an Economic Development Rate across the region. The basis of the rating in the 18-19 year is that 50% of the total Economic Development rate is to be funded by the commercial or industrial properties and based on capital value. The remaining 50% is to be collected from residential and rural properties as a Fixed Annual Charge. Wairoa District ratepayers' contribution is to be limited to 5% of the total Economic Development rate. For the 19/20 year onwards the rating basis will shift to 70% of the total Economic Development rate is to be funded by the commercial or industrial properties and based on capital value. The remaining 30% is to be collected from residential and rural properties as a Fixed Annual Charge. Wairoa District ratepayers' contribution is to be limited to 5% of the total Economic Development rate.

Community Outcomes for the 2021-31 Long Term Plan



TE KAUNIHERA Ā-ROHE O TE MATAU-A-MĀUI

Community Outcomes

Under the Local Government Act, our long-term plan must describe the community outcomes for the Hawke’s Bay region and link our activities to these outcomes.

What are Community Outcomes?

Community outcomes are “the outcomes that a local authority aims to achieve in order to promote the social, economic, environmental, and cultural well-being of its district or region in the present and for the future”.

Hawke’s Bay Regional Council’s outcomes match the vision statement from its 2020-25 Strategic Plan, which is:

Our Vision

We want a healthy environment and a resilient and prosperous community.

The Strategic Plan also includes a number of time bound and measurable strategic goals. These have been used here as our outcome measures. These outcome measures are reported against in the Annual Report.

These demonstrate a desire by Council to shift from reporting activity or outputs to managing for and reporting on outcomes – the things that matter to the community. Typically, the Council does not have full control over the achievement of these outcomes, but it has a clear statutory role in achieving them, along with others.

Wherever possible, the outcomes align with national targets or an existing Hawke’s Bay strategy or plan. Refinements were made in 2020 to reset targets to match national targets related to the Essential Freshwater Reform package and carbon neutrality. Further work is needed set milestones for longer term goals and build Mātauranga Māori (Māori knowledge) into our monitoring and reporting activities.

Community outcome icons

These icons are used in the Groups of Activities statements to show when activities primarily contribute to a community outcome.



Healthy Environment



Resilient Community



Prosperous Community

Outcome descriptors

- **WATER:** Aquatic ecosystems are protected and enhanced for all to safely enjoy. Water use is prioritised so that all users have sufficient water available to meet their needs within sustainable limits. The kaitiakitanga role of Tangata Whenua and their whakapapa and cultural connection with water are recognised and provided for. Groundwater is protected to enable the provision of safe and secure supplies of drinking water.
- **LAND:** Hawke’s Bay farmers and growers are thriving and maximising returns from resilient farming systems and through climate-smart, sustainable land use.
- **BIODIVERSITY:** Working together, Hawke’s Bay’s biodiversity is enhanced, healthy and functioning (source: *HB Biodiversity Strategy 2015-2050*). Agricultural and environmental pests are managed and eradicated through the Regional Pest Management Plan.
- **INFRASTRUCTURE & SERVICES:** The region has resilient physical, community and business infrastructure to unlock potential growth and prosperity from our natural resource base (source: *Matariki HB Regional Economic Development Strategy and Action Plan 2016*).

Outcome measures

WATER

Water quality, safety and climate-resilient security.

Te kōunga o te wai, te haumarutanga me te mārohirohi ā-āhuarangi o te whakamarutanga.

- By 2025, plans for all catchments/ waterbodies are notified.
- By 2025, Tāngata Whenua values for all catchments are identified and embedded in the Regional Resource Management Plan.
- By 2025, all aquifers, lakes and rivers have community-agreed quantity and quality limits in force.
- By 2025, cultural monitoring tools are in-use in all catchments.
- By 2030, all popular Hawke's Bay swimming sites are swimmable 80% of the time, and 90% of the time by 2040.
- By 2050, there is an increasing trend in the life-supporting capacity of all of the region's degraded rivers and major streams.
- By 2030, Hawke's Bay has environmentally sustainable, harvestable water identified and stored or plans to be stored if required.

LAND

Climate-smart and sustainable land use.

Kia koi, kia toitū hoki te whakamahinga o te whenua.

- By 2025, stock is excluded from all flowing permanent and intermittent rivers/ creeks, lakes and wetlands, and at least 30% are fenced and planted to filter contaminants.
- By 2025, Land Use Suitability information is available to all land owners to inform smarter land use.
- By 2025, all farms, orchards and vineyards operate under a Farm Environment Management Plan or an independently audited industry best-practice framework.
- By 2030, all land-users in critical source areas have phosphorus management plans being implemented, with at least 50% of highly erodible land treated with soil conservation plantings.
- By 2025, catchment management plans are established to target improvements on land that lead to water quality improvements.
- By 2050, all highly erodible land is under tree cover.
- By 2050, there are 50% less contaminants from urban and rural environments into receiving waterbodies.

BIODIVERSITY

Healthy, functioning and climate-resilient biodiversity.

Kia ora, kia āhei, kia mārohirohi ā-āhuarangi hoki te rerenga rauropi.

- By 2020, regional priority locations for ecosystem restoration - including in the coastal marine area - have been identified.
- By 2030, key species and habitat (sites) are prioritised and under active restoration. Source: HB Biodiversity Strategy, 2015-2050 and Action Plan 2017-2020
- By 2050, a full range of indigenous habitats and ecosystems, and abundance and distributions of taonga species are maintained and increased in every catchment in Hawke's Bay. Source: HB Biodiversity Strategy, 2015-2050 and Action Plan 2017-2020.
- By 2050, Hawke's Bay is predator free in line with NZ 2050 target. Source: PF2050

INFRASTRUCTURE & SERVICES

Sustainable and climate-resilient services and infrastructure.

Kia toitū, kia mārohirohi ā-āhuarangi hoki ngā ratonga me ngā hanganga ā-whare.

- By 2025, regional air quality consistently meets World Health Organisation guidelines.
- By 2025, the Coastal Hazards Joint Committee is implementing its strategy to manage coastal hazards in Clifton to Tangoio and by 2040 for the rest of the region to adapt to foreseeable climate change risks to coastal communities out to 2100.
- By 2023, the Napier Port is future-proofed with the addition of a new wharf with supporting land transport infrastructure.
- By 2030, flood risk is being managed to adapt to foreseeable climate change risks out to 2100.
- By 2025, HBRC is carbon zero and plays a leadership role in the region's goal of net zero greenhouse gases by 2050.
- From 2020, unplanned urban development avoids highly productive land.

Group of Activities Section for the 2021 - 31 Long Term Plan

Governance and Partnerships Group of Activities

What we do

There are four activities within the Governance and Partnerships group of activities:

- Community Representation and Leadership
- Tangata Whenua Partnerships
- Community Sustainability
- Regional Development

Community Representation and Leadership

This activity aims to support elected members in their governance roles to make robust and transparent decisions. It also maintains the integrity of council processes such as triennial elections, representation reviews and council meetings by ensuring they are run correctly and providing timely and appropriate responses to official information requests and Ombudsmen's office enquiries.

Tangata Whenua Partnerships

This activity covers our engagement with tangata whenua as required by the Local Government Act, including the Māori Committee and the Regional Planning Committee, and direct involvement with hapu and marae. The Māori Partnerships team's focus is growing Council-wide cultural capability, enhancing Council's engagement with tangata whenua and facilitating technical input to meet statutory requirements.

The Māori Partnerships team also is part of a network with the region's other councils ((Napier, Hastings, Central Hawke's Bay and Wairoa) – Te Kupenga. Te Kupenga musters cultural collateral as and where needed. Whanaungatanga (kinship) and Manaakitanga (care and support) are central to the way Te Kupenga operates.

Community Sustainability

The aim of this activity is to work together with the community for a sustainable and resilient future and to also ensure we 'walk the talk' as the lead agency of climate action in the region. A key part of this activity is to develop and lead a coordinated programme to drive climate action to reduce the region's as well as our own corporate carbon footprint.

This activity also includes the Sustainable Homes and Heat Smart programmes which provide financial assistance to ratepayers to help make homes healthier, more sustainable and resilient. This includes measures such as the installation of solar electricity systems, water tanks, septic tanks, replacement of non-compliant fires, installing or upgrading insulation and double glazing. HBRC also works with the community to deliver environmental education and the Enviroschools programme across the region.

Regional Development

HBRC as a whole plays a broad role in regional economic development by ensuring the natural resource platform upon which both the economy and community relies on is managed to meet the reasonably foreseeable needs of future generations.

In addition, currently HBRC, along with the region's territorial authorities (Napier, Hastings, Central Hawke's Bay and Wairoa councils) are the primary funders of economic development activities and services in Hawke's Bay. However, work is underway looking at the development of a new regional economic development agency following an independent review recommended a new entity be developed.

Different operating models are being developed and the community will be formally consulted with on these options and preferred recommendations.

HBRC currently contributes to the Matariki Regional Economic Development Strategy (REDS) and HBRC-led projects within the strategy. HBRC is also the sole local government funder of Hawke's Bay Tourism by agreement with the region's councils. The central government funded Regional Business Partners Programme also currently sits under HBRC control. The Regional Business Partners connects local businesses with the right resources and experts to build capability and grow.

Funding for Regional Development includes regional funding via a targeted economic development rate.

Governance and Partnerships Group of Activities

Why we do it

This group of activities contributes to all three community outcomes:



**Healthy
Environment**



**Resilient
Community**



**Prosperous
Community**

- By giving tangata whenua and the people of Hawke's Bay opportunities to have a meaningful say on the direction of their region.
- By providing environmental education and the Enviroschools programme to inspire people to actively engage in creating a sustainable future.
- By providing the Sustainable Homes and Heat Smart programmes to make homes more sustainable and resilient, and to reduce energy consumption and greenhouse gases, and improve air quality.
- By developing and leading a coordinated programme to drive climate change action to reduce the region's and HBRC's own corporate carbon footprint.
- By ensuring the natural resource platform which both the economy and community depend on meets the needs of future generations.
- By investing in regional economic development for the benefit of the Hawke's Bay economy.

Most of what Council does in this group of activities is prescribed by the following legislation:

- Local Government Act 2002
- Local Electoral Act 2001
- Local Government Official Information and Meetings Act 1987
- Local Authorities (Members' Interests) Act 1968
- Hawke's Bay Regional Planning Committee Act 2015

Governance and Partnerships Group of Activities

Levels of Service

				Performance Targets			
WHY WE DO IT Strategic alignment: HBRC Strategic Plan 2020-25	WHAT WE DO Level of Service Statement (LOSS):	HOW WE KNOW Level of Service Measure (LOSM):	Previous Performance	Year 1 (2021-22)	Year 2 (2022-23)	Year 3 (2023-24)	Year 4 -10 (2024-31)
Community Representation and Leadership							
Demonstrates our values of accountability, transparency, and excellence.	HBRC provides for democratic representation and maintains the integrity of Council processes through transparent and legally compliant practices.	Triennial election processes are undertaken in accordance with the Local Electoral Act 2001.	New measure Achieved (2019-20) *	Achieved	Achieved	Achieved	Achieved
		Council meetings are conducted in compliance with statutory requirements and Standing Orders.	Achieved (2019-20) Achieved (2018-19)	Achieved	Achieved	Achieved	Achieved
		Percentage of LGOIMA requests responded to within statutory timeframes.	New measure 87.2% (2019-20) * 92.4% (2018-19) *	100%	100%	100%	100%
		Long Term Plans and Annual Reports receive "unmodified" audit opinions.	Partially Achieved (2019-20) Partially Achieved (2018-19)	Achieved	Achieved	Achieved	Achieved
Tangata Whenua Partnerships							
A healthy environment Outcome measures: By 2025, tangata whenua values for all catchments are identified and	HBRC actively involves Māori in its decision-making processes, engages in strategic relationships with tangata whenua and builds internal capability and capacity to engage effectively.	Percentage of tangata whenua representatives "satisfied or very satisfied" with the Treaty-based partnership approach to engagement and decision making (source: biennial survey of RPC and Māori Committee members).	New measure	Establish baseline	No survey	Increasing trend	Increasing trend

Governance and Partnerships Group of Activities

embedded in the Regional Resource Management Plan By 2025, cultural monitoring tools are in use in all catchments		Percentage of staff who feel confident to engage with relevant iwi, hapū, post settlement governance entities, taiwhenua or their representative agencies (source: annual staff engagement-level survey).	New measure 52% (2020)*	Establish baseline	Increasing trend	Increasing trend	Increasing trend
		Annual reporting on Mātauranga Māori monitoring and reporting activities.	New measure	Achieved	Achieved	Achieved	Achieved
Community Sustainability							
A healthy environment A resilient community Outcome measures: By 2025, regional air quality consistently meets World Health Organisation guidelines. By 2025, HBRC is carbon zero and plays a leadership role in the region's goal of net zero greenhouse gases by 2050.	HBRC delivers environmental education and the Enviroschools programme across the region to inspire and empower people of all ages to actively engage in creating a sustainable future.	Number of early childhood centres and schools participating in the Enviroschools programme.	New measure 67 (2020)* 56 (2019)*	Maintain or increase	Maintain or increase	Maintain or increase	Maintain or increase
	HBRC will promote and facilitate sustainable solutions to reduce energy consumption and regional greenhouse gas emissions and improve air quality for environmental and health benefits.	Number of properties utilising the Sustainable Homes programme including Heatsmart per year.	1,403 (2019-20) incl Sustainable Homes 801 (2018-19) Heatsmart only	Increase	Increase	Increase	Increase
	HBRC develops and leads a coordinated programme to drive climate change action to reduce the region's and its own carbon footprint.	Annual reporting to Council on progress made on coordinated programme of actions.	New measure	Develop programme	Achieved	Achieved	Achieved
		Level of emissions related to HBRC's own corporate carbon footprint (source: ekos, Carbon Inventory Report).	New measure 882.44tCO ₂ (2019/20)*	Improve	Improve	Improve	Improve

Governance and Partnerships Group of Activities

Regional Development							
A prosperous community A resilient community	HBRC will co-invest in regional economic development organisations for the benefit of the Hawke's Bay economy.	Funding agreements with performance targets and reporting requirements are in place.	Achieved (2019-20) Partially Achieved (2018-19)	Achieved	Achieved	Achieved	Achieved

Governance and Partnerships Group of Activities

Hawkes Bay Regional Council: Funding Impact Statement for 2021-2031 (Governance and Partnerships)												
	2019/20Actuals	2020/21Budget	2021/22Budget	2022/23Budget	2023/24Budget	2024/25Budget	2025/26Budget	2026/27Budget	2027/28Budget	2028/29Budget	2029/30Budget	2030/31Budget
Sources of Operating Funding												
General rates & uniform annual general charges, rates penal	3,383	2,779	2,565	2,793	2,920	2,786	2,780	3,052	3,220	3,431	3,598	3,783
Targeted Rates	-	-	2,878	2,977	3,104	3,266	3,405	3,551	3,730	3,948	4,130	4,325
Subsidies & grants for operating purposes	-	15	314	323	331	339	348	357	366	376	386	396
Fees & charges	83	127	571	770	1,001	1,247	1,118	977	834	683	529	381
Internal charges & overheads recovered	6,183	(8)	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees & other re	-	-	-	-	-	-	131	-	-	-	-	-
Total operating funding	9,649	2,913	6,328	6,862	7,356	7,638	7,782	7,937	8,150	8,438	8,643	8,884
Applications of Operating Funding												
Payments to staff & suppliers	2750	2470	4,241	4,310	4,352	3,979	4,082	4,190	4,302	4,425	4,544	4,665
Finance costs	86	67	229	363	545	548	475	402	333	271	208	153
Internal charges & overheads applied	423	443	2,118	2,241	2,474	2,239	2,384	2,545	2,766	3,062	3,267	3,505
Other operating funding applications	0	0	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding	3,259	2,980	6,587	6,914	7,370	6,766	6,941	7,137	7,402	7,757	8,019	8,324
Operating Surplus	6,390	(67)	(260)	(52)	(14)	872	842	800	748	681	623	561
Sources of Capital Funding												
Subsidies & grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-	-
Development & financial contributions	-	-	-	-	-	-	-	-	-	-	-	-
Increase / (decrease) in debt	(227)	(360)	2,392	3,287	3,937	(2,935)	(2,927)	(2,735)	(2,499)	(2,510)	(2,198)	(2,119)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-	-
	(227)	(360)	2,392	3,287	3,937	(2,935)	(2,927)	(2,735)	(2,499)	(2,510)	(2,198)	(2,119)
Applications of Capital Funding												
Capital Expenditure:												
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	-	-	-	-	-	-	-	-	-	-	-	-
- to replace existing assets	272	-	-	-	-	-	-	-	-	-	-	-
	272	-	-	-	-	-	-	-	-	-	-	-
Increase / (Decrease) in Reserves	5,891	(427)	(1,230)	(755)	(296)	1,320	1,198	1,257	1,343	1,247	1,392	942
Increase / (Decrease) in Investments	-	-	3,363	3,991	4,219	(3,383)	(3,284)	(3,192)	(3,095)	(3,076)	(2,966)	(2,500)
	6,163	(427)	2,133	3,236	3,923	(2,063)	(2,086)	(1,935)	(1,752)	(1,829)	(1,574)	(1,558)
Capital	(6,390)	67	260	52	14	(872)	(842)	(800)	(748)	(681)	(623)	(561)
Grand Total	0	0	(0)	0	0	0	(0)	0	0	0	(0)	(0)

Policy and Regulation Group of Activities

What we do

There are four activities within the Policy and Regulation group of activities:

- Planning
- Consents
- Compliance and Pollution Response
- Maritime Safety

These activities cover Hawke's Bay Regional Council's planning and regulatory functions for resource use management and safe navigation of the region's navigable waters.

Planning

This activity develops, reviews and evaluates Resource Management Act 1991 (RMA) planning documents. A significant focus of this activity is the development of the Kotahi Plan which will implement the Essential Freshwater policies and regulations that came into force in September 2020, delivering a plan that maintains and improves the state of freshwater in the region. This activity will review the current Regional Policy Statement, Regional Plan and Coastal Plan and combine this with the freshwater catchment policies.

The Planning activity also provides statutory advocacy of Council's resource management policies and interests through submissions and various exchanges with other resource management agencies (for example submissions on land use consent and plan change applications by Territorial Local Authorities, district plan review documents, central government policy initiatives/national directions and asset management planning work).

This activity also includes Policy Implementation (Regulation) which ensures that HBRC has the necessary internal processes in place to be able to implement the regulation required by the Regional Resource Management Plan (RRMP), Regional Coastal Environment Plan, National Environment Standards, and s360 Regulations, as well as communicating the requirements to external stakeholders.

Consents

This activity implements HBRC's Regional Resource Management Plan (RRMP), Regional Coastal Environment Plan, National Environment Standards, and s360 Regulations through the processing and issuing of resource consents.

Resource consents may be issued by the Regional Council for taking, use, damming, diverting water, for discharges to land, water or air, for activities in the coastal environment and for a variety of land activities that are covered by rules in the plans and standards and regulations.

Resource consents when issued give the holder significant rights to use a resource or have an impact on the environment. They can have significant impact on the value of land. In addition to processing consents a part of this activity is to give advice and education on resource management matters.

Regional Councils have responsibility for the processing of building permits for dams. HBRC has transferred the function to Waikato Regional Council to process dam applications under the Building Act. HBRC retains the authority to process resource consents for damming water and waterways under the Resource Management Act.

Compliance and Pollution Response

This activity involves consent monitoring and enforcement of consent conditions. Council provides a 24-hour/7-day-a-week pollution response service and ensures compliance by acting on environmental complaints, incidents and confirmed breaches. This includes investigation of contaminated land, management of hazardous substances and response and management of marine oil spills within the Hawke's Bay Coastal Marine boundary. HBRC maintains a Tier 2 oil spill response plan which identifies priority areas in Hawke Bay for protection.

Maritime Safety

The Marine Safety activity monitors and enforces the Navigation and Safety Bylaw and provides navigation aids to ensure the region's navigable waters are safe for people to use. HBRC through the Harbourmaster provides advice and education to commercial and recreational users and the community at large on water safety and safe boating.

Policy and Regulation Group of Activities

Why we do it

This group of activities seeks to balance the requirement to safeguard the environment for future generations while also providing for the social, economic and cultural needs of the wider community. It therefore contributes to all three community outcomes:



**Healthy
Environment**



**Resilient
Community**



**Prosperous
Community**

The empowering legislation for these regulatory functions include the:

- Resource Management Act 1991
- Local Government Act 2002
- Soil Conservation and Rivers Control Act 1941
- Building Act 2004
- Marine and Coastal Area (Takutai Moana) Act 2011
- Hazardous Substances and New Organisms Act 1996
- Maritime Transport Act 1994.

Policy and Regulation Group of Activities

Levels of service

WHY WE DO IT Strategic alignment: HBRC Strategic Plan 2020-25	WHAT WE DO Level of Service Statement (LOSS):	HOW WE KNOW Level of Service Measure (LOSM):	Previous Performance	Performance Targets				
				Year 1 (2021-22)	Year 2 (2022-23)	Year 3 (2023-24)	Year 4 -10 (2024-31)	
<p>A healthy environment A resilient community A prosperous community</p> <p>Outcome measures: By 2025, plans for all catchments/ waterbodies are notified.</p> <p>By 2025, Tangata Whenua values for all catchments are identified and embedded in the Regional Resource Management Plan.</p>	Planning							
	HBRC establishes and maintains appropriate policies and plans that promote the integrated management of the region's natural and physical resources, protects the community from resource management related risks and assists the Council in carrying out its legislative functions.	Compliance with statutory timeframes as set by legislation.	Achieved (2019-20) Achieved (2018-19)	Achieved	Achieved	Achieved	Achieved	Achieved
	HBRC will regularly submit on national direction, plan and consenting matters.	All matters logged in the Statutory Advocacy Register. All submissions to be posted on HBRC website.	New measure	Achieved	Achieved	Achieved	Achieved	Achieved
	Consents							
	HBRC will efficiently and effectively process resource consent applications under the Resource Management Act 1991 to enable the lawful use and sustainable management of natural and physical resources.	Percentage of resource consents processed within statutory timeframe in Resource Management Act.	99.8% (2019-20) 100% (2018-19)	100%	100%	100%	100%	100%

Policy and Regulation Group of Activities

<p>By 2025, all aquifers, lakes and rivers have community-agreed quantity and quality limits in force.</p> <p>By 2030, all popular Hawke’s Bay swimming sites are swimmable 80% of the time, and 90% of the time by 2040.</p> <p>By 2050, there is an increasing trend in the life-supporting capacity of all of the region’s degraded rivers and major streams.</p> <p>From 2020, unplanned urban development avoids highly productive land.</p> <p>By 2025, regional air quality consistently meets World Health Organisation guidelines.</p>		Overall allocation of water from each water resource is allocated up to but not exceeding the allocation limits set in the Regional Plan.	<p>Achieved. 99% for surface water in Tukituki.</p> <p>53% for groundwater stream depleting takes in Tukituki (2019-20)</p> <p>Achieved. 100% and 50% (2018-19)</p>	</=100%	</=100%	</=100%	</=100%	
	Compliance and Pollution Response							
	HBRC will monitor consent holders and enforce non-compliance to ensure resource consent conditions are met to protect the environment and human health.	Percentage of consents monitored each year as per the adopted risk-based Compliance Monitoring Strategy.	<p>92.5% (2019-20)</p> <p>90.9% (2018-19)</p>	<p>95% for high-risk consents</p> <p>90% for all other consents</p>	<p>95% for high-risk consents</p> <p>90% for all other consents</p>	<p>95% for high-risk consents</p> <p>90% for all other consents</p>	<p>95% for high-risk consents</p> <p>90% for all other consents</p>	<p>95% for high-risk consents</p> <p>90% for all other consents</p>
	Percentage of monitored consents which receive an overall grade of full compliance.	<p>89.7% (2019-20)</p> <p>92.17% (2018-19)</p>	90%	90%	90%	90%	90%	

Policy and Regulation Group of Activities

		Percentage of significant non-compliance where action is taken in accordance with HBRC's Enforcement Policy within 6 months.	New measure	100%	100%	100%	100%
	HBRC will provide a pollution response service for public complaints, reports of environmental incidents and unauthorised activities.	Maintain a 24-hour/7 day a week duty management/pollution management response system.	Achieved (2019-20) Achieved (2018-19)	Achieved	Achieved	Achieved	Achieved
	HBRC will identify and maintain a register of contaminated sites to ensure public health and safety and environmental protection.	A Selected Land Use Register of potentially and confirmed contaminated sites is maintained.	Achieved (2019-20) Achieved (2018-19)	Achieved	Achieved	Achieved	Achieved
	HBRC will respond to oil spills within the Hawke's Bay Coastal Marine boundary and maintain a Tier 2 Oil Spill Response Plan, which identifies priority areas in HB for protection in the event of a major spill.	An operative Tier 2 Oil Spill Plan and a trained and qualified oil spill response team is in place at all times.	Achieved (2019-20) Achieved (2018-19)	Achieved	Achieved	Achieved	Achieved

Policy and Regulation Group of Activities

Maritime Safety							
A prosperous community	HBRC will provide local navigation safety control of shipping and small craft movements through bylaw enforcement, navigation aids, signage and education programmes to ensure the region's navigable waters are safe for people to use.	Maintain a Maritime New Zealand accredited <i>Hazard Identification/Risk Assessment</i> and Safety Management System for the Napier Pilotage Area.	Achieved (2019-20)	Achieved	Achieved	Achieved	Achieved
		Number of maritime incidents occurring per year reported to Maritime New Zealand in accordance with regulations.	50 (2019-20) 105 (2018-19) 82 (2017-18) 33 (2026-27)	Maintain or decreasing trend*	Maintain or decreasing trend*	Maintain or decreasing trend*	Maintain or decreasing trend* *3-yearly rolling average

Policy and Regulation Group of Activities

Hawkes Bay Regional Council: Funding Impact Statement for 2021-2031 (Policy & Regulation)												
	2019/20Actuals	2020/21Budget	2021/22Budget	2022/23Budget	2023/24Budget	2024/25Budget	2025/26Budget	2026/27Budget	2027/28Budget	2028/29Budget	2029/30Budget	2030/31Budget
Sources of Operating Funding												
General rates & uniform annual general charges, rates penal	4,791	5,415	6,819	7,468	8,104	7,755	7,989	8,467	8,707	9,257	9,677	10,131
Targeted Rates	1,888	1,871	-	-	-	-	-	-	-	-	-	-
Subsidies & grants for operating purposes	469	347	105	100	103	109	121	118	124	131	137	154
Fees & charges	1,961	2,209	2,761	2,979	3,361	3,541	3,626	3,779	3,985	4,214	4,403	4,607
Internal charges & overheads recovered	10,996	1,011	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees & other re	-	10	5	5	5	5	6	6	6	6	6	6
Total operating funding	20,105	10,863	9,690	10,552	11,573	11,410	11,742	12,370	12,822	13,609	14,223	14,899
Applications of Operating Funding												
Payments to staff & suppliers	8,289	8,709	2,219	2,279	2,341	1,961	2,018	2,178	2,234	2,301	2,363	2,431
Finance costs	6	5	-	-	-	-	-	-	-	-	-	-
Internal charges & overheads applied	1,697	2,104	7,467	8,268	9,227	9,444	9,722	10,191	10,586	11,307	11,859	12,466
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding	9,992	10,818	9,686	10,547	11,568	11,405	11,739	12,369	12,821	13,608	14,222	14,897
Operating Surplus	10,113	45	4	5	5	5	3	1	1	1	1	1
Sources of Capital Funding												
Subsidies & grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-	-
Development & financial contributions	-	-	-	-	-	-	-	-	-	-	-	-
Increase / (decrease) in debt	(20)	(20)	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-	-
	(20)	(20)	0	0	0	0	0	0	0	0	0	0
Applications of Capital Funding												
Capital Expenditure:												
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	-	-	-	-	-	-	-	-	-	-	-	-
- to replace existing assets	-	-	30	-	-	-	-	-	-	-	-	-
	-	-	30	-	-	-	-	-	-	-	-	-
Increase / (Decrease) in Reserves	10,093	25	(26)	5	5	5	3	1	1	1	1	1
Increase / (Decrease) in Investments	-	-	-	-	-	-	-	-	-	-	-	-
	10,093	25	4	5	5	5	3	1	1	1	1	1
Capital	(10,113)	(45)	(4)	(5)	(5)	(5)	(3)	(1)	(1)	(1)	(1)	(1)
Grand Total	0	(0)	(0)	(0)	(0)	(0)	0	0	0	(0)	(0)	0

Integrated Catchment Management Group of Activities

What we do

There are four activities within the Integrated Catchment Management group of activities:

- Environmental Information
- Environmental Science
- Catchment Management
- Biodiversity and Biosecurity

Environmental Information

This activity involves monitoring the state, condition and use of land, air, water, coast, and marine resources within the region, to provide information for reporting against relevant standards and guidelines. It includes setting the strategic direction, governance and optimization of processes and systems for Integrated Catchment Management (ICM) governed data and driving ICM towards data driven decision making.

Environmental Information also contains the Water Information Services team who provide the stewardship and management of legal requirements relating to water take, use and measurement and provide timely data to both internal and external customers.

Environmental Science

This activity involves interpretation of data and reporting on the state, condition and use of land, air, water, coast, and marine resources within the region and reporting against relevant standards and guidelines. Science investigations into causes and effects are undertaken as well as new and existing initiatives to improve environmental outcomes such as water demand management. Regional resource management plan changes are supported with science, so that plan changes are informed with rigorous evidence.

Catchment Management

Council works in partnership with landowners to understand and support them in their vision to match their land uses to the land, and to develop sustainable strategies to direct the implementation of good practice on the farm. We also support and facilitate community-led efforts at a sub catchment level to implement these sustainable land management practices in line with current regulation and regional rules.

Biodiversity and Biosecurity

Biodiversity involves working collaboratively within catchments across organisations and with landowners to identify and actively manage high priority biodiversity sites, to protect and restore native species and ecosystems.

Biosecurity delivers animal, plant, horticultural and marine pest management through the provision of information and advice, research, surveillance, monitoring and inspections, direct control, pathway management, working within catchments with landowners, and community groups. The Council sets objectives, methods and rules through the Regional Pest Management Plan (RPMP).

Why we do it

This group of activities primarily contributes to a healthy environment:



Integrated Catchment Management activities are a mix of statutory requirements and non-regulatory methods. A combination of both is required to achieve the land and water outcomes set in Council's Strategic Plan 2020-2025, the National Policy Statement for Freshwater Management and the Regional Resource Management Plan.

Integrated Catchment Management Group of Activities

This approach enables Council to direct funding and resources in a strategic and prioritised manner based on the specific needs of each catchment, based on the best available science.

The statutory requirements relate to roles and responsibilities under the Resource Management Act 1991, the Biosecurity Act 1993 and the Soil Conservation and Rivers Control Act 1941.

Environmental Information & Environmental Science

HBRC has responsibilities under the Resource Management Act to manage the region's land, air and water resources including rivers, streams, lakes, wetlands and groundwater in a way that promotes sustainable management. HBRC also has responsibilities under the Local Government Act to promote the region's social, cultural, environmental and economic wellbeing.

Nationally the amended 2020 National Policy Statement (NPS) for Freshwater Management requires limits to be set for quantity and quality, and for both in-stream and associated ecosystem values. Regional plans will be amended to implement the NPS by 2026.

HBRC has a statutory responsibility for monitoring the State of the Environment locally. This is reported on every three years, with monthly updates, providing important information on any risks of resource use and to inform policy setting. It also enables Council to respond in a timely manner to any adverse effects from resource use from an operational perspective.

Catchment Management

The aim of this approach is to build regional resilience to climate change and reduce environmental pressures through a range of measures including planting the right trees in the right places (shade, shelter, fodder, biodiversity, erosion mitigation), riparian fencing, stock exclusion, and practices promoting vegetation regeneration. These good management practices reduce the risk of soil and nutrient loss, and flooding, and will help improve the ecological health and water quality of our waterways.

Biodiversity and Biosecurity

Biodiversity plays a critical role in the provision of ecosystems services and is critical to resilience. Like New Zealand as a whole, Hawke's Bay's biodiversity is in decline. 75% of the region's indigenous vegetation has been cleared and only 4% of our original wetlands remain. The rare and threatened native ecosystems that remain are taonga and require urgent support and management.

HBRC has taken a lead role in the development of the multi-stakeholder Biodiversity Strategy and Action Plan, owned by a wide range of organisations. HBRC is one of a few organisations that has an overview of the Hawke's Bay region and together with the Department of Conservation hold much of the information about the state of the region's biodiversity.

Invasive organisms can have a significant adverse effect on the region's economic prosperity, biodiversity, lifestyles and quality of living. Without proper management these adverse effects would be a lot worse than they are now. Pest management programmes often require a collaborative effort across multiple properties to be fully successful, so relying solely on the voluntary efforts of land occupiers will not achieve the best pest management. Council's role is set out in the Hawke's Bay Regional Pest Management Plan 2018-38.

Integrated Catchment Management Group of Activities

Levels of Service

WHY WE DO IT Strategic alignment: HBRC Strategic Plan 2020-25	WHAT WE DO Level of Service Statement (LOSS)	HOW WE KNOW Level of Service Measure (LOSM)	Previous Performance	Performance Targets			
				Year 1 (2021-22)	Year 2 (2022-23)	Year 3 (2023-24)	Year 4-10 (2024-31)
<p>A healthy environment</p> <p>Outcome measures: By 2025, regional air quality consistently meets World Health Organisation guidelines;</p> <p>By 2030, all popular Hawke's Bay swimming sites are swimmable 80% of the time, and 90% of the time by 2040;</p> <p>By 2050, there is an increasing trend in the life-supporting capacity of all of the region's degraded rivers and major streams.</p>	Environmental Information						
	HBRC will collect, monitor and provide accurate and timely data including a reliable telemetry network.	Council maintains its International Organisation for Standardisation (ISO) 9001-2015 accreditation for data collection, analysis and storage.	Achieved (2019-20)	Achieved	Achieved	Achieved	Achieved
		SOE monitoring programmes are in place and results are published on HBRC and LAWA websites for: - Climate and Air Quality - Freshwater - Land Science - Marine and Coast	Achieved (2019-20)	Achieved	Achieved	Achieved	Achieved
	Environmental Science						
	HBRC will provide accurate and timely analysis and interpretation to decision makers and the community on the State of the Environment (SOE) for Hawke's Bay.	A 3-yearly State of the Environment Synthesis Report is produced, that meets requirements of NPS-FM 2020. Monthly updates are delivered through digital media.	New measure	3-yearly SOE Synthesis Report and 11 monthly updates	11 monthly updates	11 monthly updates	3-yearly SOE Synthesis Report produced in 2021,27 & 30
			Partially Achieved (2019-20) Partially Achieved (2018-19)				11 monthly updates in other years

Integrated Catchment Management Group of Activities

	HBRC will undertake targeted science research and investigations on matters relevant to policy development to inform the Council and community.	The Science team develops and implements an annual work programme to support plan change requirements and to inform regulatory implementation of the regional plan.	Achieved (2019-20) Achieved (2018-19)	Achieved	Achieved	Achieved	Achieved
Catchment Management							
<p>A healthy environment</p> <p>Outcomes measures: By 2025, stock is excluded from all flowing permanent and intermittent rivers/creeks, lakes and wetlands and at least 30% are fenced and planted to filter contaminants.</p> <p>By 2025, all farms, orchards and vineyards will operate under a Farm Environment Management Plan or an independently audited industry best-practice framework.</p> <p>By 2025, catchment management plans are established to target improvements on land that lead to water quality improvements.</p>	<p>HBRC will work with industry, communities and landowners, to implement good management practices (GMP) in catchments to improve water quality, help mitigate erosion and increase the protection and enhancement of the region's biodiversity.</p>	<p>Percentage of land area (by catchment) that operates under a Farm Environment Management Plan (FEMP) as required under the RRMP.</p> <p><u>Note:</u> Other catchments will be added as new management regimes are set through plan changes and national Essential Freshwater requirements.</p>	<p>99% (2019-20)</p> <p>96% (2018-19)</p>	Tukituki-100%	Tukituki-100%	Tukituki-100% TANK-TBC Mohaka-TBC	All region: Annual increase to goal of 100%
		<p>Maintain an effective FEMP accredited provider programme with applicants processed to a conclusion within agreed timelines.</p>	New measure	100% of applicants	100% of applicants	100% of applicants	100% of applicants
		<p>Additional area of targeted erodible land, either planted with fit-for-purpose trees or plant species, or protection fenced.</p>	<p>667ha (2019-20)</p> <p>Not Measured (2018-19)</p>	900Ha of land under cover	900Ha of land under cover	900Ha of land under cover	900Ha (per year) of land under cover
		<p>Additional kilometres of riparian margin protected annually to reduce sediment, nutrient and/or bacterial contamination of water*</p> <p>*includes streams, drains, wetlands, lakes, estuaries and the coast.</p>	<p>27km (2019-20)</p> <p>Not Measured (2018-19)</p>	80km	80km	80km	80km (per year)

Integrated Catchment Management Group of Activities

<p>By 2030, all land-users in critical source areas have phosphorus management plans being implemented, with at least 50% of highly erodible land treated with soil conservation plantings.</p> <p>By 2050, all highly erodible land is under tree cover.</p> <p>By 2050, there are 50% less contaminants from urban and rural environments into receiving waterbodies.</p>		<p>Annual percentage change in stock exclusion and vegetation across the region by land use and stream order *</p> <p>*includes all orders of streams including drains. (source: statistical modelling of riparian condition across agricultural land using high resolution aerial imagery)</p>	New measure	Increasing trend	Increasing trend	Increasing trend	Increasing trend
		<p>Sediment load in receiving waterbodies (streams/rivers and estuaries) (source: 20 ISCO automated sediment samplers in priority catchments with highly erodible land).</p>	New measure (in tonnes per year)	Reducing load	Reducing load	Reducing load	Reducing load
	<p>HBRC will engage and liaise with groups of urban and rural water users to encourage efficient and effective water use to maximise the benefits of the water allocated.</p>	<p>Annual water use efficiency campaign is delivered.</p>	New measure	Achieved	Achieved	Achieved	Achieved

Integrated Catchment Management Group of Activities

Biodiversity and Biosecurity							
<p>A healthy environment</p> <p>Outcome measures: By 2030, key species and habitat (sites) are prioritised and under active restoration.</p> <p>By 2050, a full range of indigenous habitats and ecosystems, and abundance and distributions of taonga species are maintained and increased in every catchment in Hawke's Bay.</p> <p>By 2050, Hawke's Bay is predator free in line with NZ 2050 target.</p>	<p>HBRC will work with partners and stakeholders to implement the HB Biodiversity Strategy and Action Plan so biodiversity is enhanced, healthy and functioning.</p>	<p>Number of Ecosystem Prioritisation sites protected per annum.</p>	<p>5 (2019-20) 13 (2018-19)</p>	<p>2 new 5 maintained</p>	<p>3 new 7 maintained</p>	<p>4 new 10 maintained</p>	<p>4 new 10 maintained</p>
	<p>HBRC will manage and limit the risks posed by unwanted pests to protect the health of our community and environment, as prescribed by the Regional Pest Management Plan.</p>	<p>Maintain and implement current Regional Pest Management Plan and prepare an Operating Plan and Annual Report in accordance with the Biosecurity Act.</p>	<p>Achieved (2019-20) Achieved (2018-19)</p>	<p>Achieved</p>	<p>Achieved</p>	<p>Achieved</p>	<p>Achieved</p>
		<p>Area of predator control per annum</p>	<p>New measure</p>	<p>N/A</p>	<p>10,000ha*</p>	<p>10,000ha</p>	<p>10,000ha</p>

*This is the first year of the predator control programme

Integrated Catchment Management Group of Activities

Hawkes Bay Regional Council: Funding Impact Statement for 2021-2031 (Integrated Catchment Management)												
	2019/20Actuals	2020/21Budget	2021/22Budget	2022/23Budget	2023/24Budget	2024/25Budget	2025/26Budget	2026/27Budget	2027/28Budget	2028/29Budget	2029/30Budget	2030/31Budget
Sources of Operating Funding												
General rates & uniform annual general charges, rates penal	-	298	16,038	16,987	17,907	19,509	20,284	20,865	21,444	21,521	22,428	23,404
Targeted Rates	3,356	3,322	3,018	3,199	3,791	3,959	4,085	4,204	4,345	4,492	4,636	4,784
Subsidies & grants for operating purposes	536	150	2,673	2,038	90	55	56	58	59	61	62	64
Fees & charges	6,240	4,720	3,863	3,658	4,455	4,889	4,705	4,831	4,912	5,235	5,326	5,525
Internal charges & overheads recovered	22,621	11,894	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees & other re	(77)	(46)	-	-	-	-	-	-	-	-	-	-
Total operating funding	32,676	20,338	25,591	25,883	26,243	28,412	29,130	29,958	30,759	31,308	32,453	33,778
Applications of Operating Funding												
Payments to staff & suppliers	17,611	18,519	10,896	10,941	10,433	10,157	10,465	10,503	9,331	7,432	7,591	7,785
Finance costs	781	915	159	302	477	551	607	662	697	686	646	605
Internal charges & overheads applied	3,501	3,567	16,366	17,025	17,276	18,462	19,290	20,156	20,798	21,123	22,200	23,412
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding	21,893	23,001	27,421	28,268	28,185	29,170	30,361	31,321	30,826	29,241	30,438	31,803
Operating Surplus	10,783	(2,663)	(1,829)	(2,385)	(1,942)	(758)	(1,231)	(1,363)	(67)	2,067	2,015	1,975
Sources of Capital Funding												
Subsidies & grants for capital expenditure	-	2,314	-	-	-	-	-	-	-	-	-	-
Development & financial contributions	-	-	-	-	-	-	-	-	-	-	-	-
Increase / (decrease) in debt	240	2,920	4,497	4,276	3,502	2,212	2,201	2,093	622	(1,598)	(1,650)	(1,691)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-	-
	240	5,234	4,497	4,276	3,502	2,212	2,201	2,093	622	(1,598)	(1,650)	(1,691)
Applications of Capital Funding												
Capital Expenditure:												
- to meet additional demand	-	522	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	2,191	-	1,274	640	214	-	-	-	-	-	-	-
- to replace existing assets	-	-	1,065	721	407	486	486	499	511	525	539	554
	2,191	522	2,339	1,361	621	486	486	499	511	525	539	554
Increase / (Decrease) in Reserves	5,961	(1,051)	(178)	(514)	(132)	969	483	231	43	(56)	(175)	(269)
Increase / (Decrease) in Investments	2,871	3,100	508	1,044	1,071	-	-	-	-	-	-	-
	11,023	2,571	2,668	1,891	1,560	1,454	969	730	555	469	364	284
Capital	(10,783)	2,663	1,829	2,385	1,942	758	1,231	1,363	67	(2,067)	(2,015)	(1,975)
Grand Total	0	0	(0)	0	0	(0)	(0)	0	0	0	(0)	0

Asset Management Group of Activities

What we do

There are five activities within the Asset Management group of activities

- Flood Protection and Control Works¹ (Rivers, Drainage and Small Schemes)
- Flood Risk Assessment and Warning
- Regional Water Security
- Open Spaces
- Works Group

Flood Protection and Control Works

HBRC administers 25 flood control and drainage schemes throughout the region to reduce the risk of flood and erosion damage. We maintain networks of stopbanks, hydraulic structures and pump stations and manage the river, stream and drainage channels to ensure they work as expected during floods to help protect life and property. HBRC also take a holistic approach to enhancing waterways for flood protection as well as other values. This involves riparian planting and waterway enhancement to improve the ecological functioning and water quality of waterways and provide open space opportunities.

The flood control and drainage schemes are grouped into the following three major schemes and have a replacement value (RV) of close to \$200M:

Major scheme	Asset	At June 2020
1. Heretaunga Plains Flood Control & Drainage Scheme RV of \$149,917,048	Stopbanks	157 km
	River channels and edge protection	129 km
	Drainage channels	447 km
	Pumping stations	18
	Structures and culverts	217
2. Upper Tukituki	Stopbanks	76 km

¹ This activity is the mandatory "Flood Protection and Control Works" Group of Activities as required under Schedule 10(2) of the Local Government Act 2002.

Scheme RV of \$34,028,786	Channel edge protection	206 km
	Drainage channels	12 km
	Structures and culverts	44
3. Small Schemes RV of \$15,563,270	Stopbanks	15 km
	River channels and edge protection	31 km
	Drainage channels	85 km
	Pumping stations	4
	Structures and culverts	37

HBRC responds to many enquiries about coastal erosion, flood risk and drainage related issues. Depending on the issue, HBRC is able to help through:

- Provision of flooding and drainage advice
- Provision of advice relating to riverbed land and other HBRC owned or administered land
- Provision of advice on coastal erosion and flood risk

This activity also includes gravel management to maintain flood capacity and management of river mouths to reduce unnecessary flooding. Industry uses gravel and aggregate resources for many activities. Allocation of resources from riverbeds is undertaken by HBRC in response to demand, balancing the need to maintain the capacity of specific flood protection schemes while taking into account the potential environmental effects of gravel extraction.

Asset Management Group of Activities

Flood Risk Assessment and Warning

Flooding is a significant and frequent hazard with extreme, rare rainfall events projected to become more severe with climate change. Council identifies, monitors, and plans for major climate change hazards such as increased storm intensity, flooding, sea level rise and coastal erosion.

HBRC works with other local authorities through liaison, provision of floodplain mapping, catchment management planning, and investigation of specific flooding issues. It operates a comprehensive network of rainfall and river level recorders across the region, sophisticated computer modelling and has plans to improve monitoring technology to ensure Hawke's Bay has an effective flood warning and forecasting system.

This activity also provides advice on rainfall and water flows during flood conditions and hazard information for land use planning purposes to encourage community resilience and preparedness.

Regional Water Security

With many of Hawke's Bay's freshwater resources already under pressure and with the increasing effects of climate change, this activity aims to develop and deliver water storage and management solutions.

Open spaces

HBRC owns and manages Pākōwhai, Pekapeka, Tūtira and Waitangi Regional Parks, and various river berm areas. Consideration is being given to establishing a Regional Park in Ahuriri Regional Park in partnership with Napier City Council. These have multi-purpose functions including flood control, soil conservation and water quality enhancement, as well as protecting and enhancing biodiversity, cultural and historic values and providing recreational opportunities. HBRC leverages government funding to support these initiatives and partners with landowners with the aim to improve public access to these areas where practicable.

Council also contributes towards the management of Te Mata Park, and manages Waipatiki Beach Holiday Park, which it jointly owns with Hastings District Council.

This activity also manages approximately 105km of pathways on land it owns or administers. These pathways are part of the Hawke's Bay Trails, with the Hawke's Bay Trails forming part of Nga Haeraenga, New Zealand Cycle Trail.

HBRC also manages the Tangoio Soil Conservation Reserve and Waihapua forestry block.

Works Group

This activity is the external work tendered and undertaken by the Works Group. The Works Group is an autonomous business unit of the Hawke's Bay Regional Council. It has been established to operate at arm's length to ensure the cost-effective delivery of services in a transparent contractual manner. HBRC is the client for the majority of the Works Group's work programme and this is accounted for within the costs of other Council activities. External work is undertaken within specific parameters and principles including (but not limited to) full cost recovery with a risk-based margin and work must relate to councils river control and drainage expertise, skills and plant base.

The Works Group's core competencies are:

- Civil and structural contracting work associated with river and drainage maintenance
- Emergency response to natural disaster and environmental spills
- Minor capital works associated with ratepayer schemes
- Maintenance and management of major plant and resources associated with business activities and maintenance of the council vehicle fleet.

Asset Management Group of Activities

Why we do it

This group of activity primarily contributes to the following community outcomes:



Resilient Community

- Maintaining a flood control and drainage network provides protection from frequent flooding to communities. The regional parks also provide flood control.
- By providing regional monitoring and flood hazard information.
- By developing and delivering water storage and management solutions.

Prosperous Community

- By reducing the likelihood of damage from flooding on people, property, productive land and businesses for long-term benefits to our economy.
- Gravel from Hawke's Bay rivers is some of the best quality aggregate in New Zealand and essential for the economic development of the Region's construction industry, used for roads, cement production or landscaping.

The empowering legislation for this group of activities is the:

- Soil Conservation and Rivers Control Act 1941
- Land Drainage Act 1908,
- Local Government Act 2002
- The Local Government (Rating) Act 2002
- Civil Defence Emergency Management Act 2002
- Resource Management Act 1991
- Building Act 2004

In addition to the legislative mandate and responsibility, these activities are undertaken by HBRC because it has the necessary river engineering skills, historical understanding and regional overview required to integrate and manage large-scale schemes. The flood protection schemes, in particular, impact on a wide area, so a consistent approach across the region to their management is important. Council works to ensure flood protection infrastructure can meet the challenges of climate change effects to keep our communities safe.

Water is critical in our natural environment and underpins the health of our people. We also need reliable, climate-resilient supplies of freshwater so that our productive sectors of crops, orchards, vineyards and livestock can prosper.

Asset Management Group of Activities

Levels of Service

							Performance Targets	
WHY WE DO IT Strategic alignment: HBRC Strategic Plan 2020-25	WHAT WE DO Level of Service Statement (LOSS):	HOW WE KNOW Level of Service Measure (LOSM):	Previous Performance	Year 1 (2021-22)	Year 2 (2022-23)	Year 3 (2023-24)	Year 4 -10 (2024-31)	
Flood Protection and Control Works (Rivers, Drainage and Small Schemes)								
<p>A resilient community A prosperous community</p> <p>Outcome measures: By 2030, flood risk is being managed to adapt to foreseeable climate change risks out to 2100.</p>	<p>HBRC will maintain a cost-effective flood control and drainage network that provides protection from frequent flooding to communities and productive land within designated flood protection schemes in the Heretaunga Plains and Ruataniwha Plains.</p> <p>HBRC administers these schemes: 1) Heretaunga Plains Flood Control Rivers and Drainage Scheme 2) Upper Tukituki Scheme 3) Small Schemes</p>	<p>Major flood protection and control works maintained, repaired and renewed to the standards defined in the relevant scheme Asset Management Plan and annual works programme:</p> <p>1. An annual maintenance programme is prepared and delivered. 2. Annual capital programme is prepared and delivered.</p>	<p>Mandatory measure</p> <p>Achieved (2019-20)</p> <p>Achieved (2018-19)</p>	Achieved	Achieved	Achieved	Achieved	
		<p>Following a flood event, affected areas are surveyed and repairs are programmed.</p> <p>1. Following a major flood event, a flood report will be compiled within 6 months of the event (major event is defined as material impact to property or productivity). 2. Major event report outcomes incorporated into AMP.</p>	New measure	Achieved	Achieved	Achieved	Achieved	
	<p>HBRC will protect and enhance the scheme's riparian land and associated waterways administered by the Regional Council.</p>	<p>Ecological Management and Enhancement Plans (EMEP) are implemented.</p>	New measure	Achieved	Achieved	Achieved	Achieved	

Asset Management Group of Activities

Flood Risk Assessment and Warning							
<p>A resilient community A prosperous community</p> <p>Outcome measure: By 2030, flood risk is being managed to adapt to foreseeable climate change risks out to 2100.</p>	<p>HBRC provides reliable regional environmental telemetry network monitoring and flood hazard information via a regional web-based platform.</p>	<p>Percentage of time that priority telemetered rainfall and river level sites are operational throughout the year.</p>	<p>99.5% (2019-20)</p> <p>98.06% (2018-19)</p>	98%	98%	98%	98%
Regional Water Security							
<p>A resilient community A prosperous community</p> <p>Outcome measure: By 2030, Hawke's Bay has environmentally sustainable, harvestable water identified and stored or plans to be stored if required.</p>	<p>HBRC will develop and deliver water storage and management solutions that support resilience in the supply of freshwater needs of communities, particularly in the context of projected climate change impacts.</p>	<p>Actions from the Regional Water Assessment are identified and implementation is progressing according to the approved plan.</p>	New measure	Action plan developed	Implementation on track	Implementation on track	Implementation on track

Asset Management Group of Activities

Open Spaces							
<p>A resilient community A prosperous community</p> <p>By 2025, HBRC is carbon zero and plays a leadership role in the region's goal of net zero greenhouse gases by 2050. By 2050, all highly erodible land is under tree cover.</p>	<p>HBRC will maintain, develop, and provide public access to Council owned regional parks and trails, and investigate affordable new opportunities for multi-purpose benefits.</p>	<p>Regional Parks and HBRC trails are maintained as per Council's Asset Management Plan.</p>	<p>Achieved (2019-20)</p> <p>Achieved (2018-19)</p>	Achieved	Achieved	Achieved	Achieved
	<p>HBRC will demonstrate smart sustainable land use in maximising the multi-purpose benefits of its forestry investments and the Tangoio Soil Conservation Reserve.</p>	<p>HBRC Forests and the Tangoio Soil Conservation Reserve are managed to the standards defined in their respective management plans.</p>	New measure	Achieved	Achieved	Achieved	Achieved

Asset Management Group of Activities

Hawkes Bay Regional Council: Funding Impact Statement for 2021-2031 (Asset Management)												
	2019/20Actuals	2020/21Budget	2021/22Budget	2022/23Budget	2023/24Budget	2024/25Budget	2025/26Budget	2026/27Budget	2027/28Budget	2028/29Budget	2029/30Budget	2030/31Budget
Sources of Operating Funding												
General rates & uniform annual general charges, rates penal	-	-	5,303	6,038	5,969	6,427	6,493	6,970	7,269	7,684	8,048	8,607
Targeted Rates	7,259	7,239	7,353	8,592	10,049	11,180	11,470	11,757	12,063	12,389	12,723	13,054
Subsidies & grants for operating purposes	-	-	129	107	122	144	140	146	153	162	170	178
Fees & charges	2,461	2,745	2,444	2,919	1,800	1,748	1,566	3,580	1,719	1,824	4,591	1,986
Internal charges & overheads recovered	7,024	2,893	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees & other re	178	168	-	-	-	-	-	-	-	-	-	-
Total operating funding	16,922	13,045	15,229	17,655	17,939	19,500	19,669	22,453	21,205	22,059	25,532	23,826
Applications of Operating Funding												
Payments to staff & suppliers	10,200	10,026	4,607	4,443	4,579	4,569	4,712	4,842	5,051	5,051	5,187	5,450
Finance costs	93	76	35	86	152	187	221	252	284	313	364	410
Internal charges & overheads applied	1,242	1,104	8,207	8,612	9,068	9,587	9,997	10,478	11,127	11,820	12,477	13,263
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding	11,535	11,206	12,849	13,142	13,799	14,343	14,929	15,571	16,462	17,184	18,028	19,123
Operating Surplus	5,387	1,839	2,380	4,513	4,140	5,156	4,740	6,882	4,743	4,875	7,504	4,703
Sources of Capital Funding												
Subsidies & grants for capital expenditure	-	-	8,160	8,834	-	-	-	-	-	-	-	-
Development & financial contributions	-	-	-	-	-	-	-	-	-	-	-	-
Increase / (decrease) in debt	(424)	(64)	1,999	2,111	1,357	1,350	1,279	1,158	1,339	848	3,062	448
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-	-
	(424)	(64)	10,159	10,945	1,357	1,350	1,279	1,158	1,339	848	3,062	448
Applications of Capital Funding												
Capital Expenditure:												
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	965	1,855	8,908	7,726	2,568	3,362	2,159	2,213	2,270	2,051	2,043	2,096
- to replace existing assets	236	984	10,766	11,621	3,881	3,496	3,584	3,186	2,579	2,821	9,862	1,613
	1,201	2,839	19,675	19,347	6,450	6,858	5,743	5,398	4,849	4,871	11,905	3,709
Increase / (Decrease) in Reserves	3,762	(1,064)	(7,135)	(3,889)	(953)	(351)	276	2,641	1,233	852	(1,340)	1,442
Increase / (Decrease) in Investments	-	-	-	-	-	-	-	-	-	-	-	-
	4,963	1,775	12,539	15,458	5,497	6,507	6,019	8,040	6,081	5,723	10,566	5,151
Capital	(5,387)	(1,839)	(2,380)	(4,513)	(4,140)	(5,156)	(4,740)	(6,882)	(4,743)	(4,875)	(7,504)	(4,703)
Grand Total	0	(0)	(0)	(0)	(0)	0	0	0	0	0	(0)	0

Emergency Management Group of Activities

What we do

There are two activities within the Emergency Management group of activities:

- Hawke's Bay Civil Defence Emergency Management (HBCDEM) Group
- HBRC Emergency Management

These activities aim to identify potential hazards to the community and the means of reducing their impact, prepare the community for potential civil defence emergencies, and assist with the response to and recovery from any emergencies that occur.

Hawke's Bay CDEM Group

The Hawke's Bay Civil Defence Emergency Management Group (the Hawke's Bay DCEM Group or Group) is responsible for the implementation of the Hawke's Bay Civil Defence Emergency Management Group Plan.

The Group operates as a shared service across the region's councils. All civil defence staff work in the same organisation, which is administered by HBRC. This improves the capability in our region to respond to and recover from a disaster.

This activity is funded by a single regional civil defence rate, itemised as a Targeted Uniform Annual Charge on all rateable properties within the region.

HBRC Emergency Management

HBRC maintains an emergency response capability to support the Hawke's Bay CDEM Group. It does this by ensuring that staff are trained to help coordinate a response, including management of HBRC assets and ensuring essential business continues despite any disaster. Council also operates a 24-hour CDEM and HBRC Duty Management Service to respond to urgent public enquiries and complaints. HBRC is also the administering authority for East Coast LAB (Life at the Boundary) – a collaborative programme that brings together scientists, emergency managers, experts and stakeholders across the East Coast to make it easy and exciting to learn more about the natural hazards that can affect us.

Why we do it

This group of activities primarily contributes to a resilient community. It also contributes to a prosperous community:



Resilient Community

- By helping the community build resilience to hazards and potential civil defence emergencies.

Prosperous Community

- By reducing the impact of emergency events on people, property, businesses and the economy.

The relevant legislation for this function of Regional Council is:

- Civil Defence Emergency Management (CDEM) Act 2002
- Resource Management Act 1991

Hawke's Bay CDEM Group

Under the CDEM Act 2002, the region's local authorities must form a CDEM Group which is governed by a combined Joint Committee (the region's Mayors and Chair) and a Coordinating Executives Group (Council/District Health Board Chief Executive Officers, Police District Commander and Fire Area Manager). Under the Act, the Hawke's Bay CDEM Group is required to maintain an operative CDEM Group Plan that outlines a strategy to coordinate CDEM activities within the region. Hawke's Bay Regional Council is the administering authority of the CDEM Group.

Emergency Management Group of Activities

The Hawke's Bay community is often reminded of the impact of disaster including earthquakes, tsunamis and floods. People have an expectation that there will be an effective CDEM response and recovery during an emergency.

HBRC Emergency Management

Council helps the community to build its resilience to all hazards and emergency events through a comprehensive management approach using the four "Rs" of ✓ Reduction, ✓ Readiness, ✓ Response, ✓ Recovery.

This approach starts with recognising the hazards the region faces and the vulnerability of our communities and infrastructure to those hazards. By identifying the potential impacts of these hazards, the focus can move to measures to reduce the risks, manage the impacts, and when they do occur, implementing appropriate response and recovery action.

Comprehensive emergency management in Hawke's Bay requires an all-hazard, all-risks, multiagency, integrated and community focused approach to reduce the impact on life and property and the disruption that will occur within the community following such an event.

For Hawke's Bay this comprehensive approach includes roles and responsibilities for a number of organisations: local authorities (Central Hawke's Bay, Hastings, Wairoa District Councils, Napier City Council and Hawke's Bay Regional Council); emergency services (Police, Fire, Ambulance and Hospital); key utility companies (transportation, energy, civil services and communication organisations); and welfare and social agencies (Work & Income, Red Cross, Housing, Salvation Army etc).

Emergency Management Group of Activities

Levels of Service

							Performance Targets	
WHY WE DO IT Strategic alignment:	WHAT WE DO Level of Service Statement (LOSS):	HOW WE KNOW Level of Service Measure (LOSM):	Previous Performance	Year 1 (2021-22)	Year 2 (2022-23)	Year 3 (2023-24)	Year 4-10 (2024-31)	
Hawke's Bay CDEM Group								
Group Plan 2014-2019 Hawke's Bay Civil Defence Emergency Management: Vision: A resilient Hawke's Bay community Goals: Reduction, Readiness, Response and Recovery	The HB CDEM Group will educate people about hazards, increase natural hazards knowledge through research and provide this information for risk reduction measures including land use planning, asset management, and infrastructure.	A 10-yearly Hazard Research Plan is approved by and reported on annually to the CDEM Group Coordinating Executives Group and hazard information is publicly available on the Hawke's Bay Hazard Portal.	Achieved (2019-20) Achieved (2018-19)	Achieved	Achieved	Achieved	Achieved	
		Percentage of surveyed residents that can identify 3 of our top 5 hazards; earthquake, tsunami, volcanic, pandemic or flooding in Hawke's Bay (source: 2-yearly SIL Perception Survey).	New measure	>50%	No survey	>50%	>50%	
	HBRC Strategic Plan 2020-25 Community outcomes: A resilient community A prosperous community	The HB CDEM Group will increase readiness, and ensure a coordinated and appropriate response and recovery from a civil defence emergency to reduce the impact on people and property.	An operative Group Plan under the CDEM Act 2002 is in place, reported on annually and reviewed within statutory timeframes by the Joint Committee.	Achieved (2019-20) Achieved (2018-19)	Achieved	Achieved	Achieved	Achieved
		A Group Work Programme implementing the Group Plan objectives is approved and reviewed 6 monthly by the Coordinating Executives Group.	Achieved (2019-20) Achieved (2018-19)	Achieved	Achieved	Achieved	Achieved	

Emergency Management Group of Activities

		A 5-yearly independent assessment of CDEM Group's capability is completed.	Not measured (2019-20) 72% (2018-19)	No assessment	No assessment	No assessment	2023/24 & 28/29 Assessment shows continuous improvement
		Percentage of surveyed residents prepared to cope for at least three days or more on their own (source: 2-yearly SIL Perception Survey).	84% food, 62% water, 82% cooking (2018-19)	>50%	No survey	>50%	>50%
HBRC Emergency Management							
HBRC Strategic Plan 2020-25: Community outcomes: A resilient community A prosperous community	As the HB CDEM Group's Administering Authority, HBRC will provide an agreed budget and support to enable the Group to achieve the CDEM outcomes agreed to in the Group Plan.	HBRC provides support to the HB CDEM Group in accordance with a service level agreement.	Achieved (2019-20) Achieved (2018-19)	Achieved	Achieved	Achieved	Achieved
	HBRC will ensure it has capability and capacity to respond and manage its assets during a civil defence emergency, including a 24-hour duty management system.	Maintain established team, training, procedures including Emergency Operations Centre Manual and Business Continuance Plan.	Achieved (2019-20) Achieved (2018-19)	Achieved	Achieved	Achieved	Achieved

Emergency Management Group of Activities

Hawkes Bay Regional Council: Funding Impact Statement for 2021-2031 (Emergency Management)												
	2019/20Actuals	2020/21Budget	2021/22Budget	2022/23Budget	2023/24Budget	2024/25Budget	2025/26Budget	2026/27Budget	2027/28Budget	2028/29Budget	2029/30Budget	2030/31Budget
Sources of Operating Funding												
General rates & uniform annual general charges, rates penal	161	163	314	327	341	359	374	389	409	432	451	472
Targeted Rates	2,149	2,129	2,177	2,509	2,892	3,241	3,325	3,408	3,497	3,591	3,688	3,784
Subsidies & grants for operating purposes	291	100	80	83	86	88	89	91	93	95	97	240
Fees & charges	1,357	295	112	115	118	121	124	127	130	134	137	-
Internal charges & overheads recovered	1,173	(16)	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees & other re	4	11	-	-	-	-	-	-	-	-	-	-
Total operating funding	5,135	2,682	2,682	3,033	3,437	3,808	3,912	4,016	4,129	4,252	4,373	4,495
Applications of Operating Funding												
Payments to staff & suppliers	3,967	2,047	539	524	538	552	566	580	595	611	628	644
Finance costs	-	-	-	-	-	-	-	-	-	-	-	-
Internal charges & overheads applied	817	597	2,535	2,658	2,785	2,955	3,087	3,229	3,405	3,620	3,794	3,984
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding	4,784	2,644	3,073	3,182	3,323	3,507	3,653	3,809	4,000	4,232	4,422	4,628
Operating Surplus	351	38	(391)	(149)	113	301	259	207	128	20	(49)	(133)
Sources of Capital Funding												
Subsidies & grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-	-
Development & financial contributions	-	-	-	-	-	-	-	-	-	-	-	-
Increase / (decrease) in debt	-	-	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-	-
	0	0	0	0	0	0	0	0	0	0	0	0
Applications of Capital Funding												
Capital Expenditure:												
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	-	-	-	-	-	-	-	-	-	-	-	-
- to replace existing assets	-	-	-	-	-	-	-	-	-	-	-	-
	351	38	(391)	(149)	113	301	259	207	128	20	(49)	(133)
Increase / (Decrease) in Reserves	-	-	-	-	-	-	-	-	-	-	-	-
Increase / (Decrease) in Investments	-	-	-	-	-	-	-	-	-	-	-	-
	351	38	(391)	(149)	113	301	259	207	128	20	(49)	(133)
Capital	(351)	(38)	391	149	(113)	(301)	(259)	(207)	(128)	(20)	49	133
Grand Total	0	(0)	(0)	(0)	(0)	0	0	0	(0)	(0)	0	(0)

Transport Group of Activities

What we do

There are two activities within the Transport group of activities:

- Transport Planning and Road Safety²
- Passenger Transport

Transport Planning and Road Safety

The Regional Council is responsible for regional transport planning under the Land Transport Management Act 2003 and co-ordination of road safety education across Hawke's Bay. Key deliverables are the Regional Land Transport Plan and the Regional Public Transport Plan. Both plans are reviewed every three years.

The Regional Transport Committee is a permanent committee required by statute and is involved in the development of the above plans. It comprises one representative from each of the four territorial authorities (Napier, Hastings, Central Hawke's Bay and Wairoa councils), one representative from the New Zealand Transport Agency and two representatives from the Regional Council. It is supported by advisory members from the community with transport interests.

RoadSafe Hawke's Bay is a business unit of HBRC, set up in 2009 as a regional resource providing road safety education, raising driver awareness of key road safety issues, and working with other key stakeholders to reduce the incidence and severity of road traffic crashes. The key focus is to change road user behaviour, making roads safer for people to use. Through RoadSafe Hawke's Bay HBRC has taken a leadership role in education and awareness building to help achieve some of the objectives of the Regional Land Transport Plan.

Passenger Transport

A major part of the Council's transport role is to contract bus and Total Mobility taxi services to provide the community with access to work, education, social and recreational activities. Public bus services are provided in and around Hastings, Flaxmere, Havelock North, Taradale and Napier.

² This activity is the mandatory "Road Safety" Group of Activities as required under Schedule 10(2) of the Local Government Act 2002.

The region's public transport system forms a key component of the region's strategic land transport network. It links the cities of Napier and Hastings and services cross district boundaries. Given this, the Regional Council is the most appropriate authority to deliver passenger transport services.

The Total Mobility Scheme provides subsidised passenger services for those who can't use their own vehicle or use public transport due to a significant, permanent impairment. Services are provided in urban areas in the region and are funded by HBRC and the New Zealand Transport Agency.

Why we do it

This group of activities contributes to the following community outcomes:



Healthy Environment



Resilient Community



Prosperous Community

Healthy Environment

- By providing sustainable transport options, reducing emissions and creating a healthier environment.

Resilient Community

- By providing access for the transport disadvantaged, and access to essential services and amenities.

Prosperous Economy

- By providing affordable transport solutions that facilitate economic development. By increasing resilience of transport infrastructure.
- Advocacy to secure central government funding.

Transport Group of Activities

Levels of Service

							Performance Targets	
WHY WE DO IT Strategic alignment:	WHAT WE DO Level of Service Statement (LOSS):	HOW WE KNOW Level of Service Measure (LOSM):	Previous Performance	Year 1 (2021-22)	Year 2 (2022-23)	Year 3 (2023-24)	Year 4-10 (2024-31)	
<p>Draft Hawke's Bay Regional Land Transport Plan 2021: Vision: Hawke's Bay's transport network fosters a vibrant, accessible and sustainable Hawke's Bay.</p> <p>Headline targets: Deaths and Serious Injuries are reduced by at least 40% by 2030.</p> <p>30% of population travelling to work and 65% travelling to education will walk, cycle and use public transport by 2030.</p> <p>Regional Public Transport Plan 2019-2029: Vision: To deliver a public transport system that is safe, increasingly used, integrated with other modes, and contributes to the economic, social, and environmental well-being of the people of Hawke's Bay.</p>	Transport Planning and Road Safety							
	HBRC will develop and implement the region's transport planning documents to promote integration, low carbon future and sustainability of all transport modes and a resilient, efficient and reliable network.	Adopted Regional Land Transport Plan (RLTP), Regional Public Transport Plan (RPTP) and Regional Cycling Plan in place.	Achieved (2019-20)	Achieved	Achieved	RLTP & Regional Cycling Plan reviewed	Achieved	
		Percentage of the Hawke's Bay population that use public or active transport for work or education (source: Statistics NZ, bus patronage, cycleway meters).	New measure	Increasing trend	Increasing trend	Increasing trend	Increasing trend	
	HBRC will coordinate and implement sustainable regional road safety initiatives so that Hawke's Bay's transport network is safe and accessible, and the emotional and financial costs of road traffic crashes are reduced.	Incidence of deaths and serious injury crashes in our region (per 100,000 people).	113 total (2019-20)	Decreasing trend*	Decreasing trend*	Decreasing trend*	Decreasing trend*	
		NB: Mandatory measure	344 total (2018-19)				*5 year rolling average	
	Passenger Transport							
HBRC will provide an accessible, integrated public transport service for the people of Hawke's Bay and work with the relevant territorial authority to ensure	Annual patronage on the Hawke's Bay bus services.	512,397 (2019-20)	Maintain or increasing trend*					
		645,297 (2018-19)						

Transport Group of Activities

<p>HBRC Strategic Plan 2020-25 Community outcomes: A healthy environment A resilient community A prosperous community</p> <p>Outcome measures: By 2025, HBRC is carbon zero and plays a leadership role in the region's goal of net zero greenhouse gases by 2050.</p> <p>By 2025, regional air quality consistently meets World Health Organisation guidelines.</p>	<p>appropriate service infrastructure to meet transport needs and transition to a low carbon economy.</p>	<p>Percentage of urban households within 400m of a regular bus route.</p> <p>NOTE: This LOS is a significant increase on previous years which will be achieved through the proposed On-demand transport pilot</p>	<p>New measure</p>	<p>100% Hastings urban area</p>	<p>100% Hastings urban area</p>	<p>100% Hastings and Napier urban areas</p>	<p>100% Hastings and Napier urban areas</p>
--	---	---	--------------------	---------------------------------	---------------------------------	---	---

Transport Group of Activities

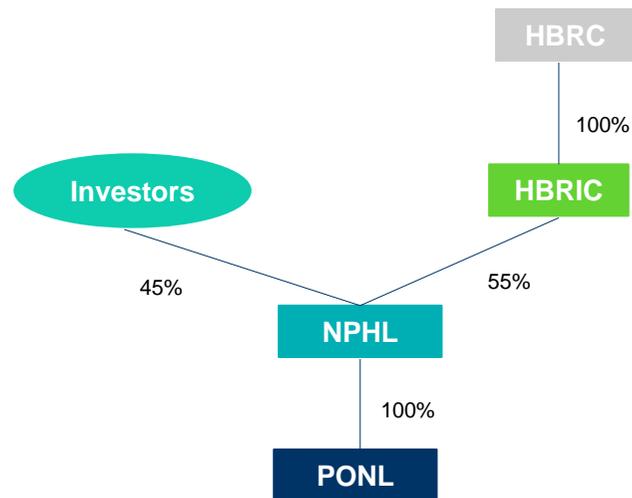
Hawkes Bay Regional Council: Funding Impact Statement for 2021-2031 (Transport)												
	2019/20Actuals	2020/21Budget	2021/22Budget	2022/23Budget	2023/24Budget	2024/25Budget	2025/26Budget	2026/27Budget	2027/28Budget	2028/29Budget	2029/30Budget	2030/31Budget
Sources of Operating Funding												
General rates & uniform annual general charges, rates penal	251	197	236	245	256	270	282	294	309	328	343	359
Targeted Rates	1,677	1,653	2,675	2,754	3,155	3,199	3,309	3,424	3,557	3,714	3,853	3,990
Subsidies & grants for operating purposes	3,382	3,320	3,744	3,795	4,247	4,334	4,486	4,643	4,828	5,044	5,236	5,427
Fees & charges	83	26	-	-	-	-	-	-	-	-	-	-
Internal charges & overheads recovered	525	(48)	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees & other re	(5)	(8)	-	-	-	-	-	-	-	-	-	-
Total operating funding	5,913	5,140	6,654	6,794	7,658	7,803	8,077	8,360	8,694	9,086	9,432	9,777
Applications of Operating Funding												
Payments to staff & suppliers	5,337	5,126	5,239	5,268	5,982	5,982	6,137	6,291	6,455	6,629	6,808	6,985
Finance costs	9	6	4	4	5	4	3	3	2	2	1	0
Internal charges & overheads applied	279	267	1,361	1,412	1,561	1,704	1,821	1,950	2,119	2,335	2,500	2,685
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding	5,625	5,399	6,604	6,684	7,547	7,690	7,962	8,244	8,576	8,966	9,309	9,670
Operating Surplus	288	(259)	51	110	111	113	115	116	119	121	123	107
Sources of Capital Funding												
Subsidies & grants for capital expenditure	63	-	-	-	-	-	-	-	-	-	-	-
Development & financial contributions	-	-	-	-	-	-	-	-	-	-	-	-
Increase / (decrease) in debt	-	-	(25)	(24)	(24)	(24)	(25)	(25)	(26)	(27)	(27)	(10)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-	-
	63	0	(25)	(24)	(24)	(24)	(25)	(25)	(26)	(27)	(27)	(10)
Applications of Capital Funding												
Capital Expenditure:												
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	17	-	-	-	-	-	-	-	-	-	-	-
- to replace existing assets	-	-	23	24	25	25	26	27	27	28	29	29
	17	-	23	24	25	25	26	27	27	28	29	29
Increase / (Decrease) in Reserves	334	(259)	3	62	63	63	64	65	65	66	67	68
Increase / (Decrease) in Investments	-	-	-	-	-	-	-	-	-	-	-	-
	351	(259)	26	86	87	88	90	91	93	94	95	97
Capital	(288)	259	(51)	(110)	(111)	(113)	(115)	(116)	(119)	(121)	(123)	(107)
Grand Total	0	0	(0)	0	(0)	(0)	0	(0)	(0)	0	(0)	0

Statement on Council Controlled Organisations for 2021-31 Long Term Plan

Statement on Council-Controlled Organisations

Introduction

In February 2012 Hawke’s Bay Regional Council (HBRC) established a Council Controlled Trading Organisation called the Hawke’s Bay Regional Investment Company (HBRIC Ltd). HBRC has a 100% shareholding in HBRIC Ltd which has 55% shareholding in the Port of Napier Limited’s (PONL) holding company, Napier Port Holdings Ltd (NPHL). Napier Port Holdings Ltd was listed on the NZX in August 2019 and has 100% ownership of PONL.



Hawke’s Bay Regional Investment Company Limited

Policy and Objectives in Relation to Ownership and Control

HBRC will retain majority ownership of NPHL/PONL through its wholly owned investment company. HBRIC Ltd, NPHL and PONL are strategic assets of HBRC and will therefore require a special consultative process if there was to be any dilution of the shareholding below 51%.

A strategic asset is defined in the Local Government Act 2002 as “an asset or group of assets that the local authority needs to retain to maintain its capacity to achieve or promote any outcome that it determines to be important to the current or future well-being of the community”. Council’s strategic assets are listed in its Significance and Engagement Policy.

HBRC’s objectives in setting up HBRIC Ltd are to:

- Enhance HBRC’s capability to actively manage transferred strategic assets.
- Improve net financial and economic returns from these assets.
- Provide flexibility of operation not otherwise available directly to HBRC which would increase returns to HBRC from its ongoing financial management.

Nature and Scope of the Activities

The nature and scope of HBRIC Ltd.’s activities are to:

- Own and manage the investment assets and liabilities transferred to it by HBRC.
- Encourage and facilitate subsidiary and associated companies to increase shareholder value and regional prosperity through growth, investment, and dividend payments.
- Invest in equity investments providing long term commercial returns and where possible also provide a regional benefit.
- Invest in real assets providing long term commercial returns and where possible also provide a regional benefit.

- Ensure that best practice governance procedures are applied to the key regional infrastructure and financial investments that are under HBRIC Ltd's ownership.
- Monitor the performance of each subsidiary and associated company against their stated economic, environmental, and social performance objectives and against relevant benchmarks, ensure that they have proper governance procedures in place, and promote sustainable business practices.
- Advise Council on strategic issues relating to its investments including, but not limited to, ownership structures, capital structures and rates of return.
- Perform financial, custodial, and other functions required by Council which may include:
 - Enabling diversification of the Region's income streams for the benefit of ratepayers.
 - Enhancing Council's capability to manage an active investment policy.
- Comply with the LGA provisions requiring a special consultative process, and with Council policies, in regard to any disposal or part-disposal of shares in any Strategic Asset.
- Advise Council of any material capital expenditure projects by HBRIC Ltd or via its subsidiaries.

Key Performance Targets

HBRIC Ltd is to actively manage its allocated investment portfolio and any new investment it makes to ensure:

- Growth in long term shareholder value.
- Increased financial and strategic returns.
- Investments are secure and sustainable over the long term.
- Investments will assist achievement of HBRC's regional strategic development objectives.
- Maintain a majority ownership of the Port of Napier Limited.

- Generate commercial returns across the managed funds portfolio, sufficient to protect and grow the capital base and contribute towards funding Council's operating costs.
- Invest in equity investments providing long term commercial returns and where possible provide a regional benefit.
- Invest in real assets providing long term commercial returns and where possible provide a regional benefit.

Napier Port Holdings Limited (NPHL)

Policy and Objectives in Relation to Ownership and Control

HBRC's and HBRIC's objectives in setting up NPHL are to:

- Create a NZX listed entity which is the sole entity to offer new shares to the public.
- Create a corporate and governance structure accountable to all shareholders. The constitution of NPHL will require its board to mirror the board of PONL.

Nature and Scope of the Activities

The nature and scope of NPHL activities are to:

- Own and oversee the successful operation of PONL.
- Meet NZX regulatory requirements and be the listed entity which is subject to the NZX listing rules and other financial markets legislation.
- Ensure that best practice governance procedures are applied to NPHL and PONL.

Key Performance Targets

The key performance targets of NPHL are:

- Encourage and oversee growth in long term shareholder value.
- Encourage and oversee increased financial and strategic returns.

- Ensure investments in PONL are secure and sustainable over the long term.
- Ensure socially responsible operation of PONL.
- Support ongoing growth of the regional economy.

**Statement on Fostering
Contributions to Decision
Making by Māori for the
2021-31 Long Term Plan**



TE KAUNIHERA Ā-ROHE O TE MATAU-A-MĀUI

Statement on Fostering Contributions to Decision-making by Māori

Under the Local Government Act 2002, a local authority must establish and maintain processes to provide opportunities for Māori, and foster Māori capacity, to contribute to the decision-making processes of the local authority.

This statement sets out the processes in place to develop Māori capacity to contribute to decision-making processes of the Hawke's Bay Regional Council (HBRC).

Regional Planning Committee

Treaty settlements with Hawke's Bay claimant groups are significant for HBRC where they relate to natural resource management and cultural redress.

HBRC and the Treaty claimant groups worked collectively to establish the Regional Planning Committee. This was formally adopted by HBRC in September 2011 and the first Regional Planning Committee meeting was held in April 2012.

The Hawke's Bay Regional Planning Committee Act came into effect in August 2015. This Act formalises the statutory existence of the Committee. The purpose of this Act is to improve tangata whenua involvement in the development and review of documents prepared in accordance with Resource Management Act 1991 for the Hawke's Bay region. The RPC comprises equal numbers of elected members and Treaty settlement claimant representatives. All Committee members have full speaking and voting rights.

When the Committee has prepared a plan or policy statement or a change to either of these it recommends the document to HBRC for formal adoption and public notification. HBRC cannot then make amendments before notification but must refer the document back to the Committee for its further consideration should it not agree with the Committee's recommendation.

Māori Committee

HBRC has had a representative group of Ngati Kahungunu tangata whenua as its Māori Committee since 1991, one of the first councils in New Zealand to do so.

The Committee consists of 12 members, three from each of the four Taiwhenua within HBRC boundaries plus three Councillors.

The Committee meets every second month and considers various relevant issues and provides the Council with recommendations taking into account tangata whenua views, expectations and aspirations.

The Charter

In 1994 a charter was developed which set out the way in which the Māori Committee and HBRC would engage. The Charter includes HBRC's responsiveness to its statutory obligations including policies aligning to the Te Tiriti O Waitangi, resource consents consultation, and communication and engagement. The Charter was last reviewed and adopted in September 2020 along with the Māori Committee's Terms of Reference and Work Plan for the triennium. These documents set out in detail how the Māori Committee will actively participate in and contribute to Council decision-making processes, working in partnership.

Direct Hapū and Other Involvement

The Council has direct interaction with a number of hapū and marae on issues of concern to them within this takiwa. In addition, bi-lateral hui between HBRC leaders and Treaty settlement entities including the Iwi Chairs, is part of the Council's commitment to developing and strengthening our partnership with Tāngata Whenua (often beyond the remit of the Regional Planning Committee). Topics are

raised and discussed with consideration for the next steps being planned and agreed to by both parties. At three or six month follow-up meetings, the Council provides both updates and feedback of the actions taken on those issues.

Giving effect to co-governance

In summary, opportunities for Māori to contribute to decision-making include:

- Nine Treaty settlement claimant group members sit alongside nine elected members on the Regional Planning Committee
- The Chair/s of the Māori Committee sit in HBRC meetings as a non-voting participating member
- A tangata whenua member from each of the RPC and Māori Committees sits on the following Council committees:
 - Regional Transport Committee
 - Corporate and Strategic Committee
 - Environment and Integrated Catchments Committee
 - Hearings Committee

Giving effect to co-management

The Māori Partnerships Group within Council, led by Te Pou Whakarae, is committed to building the cultural competency of all HBRC staff. HBRC's cultural competency framework will enable staff to understand te reo (Māori language), tikanga (protocols) and te taiao (environment through a Māori lens). This will provide staff with the knowledge and tools for engaging appropriately with tangata whenua.

HBRC recognises Mātauranga Māori is an emerging field in council business and a dedicated new role within the Maori Partnerships Team will be resourced through the 2021 Long Term Plan. External engagement of this capability will also be sought when needed.

Financial Strategy 2021-31



TE KAUNIHERA Ā-ROHE O TE MATAU-A-MĀUI

Financial Strategy | Rautaki Pūtea

1. Introduction

1.1 Purpose

As required under section 101A of the Local Government Act, the purpose of this financial strategy is to facilitate prudent financial management by providing a guide for the council to consider proposals for funding and expenditure against. Furthermore, this strategy will endeavour to make transparent the overall effects of these strategies on HBRC's services, rates, debt and investments.

1.2 Context

The Financial Strategy informs and guides the assessment of funding and expenditure proposals outlined in the LTP. It brings together key aspects of other sections in the LTP to form a coherent strategy as illustrated below.



Key Changes to the 2021-31 Financial Strategy

- An increase in debt limit from Net Debt / Total Revenue 150% to 175% - in-line with LGFA policy covenants
- Increase in Rates as a % of Revenue from 50% to 60% to reduce reliance on investment income
- Build an investment equalization reserve of \$10m by the end of the plan
- Borrowing to fund operational costs in years 1 to 4 to balance the rating impact in order to fund an accelerated work programme
- Hawkes Bay Regional Investment Company mandated to grow its investment portfolio

2. Key Goals and Outcomes

The 2021-31 LTP consolidates the growth initiated in 2018 and continues to push on multiple fronts, particularly implementation of freshwater reform, increasing biodiversity restoration and increasing the climate resilience of our flood control infrastructure, all to achieve faster results on-the-ground at scale.

The Financial Strategy pulls all levers available to council to accelerate and scale-up activity to achieve these goals. Key levers include the council's funding mix (i.e. fees and charges, investment income, debt, external grant funding and rates).

It supports the 'Act Now' philosophy of this LTP being an acceleration of delivery in the early years to both capitalise on third party funding and achieve more, sooner.

Financial Strategy | Rautaki Pūtea

The impact of which sees significant pressure on rates and a need to borrow to fund intergenerational and capital projects, and to bridge operating expenses until income from rates and investments increases sufficiently in year 5. By 2025-26 rates revenue is at a level where borrowing to offset rates is not required. By 2030-31 this borrowing from the previous four years is repaid.

This plan includes new borrowing of \$120 million over ten years with a total outstanding loan balance of \$110 million by the end of 2031 after repayments. External debt peaks in 2026 at \$123 million at 140% of revenue.

The strategy over 10 years aims to reduce reliance on investment income by lifting the percentage of income from rates from 50% to 60% and to build an investment income equalisation fund. Council would like to build up investment reserves to increase its resilience to market fluctuations which impact its ability to fund operating expenditure. This does not discount the need and role of investment income as an important revenue stream to subsidise rates, rather aims to protect the organisation against financial/economic shocks/market volatility.

The Investment Strategy aims to optimise returns and portfolio growth by maintaining real capital value and protecting capital for future generations.

It introduces an overall yield split target for Council's investment portfolio and a process for recognising capital gains.

Council's primary objective for its investment company, HBRIC, is to deliver a commercial return to Council over the long term. HBRIC has a mandate to grow its investment portfolio, particularly where the investment drives regional growth and environmental outcomes.

3. Key Considerations

3.1 Significant Forecasting Assumptions

The section in this plan on significant forecasting assumptions sets out the key factors and assumptions used in preparing the 2021-31 LTP. Key assumptions influencing the financial projections and financial strategy include interest rates and projected returns on investments, projected inflation rates, Environment, Climate change, population and land use.

3.1 Changes in population

Providing for population change in Hawke's Bay is not expected to have a significant impact on HBRC's operating and capital costs over the 10-year life of the plan.

HBRC's assumptions on changes in population are set out in the Significant Forecasting Assumptions section of this LTP. The HB population is expected to grow by between 0.61% and 0.76% per annum over the 10-year period. The Hawke's Bay population is expected to grow from 176,694 in 2021 to 189,672 in 2032.

3.2 Change in land use

HBRC is a regional council and as such the demand for council services and capital expenditure is not impacted by changes in population and land use to the degree that these factors impact on a City or District Council.

HBRC's assumptions on changes in land use are set out in the Significant Forecasting Assumptions section of this LTP.

Changes in land use are not expected to have a major impact on the cost of Council services over the 10 years of this plan.

3.3 Change in community values and expectations

There is increasing pressure on government (local and central) to deliver better environmental outcomes, faster. As a result, central government has created new legal and rule-based instruments (such as the National Policy Statement for

Financial Strategy | Rautaki Pūtea

Freshwater, amongst others) that require HBRC to do more in certain areas. This plan proposes a range of land and water related initiatives to effect change at scale and pace to address increased community expectations. This package of initiatives is focussed on getting things done on-farm through a mix of incentives and regulatory backstops as needed. The package is designed to provide landowners with the knowledge, tools and resources to meet the required changes, ideally before nationally driven deadlines come into effect.

4. Funding

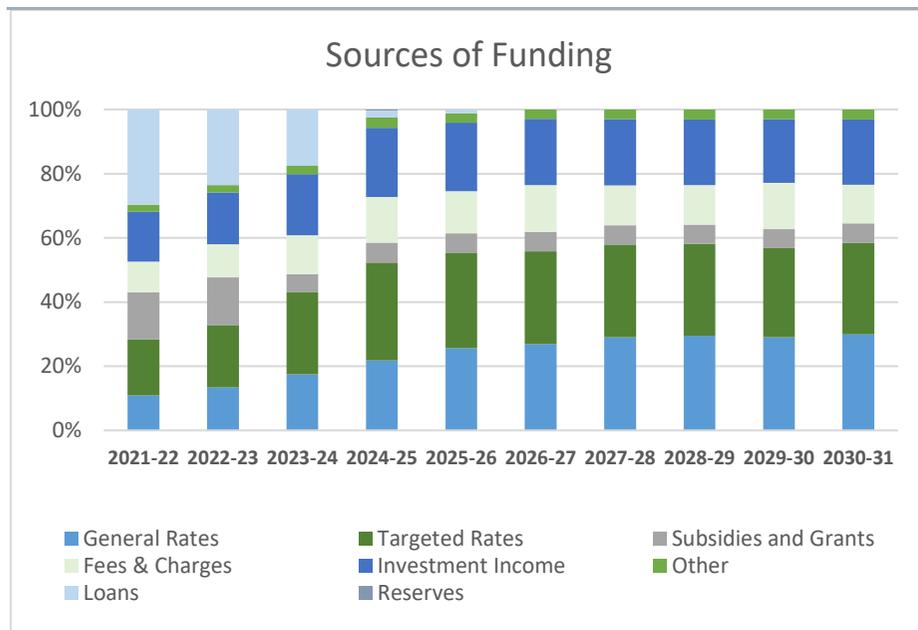
4.1 Funding Sources

HBRC activities are funded by a diverse mix of funding sources, including:

- General Rates
- Targeted Rates
- Investment Income
- Fees and Charges
- Loans
- Reserves
- Grants
- NZU's

The funding mix over the period of the LTP is shown below.

Financial Strategy | Rautaki Pūtea



The challenge for HBRC is to fund its accelerated strategic agenda and reduce its reliance on investment income and build an investment equalisation fund to provide a more resilient long-term strategy. This funding strategy uses external borrowing particularly in the early years to balance rate increases. It strives to maintain real value and grow returns from the investment portfolio to ensure future both current and future generations of rate-payers benefit.

4.1 Fees and charges

Fees and charges provide around 15% of the annual funding requirement of HBRC, reflecting the user pays principle of charging directly to those using our services, where it is practical to do so. Eighty percent of recoverable costs related to consent and compliance activities are charged to consent holders, and it is proposed to

introduce a new charge to Napier Port Ltd to cover 60% of the costs of the management of navigational safety in the Napier Pilotage area.

Section 36 of the RMA allows regional councils to charge consent holders to recover costs related to research, investigation and monitoring of the environment. HBRC has continued with the policy of recovering 35% of the cost of water science activities from relevant consent holders but are proposing a change to the methodology used to allocate the annual charges, to simplify the fee schedule to region wide charges, and to introduce more proportionality of the charge to consented activity and the effects of the consented activity.

4.2 Investments

HBRC has historically been able to keep general rates at a minimum as they are subsidised by investment income effectively providing these returns back to the regional community.

A significant portion of investment income is derived from HBRC's investment in HBRIC Ltd which owns Napier Port. This ownership was reduced from 100% to 55% in August 2019 by way of an IPO listing 45% of shares on the NZX. The capital released from the IPO was ring-fenced and placed into managed funds. This achieved an objective of greater diversification of the investment portfolio. Other investment income includes leasehold income, forestry income, cash on term deposit.

Because of its reliance on investment income, HBRC was significantly impacted by the volatility of financial markets in the wake of the Covid-19 pandemic. The 2021-31 investment strategy aims to reduce reliance on investment income to fund Councils day to day operations and to build an investment income equalisation fund to provide resilience and reliability in the future.

4.3 Debt

The 2021-31 LTP continues the strategy to leverage the balance sheet set out in the previous plan. Low external debt and historically low interest rates support the financial strategy set out in this plan.

Financial Strategy | Rautaki Pūtea

We will continue to borrow for capital works and for projects and programmes that provide intergenerational benefits, specifically where additional funding can be leveraged from other parties (government). This plan includes borrowing in years one through five to balance the rating impact and fund the accelerated work programme until income from rates and investment income is sufficient to fund the Councils operations.

Planned new borrowing includes riparian planting and afforestation, sustainable homes, asset management (flood control schemes), system integration software and other capital expenditure.

HBRC has considered the timing of the programmes and the associated borrowing required to ensure that this best meets the needs of current and future generations. The debt levels stated below are set as such to enable HBRC to maintain the present levels of service and to meet the increased levels of service proposed in this Plan.

A key aspect of this LTP financial strategy is an increase in the debt limit of Net Debt as a percentage to Total Revenue from 150% to 175% in line with LGFA policy covenants. This provides more headroom and ability to borrow in the plan

Debt Security

When HBRC undertakes external borrowing it does so under the Debenture Trust Deed which was established in October 2009.

Under the Debenture Trust Deed HBRC's borrowing is secured by a floating charge over all HBRC rates levied under the Rating Act, excluding any rates collected by HBRC on behalf of any other local authority. In such circumstances, the security offered by HBRC ranks 'Pari Passu' for all stock issues by HBRC including any security stock issued.

Under the Debenture Trust Deed HBRC offers deemed rates as security for general borrowing programmes. From time to time, with prior HBRC and Debenture Trustee approval, security may be offered by providing a charge over one or more of HBRC's assets.

- Physical assets will be charged only where:
- There is a direct relationship between the debt and the purchase or construction of the asset which it funds (such as an operating lease or project finance);
- HBRC considers a charge over physical assets to be appropriate;
- Any pledging of physical assets must comply with the terms and conditions contained within the Debenture Trust Deed.



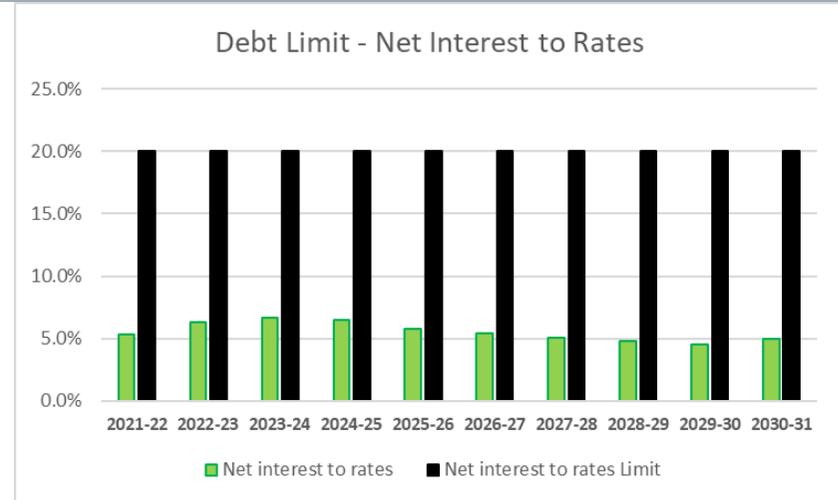
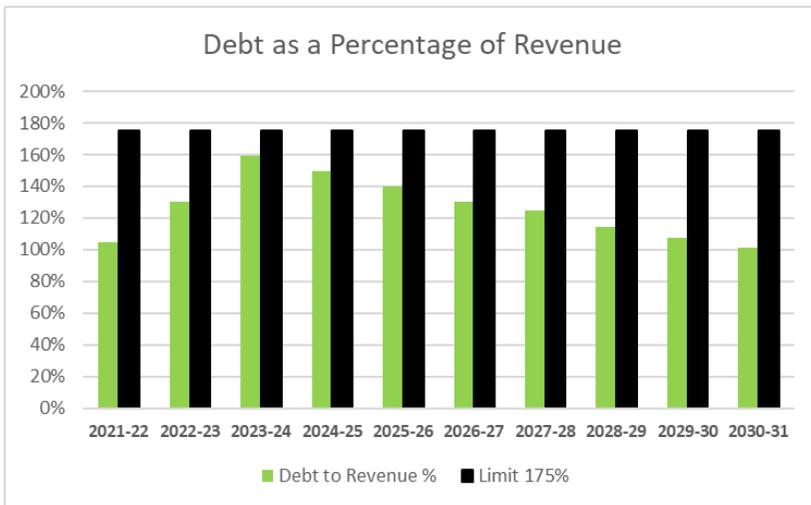
Financial Strategy | Rautaki Pūtea

Limits on Debt

HBRC has two debt affordability limits which must be complied with:

- Net external debt as a percentage of total revenue must be under 175%
- Net Interest on external debt as a percentage of annual rates income must be less than 20%

The graphs below show the proposed limits on debt for the 2021-31 LTP



Financial Strategy | Rautaki Pūtea

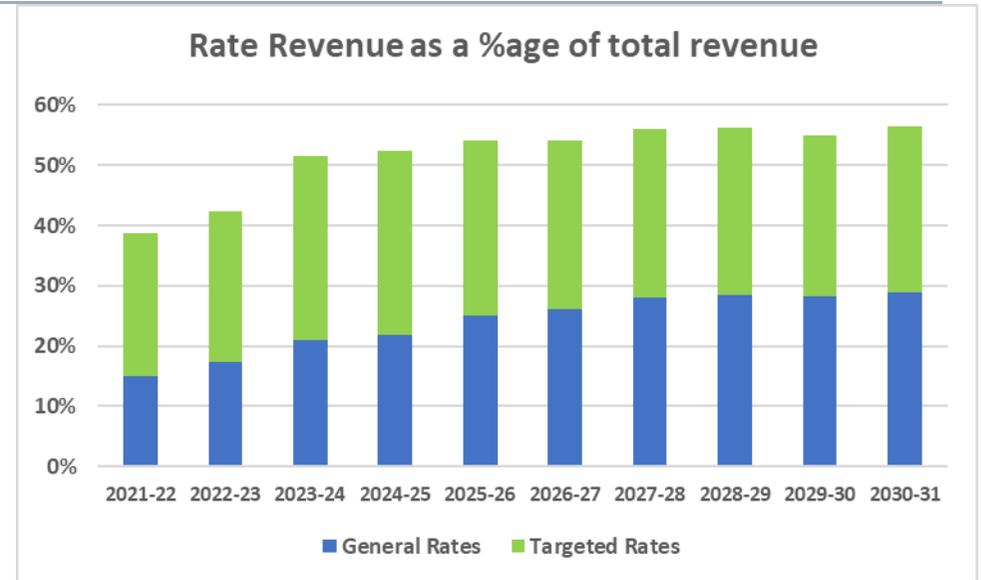
4.4 Rates

The balance of HBRCs funding requirements are provided by rates. Rates are always the last alternative for funding operations due to the direct impact on the community, however they are a Councils most reliable source of income, and a key aspect of this LTP financial strategy is to reduce the reliance on other revenues and move the proportion of rates revenue up to 60% of total income over time. The proportion increase up from 39% in 2021-22 to 56% in 2031.

Limits on Rates and Rate Increases

HBRC has set the following limits in relation to its rate revenue:

- Total rates revenue will not exceed 60% of HBRCs annual revenue requirements
- Increases in the annual rate revenue requirement will not exceed 8% of HBRCs annual operating expenditure requirements



Financial Strategy | Rautaki Pūtea

4.5 Impact on Proposed HBRC Service Levels

HBRC is confident of its ability to provide and maintain existing levels of service and to meet additional demands for services included in the LTP within these limits.

4.6 Balanced Budget and Operating Surplus

HBRC have prepared an LTP balanced budget other than in year three with a balanced budget benchmark of 97% (-\$1.04m). The increasing surplus in the later years is to repay borrowing used to smooth the rates impact in the initial 4 years.

Rate Increases/(Decreases)										
	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Total rates increase from previous year	↑ 19.5%	↑ 15.0%	↑ 14.5%	↑ 10.0%	↑ 11.4%	↑ 7.2%	↑ 6.9%	↑ 4.9%	↑ 3.9%	↑ 3.4%

Financial Measures: Rate Forecasts											
Rates (\$'000's)	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
General Rates	8,427	11,347	13,834	15,776	17,809	21,983	24,626	27,294	29,003	30,385	31,489
Total Targeted Rates	16,213	18,101	20,031	22,992	24,846	25,594	26,348	27,200	28,134	29,036	29,942
Total Rates	24,640	29,448	33,865	38,768	42,655	47,577	50,975	54,494	57,137	59,421	61,431

Projected Number of Rating Units										
	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Rating Units	71,957	72,525	73,105	73,653	74,213	74,792	75,360	75,918	76,465	77,000

Financial Strategy | Rautaki Pūtea

5. Investment Strategy

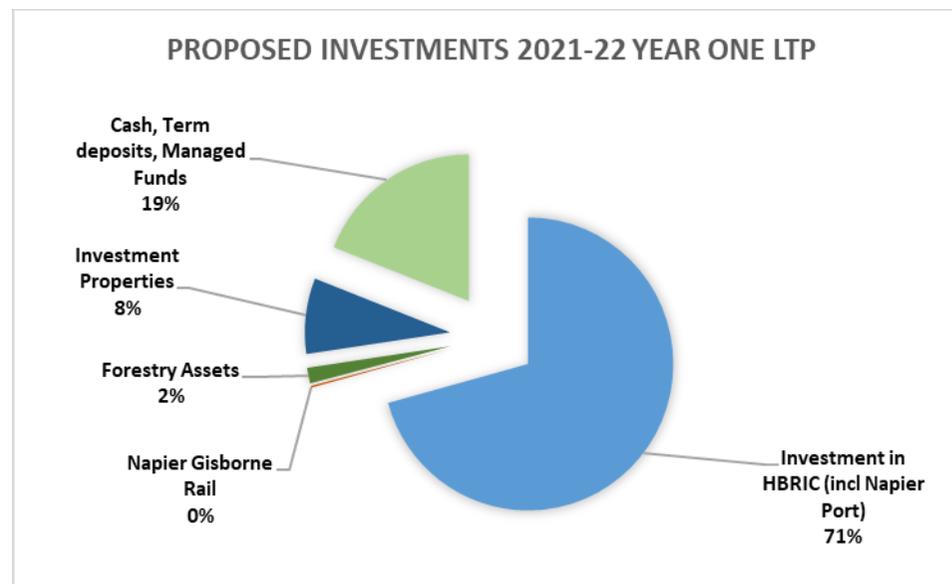
5.1 Financial Strategy for HBRC's Investment Portfolio

HBRC's strategic investment agenda for the 2021-31 LTP is to optimise returns and protect and grow the real value of its investments for the benefit of all ratepayers.

It aims to reduce Council's reliance on investment income to fund day to day operational expenditure and build an investment income equalisation fund to increase its resilience to market fluctuations impacting its ability to fund operating expenditure. This does not discount the need and role of investment income as a revenue stream to subsidise rates and to help fund an aggressive programme of environmental enhancement projects, rather aims to protect the organisation against financial/economic shocks/market volatility.

Following the Napier Port minority IPO which took place during the previous planning cycle, Council's primary objective for its investment company HBRIC, is to deliver a commercial return to Council over the long term. Council has given HBRIC a mandate to borrow against its assets to grow its investment portfolio. Particularly where the investment drives regional growth and environmental outcomes.

The allocation of the current investment portfolio in year one of the LTP is shown below.



Financial Strategy | Rautaki Pūtea

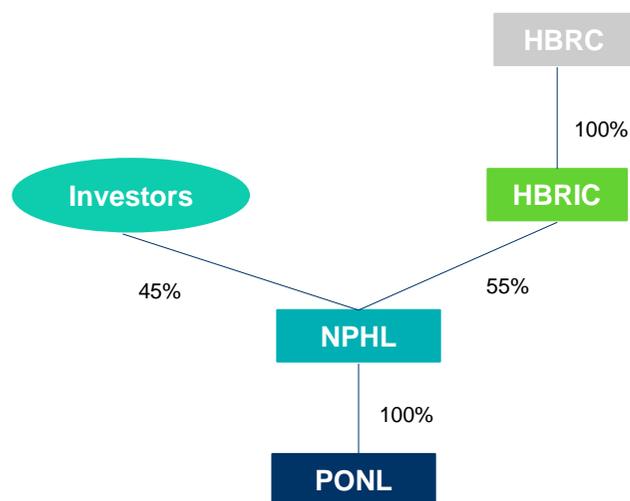
5.2 Investment Strategies/Economic Drivers/Value of Investment

HBRIC Ltd

HBRIC Ltd, the Council’s investment company, commenced activities in February 2012. As signalled in the previous LTP, in August 2019, as part of a capital restructure, HBRIC reduced its ownership in the Port of Napier Limited (PONL) from 100% to 55%. HBRIC Ltd maintains majority ownership of PONL through its share (55%) of ownership of the PONL’s holding company, Napier Port Holdings Ltd (NPHL). The capital restructure also saw the successful NZX listing of NPHL in August 2019.

Dividends payable to HBRC will be determined by the HBRIC Ltd Directors after taking into account its profitability, future investment and cash flow requirements and requirements to meet the solvency test under provisions of the Companies Act 1993.

During this LTP HBRIC Ltd intends to develop its own Investment Strategy and Statement of Investment Policy and Objectives (SIPO) which will reflect HBRIC Ltd.’s desire to actively grow its portfolio while meeting HBRC’s dividend expectations.



The following table summarises the significant forecasting assumptions in respect of HBRIC Ltd dividends.

Year	\$'000
2021-22	10,100
2022-23	10,500
2023-24	10,900
2024-25	11,250
2025-26	11,690

Year	\$'000
2026-27	12,150
2027-28	12,620
2028-29	13,120
2029-30	13,630
2030-31	14,170

Leasehold Properties

Napier

HBRC owns leasehold endowment property within and around Napier City. Ground rents paid by lessors are predominantly set at 5% of current land value, or “fair annual ground rental” and reviewed every 21 years.

In 2013, HBRC sold the annual rentals due from its portfolio over the next 50 years (i.e. until July 2063) to ACC for a lump sum of \$37.8 million. As the annual rents have been sold this LTP assumes that the income received will be paid out as an expense with a small margin to be kept by HBRC as an administration fee for the ACC contract and property values being greater than the assumed growth.

The underlying properties continue to be owned by HBRC and sales to lessors have continued, and may continue in the future, in the same way as they have done in the past. HBRC has invested these funds in investments specified in HBRC investment policy and will continue to do so in respect of net proceeds, (after disbursements to ACC), of sales of freehold interests to lessors.

Financial Strategy | Rautaki Pūtea

Wellington

HBRC holds a portfolio of 12 leasehold properties in inner city Wellington which were purchased from the historic proceeds of the sale of Napier leasehold properties. These leases provide a return of \$841,314 per annum with leases renewed every 14 years.

Forestry

HBRC has an existing forestry portfolio consisting of:

Site Name	Area (ha)	Assumptions
CHB	168	No material investment, maintenance only, no harvesting in LTP period
Mahia	36	No material investment, maintenance only, no harvesting in LTP period
Waihapua	213	No material investment, maintenance only, no harvesting in LTP period
Tutira	114	Harvesting proposed over the period from 2021 to 2027. Replanting after Harvest
Tutira Manuka Honey	90	Maintenance continues with yearly honey income of \$7,000 assumed
Tangoio	330	Second tranche of harvesting proposed in 2023 (first tranche was in 2020-21) Replanting after Harvest

Returns on the forestry investments are determined by the harvest revenue received. Tangoio forestry is treated differently from all the other forestry investment as HBRC does not own the land but does have responsibility for the management and control of the forest. Any income received from harvest is kept on reserve to fund the continuing maintenance programme and is not available for the funding of general HBRC operations.

Managed Funds

Long term Investment Fund (LTIF)

Invested since November 2018 with funds divested from the Ruataniwha Water Storage Scheme, this LTP assumes that the LTIF will return 5.16% per annum. Of the 5.16% assumed returned, 2% will be retained within the fund to protect its capital

Financial Strategy | Rautaki Pūtea

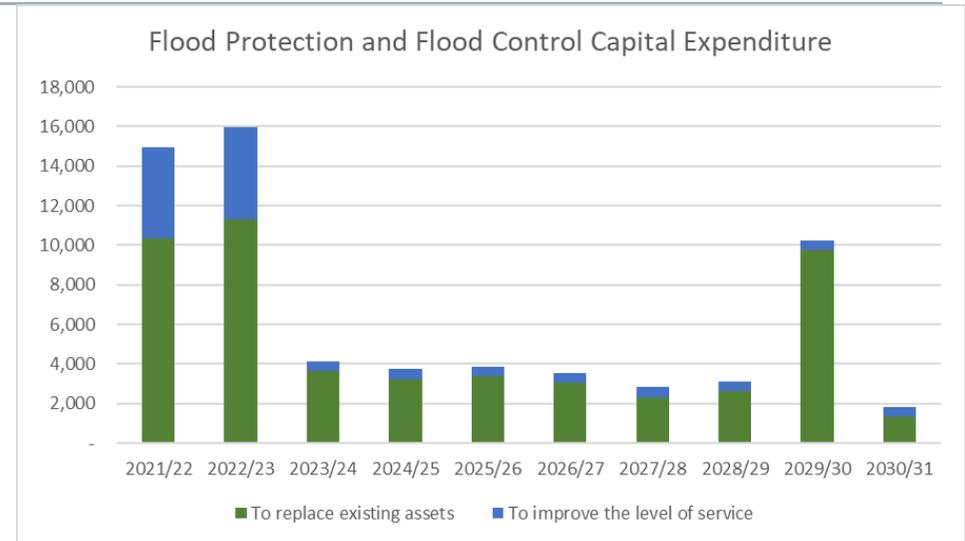
amount from inflation. In LTP years 1 through to 3, 3.16% is allocated towards funding the Council’s operating costs, reducing to 3.00% thereafter. From year 4, the 0.16% will be ring fenced in a Future Operating Reserve which will provide Council resilience and flexibility against any future market volatility.

Future Investment Fund (FIF)

Invested since September 2019, with the funds received from listing 45% of the Napier Port, this LTP assumes that the FIF will return 5.16% per annum. These returns will follow the same allocation as the LTIF mentioned above.

6. Infrastructure Capital Expenditure

HBRC proposes to embark on a significant Infrastructure capital programme across the 10 years of the Plan. This has significant co-funding from Central Government in the first two years as part of the Infrastructure Reference Group funding for Floodplain Risk Management and the increases in levels of service for the Heretaunga Plains stop banks. Full details regarding the Infrastructure Assets are included in the 30 Year Infrastructure Strategy.



30 Year Infrastructure Strategy



TE KAUNIHERA Ā-ROHE O TE MATAU-A-MĀUI



Regional Assets

30 Year Infrastructure Strategy

2021 - 2051

Hawke's Bay Regional Council Publication No. tbc
V6.1

Contents

1	Executive Summary	1		
2	Introduction	3		
	2.1 Organisational Context	3		
	2.2 Legislative Drivers	4		
	2.3 Regional Context	4		
3	Strategic Objectives and Context.....	9		
	3.1 Strategy Purpose and Objective	9		
	3.2 Strategy Extent	9		
	3.3 Strategy Linkages.....	9		
	3.4 Strategy Review and Improvement	10		
	3.5 Key Issues and Implications	10		
	3.6 Climate Change.....	10		
	3.7 Significant Assumptions.....	22		
4	Activity Summary	24		
	4.1 Background.....	24		
	4.2 Schemes Purpose.....	25		
	4.3 The Schemes Overview.....	25		
	4.4 Levels of Service and Impacts.....	26		
	4.5 Activity Management Approach.....	28		
	4.6 Heretaunga Plains Flood Control and Drainage Scheme	41		
	4.7 Upper Tukituki Flood Control Scheme.....	43		
	4.8 Small Schemes	44		
	4.9 Open Spaces Assets	44		
	4.10 Key Schemes Issues and Options.....	46		
	4.11 Financial Summary	56		
5	Hazards, Risk and Resilience	59		
	5.1 Risk Management.....	59		
	5.2 Resilience.....	59		

Tables

Table 2-1 AM Group contribution to community objectives	3
Table 3-1 Natural hazard issues and infrastructure implications	16
Table 3-2 Local and national plans and programmes	17
Table 4-1 Management tasks and responsibility	28
Table 4-2 Heretaunga Plains and Upper Tukituki Scheme Maintenance Plan Table	34
Table 4-3 Asset Life Table	34
Table 4-4 10-Year Scheme Summary	40
Table 4-5 Scheme assets, operating costs and levels of service	42
Table 4-6 Infrastructure assets summary	44
Table 4-7 Coastal Strategy Recommendations and Timing	47
Table 4-8 Infrastructure Issues , options, and management implications	49

Figures

Figure 1:Tukipo-Tukituki confluence, CHB.	1
Figure 2: 2020 Asset Valuation Summary	2
Figure 3:Plantation Pump Station and Flood Pump Maintenance 2020	2
Figure 4: Heretaunga Plains Flood and Drainage Scheme	5
Figure 5: Hawkes Bay Regional Council River and Drainage Schemes (Revision to UTT Rating Area Needed)	5
Figure 6: Northern Area Small Schemes	6
Figure 7: Upper Tukituki Flood Control Scheme (To Be Revised to Rating Area)	6
Figure 8: Southern Area Small Schemes	7
Figure 9: Central Area Small Schemes	7
Figure 3-1 Infrastructure Strategy Linkages	9
Figure 2: Infometrics Provisional Sept 2020 GDP Trend	15
Figure 4-1: Our Regions Flood Protection schemes	25

Figure 4-2 Level of Service Summary Table	27
Figure 3: Example of a Flood model scenario on the Tutaekuri River at Taradale	30
Figure 4: Ngaruroro River FPA Condition Summary	32
Figure 5 Tutaekuri River FPA Condition Summary	33
Figure 4-6: Projected Operational Expenditure – Infrastructure Assets	37
Figure 4-7: Projected New Capital and Capital Renewal Expenditure - Infrastructure Assets	37
Figure 8: Heretaunga Plains Rivers and Drainage Scheme Areas	41
Figure 9: Waipawa River Erosion upstream of SH50 Bridge	43
Figure 4-10 Coastal Strategy Location map	47
Figure 11: Regional Asset Operational Expenditure Forecast (\$000)	55

1 Executive Summary

The Local Government Act (LGA) 2002 sets out requirements for Councils for 30-year infrastructure strategies and asset management planning. The Act requires identification of issues that may impact on infrastructure management over the coming 30-year period and strategies that are to be put in place to address those issues.



Figure 1: Tukipo-Tukituki confluence, CHB.

Hawke's Bay Regional Council (HBRC) manage a major portfolio of infrastructure assets (Figure 2) as rated flood control and drainage schemes, and publicly accessible regional parks and cycleways throughout the Hawke's Bay region.

Hawke's Bay Regional Council's flood protection, drainage and open spaces infrastructure assets: The following issues have been identified for:

- Climate change
- Levels of Service (LoS)
- Growth and Development, Land Use Changes
- Managing risks of natural hazards
- Aging assets
- Economic conditions
- Legislative changes.

Strategies and actions have been identified in relation to these issues some involving the continued development of asset management practice and policy, others requiring specific actions, or new initiatives.

Climate change is a consideration for all activity planning areas and adaptation to scientific forecasts will be an ongoing organisational response. Infrastructure asset planning in the period of the strategy will incorporate the future level of service requirements based on the climate science as localised forecasts mature and are adopted as performance targets. Our current environmental monitoring will be a key component to assess our asset performance and future requirements.

Our historical infrastructure asset development has given HBRC an inventory of aging assets which are being assessed for future capability and capacity, and economic planning to maintain suitable asset performance as community and legislative requirements change. The need to fairly rate those who benefit from schemes and maintain sustainable Level of Service (LoS) is an ongoing challenge with current economic pressures and compliance requirements. Compliance with environmental, consenting and operational health and safety add complexity and funding requirements across the scheme activities HBRC support. Provisions to support this work have been signalled in the LTP in operational, technical staff resources, and additional capital programmes.

Funding models for sustainable future infrastructure will be investigated as part of the financial and infrastructure strategies. HBRC consultation with stakeholders will continue and be reflected in the future financial and infrastructure planning development.

Community expectation for public access, recreation, cultural and environmental perseverance is increasing, and this is recognised in greater activity planning specifically for Open Spaces management which incorporates Regional Parks, cycle trails, and forestry activities. The traditional flood and drainage asset management remains the core critical activity base, but public access is creating growing activity demand with different level of service expectation that requires sustainable future funding. Council recognises the impact of the impact of global events like Covid-19 on local economics and has taken on central government funding programmes intended to stimulate regional areas to benefit infrastructure in the 2020-2023 period.

This 30 Year Infrastructure Strategy needs also to be considered in the context of other Council documents and processes including its Financial Strategy, Long Term Plan and Council’s Asset Management Plans.



Figure 3: Plantation Pump Station and Flood Pump Maintenance 2020

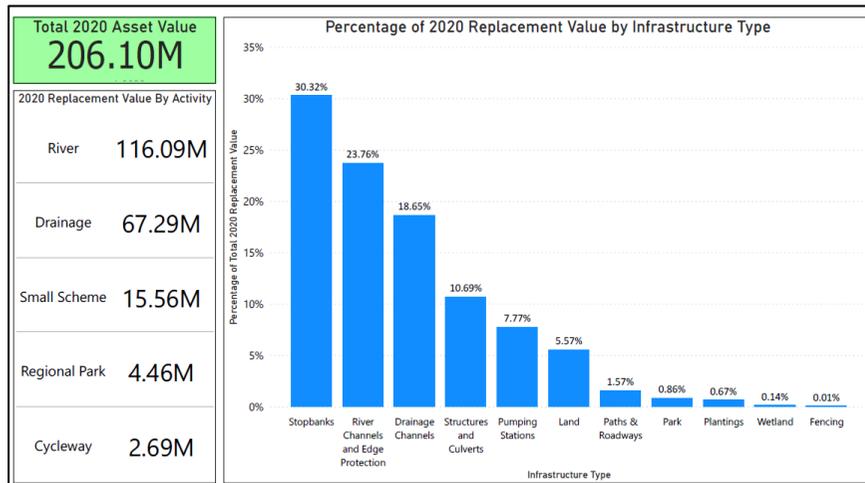


Figure 2: 2020 Asset Valuation Summary

2 Introduction

The Hawke’s Bay Regional Council (HBRC) Infrastructure Strategy has been prepared as part of the 2021 HBRC Long Term Planning (LTP) process.

2.1 Organisational Context

2.1.1 HBRC Vision and Purpose

Mission Statement: Enhancing our environment together

Te whakapakari tahi i tō Tātau Taiao

The vision and purpose of the HBRC is outlined in the table below:

OUR VISION: WE WANT	A healthy environment and a resilient and prosperous community
OUR PURPOSE: WE WORK	With our community to protect and manage the region’s precious taonga of rivers, lakes, soils, air, coast and biodiversity for health, wellbeing, and connectivity
OUR FOCUS: WE PRIORITISE	<ol style="list-style-type: none"> 1. Water quality, safety, and climate-resilient security <i>Kia kounga o te wai, te haumarutanga me te marohirohi a-ahuarangi o te whakamarutanga</i> 2. Climate-Smart, and sustainable land use <i>Kia koi, kia toitu hoki te whakamahinga o te whenua</i> 3. Healthy and functioning and climate-resilient biodiversity <i>Kia ora, kia ahei, kia marohirohi a-ahuarangi hoki te rerenga rauropi.</i> 4. Sustainable and climate-resilient services and infrastructure <i>Kia toitu, kia marohirohi ā āhuarangi hoki ngā ratonga me ngā hanganga ā-whare</i>

2.1.2 Asset Management Group

The infrastructure detailed in this strategy is managed and operated by HBRC’s Asset Management Group. The group operates with HBRC’s strategic vision objectives and community outcomes outlined above.

2.1.3 Contribution to Community Objectives

The assets and activities managed by the Asset Management Group contribute towards all three of HBRC’s community objectives as summarised in the table below:

Table 2-1 AM Group contribution to community objectives

Community Objective	Asset Management Group Contribution
Resilient Community 	<ul style="list-style-type: none"> • Maintaining a flood control and drainage network provides protection from frequent flooding to communities. The regional parks also provide flood control. • By providing regional monitoring and flood hazard information. • By developing and delivering water storage and management solutions.
Prosperous Community 	<ul style="list-style-type: none"> • By reducing the likelihood of damage from flooding on people, property, productive land, and businesses for long-term benefits to our economy. • Gravel from Hawke’s Bay rivers is some of the best quality aggregate in New Zealand and essential for the economic development of the Region’s construction industry, used for roads, cement production or landscaping.

2.2 Legislative Drivers

This 30-year infrastructure strategy has been prepared based on Council's 2021 suite of asset management plans (AMP), asset databases and the 2021 – 2031 Long Term Plan, of which it forms part.

The requirements for an infrastructure strategy are described within the *Local Government Act 2002 Section 101B Infrastructure Strategy*, which states:

- (1) *A local authority must prepare and adopt, as part of its long term plan, an infrastructure strategy for a period of at least 30 consecutive financial years*

And

- (6) *In this section, **infrastructure assets** include-*
 - a. *existing or proposed assets to be used to provide services by or on behalf of the local authority in relation to the following groups of activities:*
 - iv) *flood protection and control works:*
 - b. *any other assets that the local authority, in its discretion, wishes to include in the strategy."*

Section 10 of the *LGA -The purpose of Local Government*, particularly *point (b)* has also been taken into consideration when preparing this strategy :

The purpose of local government is—

- (a) *to enable democratic local decision-making and action by, and on behalf of, communities; and*
- (b) *to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future.*

2.3 Regional Context ¹

2.3.1 Location

Hawke's Bay is a region of New Zealand located in the east of the North Island on the Pacific Ocean coast. Hawke's Bay has a mild Mediterranean climate. Summer can be sunnier and hotter than the average for New Zealand with long dry periods and droughts occurring regularly. Winters are mild, although frosts and occasional snow do happen.

2.3.2 Extent

The region's total land area is around 14,200 square kilometres (1.42 million hectares). It includes mountain ranges to the north and west, 350km of diverse coastline (cliffs, estuaries, sand beaches, gravel beaches), and productive plains and hill country. Te Urewera (formerly a national park, now tangata whenua managed) has Lake Waikaremoana on our northwest border, while other natural reserves include White Pine Bush and Ruahine Forest Park.

Regions are determined by river catchments and Hawke's Bay has 7 major rivers - (from the north) Wairoa, Mohaka, Esk, Ngaruroro, Tutaekuri, Tukituki, Waipawa. The Regional Council has responsibility for managing the use of natural resources (air, water, land, coast, biodiversity) while 4 local councils manage local services (water supply, sewage, rubbish, roading, civic amenities such as sports, event and library facilities) – Wairoa District, Hastings District, Central Hawke's Bay District and Napier City Councils. HBRC flood and drainage schemes are shown in Figure 4 to Figure 9.

¹ Sourced from: <https://www.hbrc.govt.nz/hawkes-bay/about-our-region/>

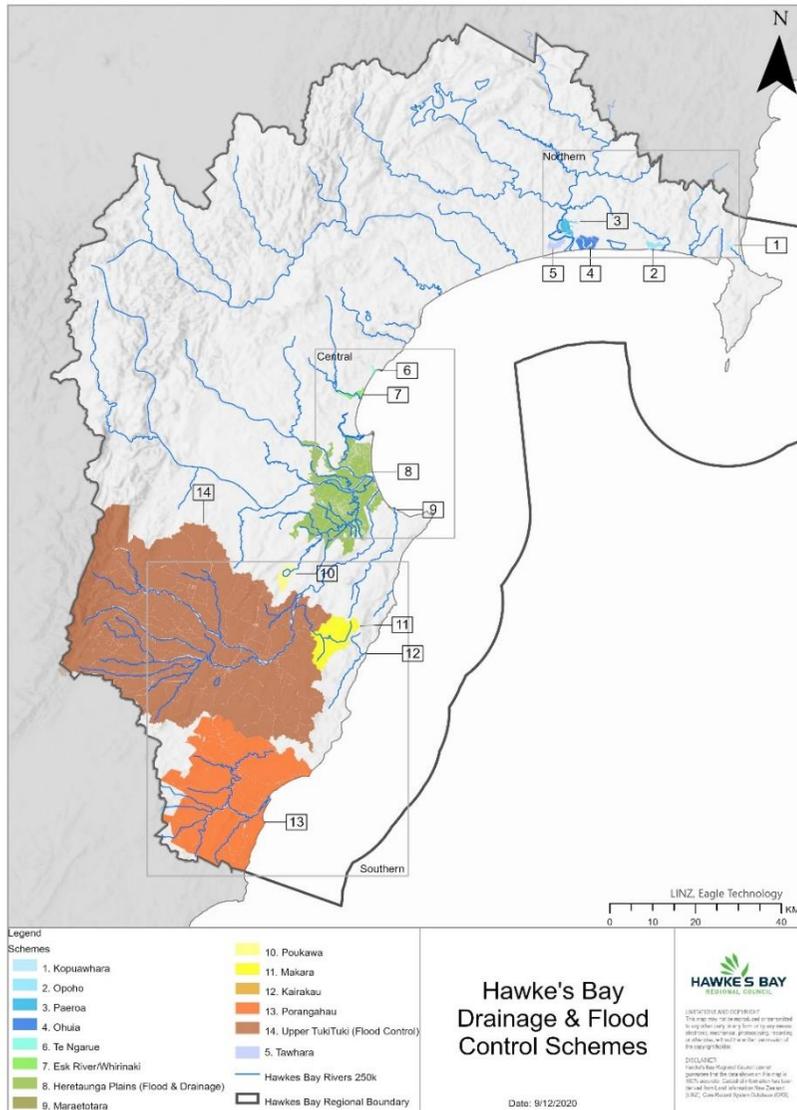


Figure 5: Hawkes Bay Regional Council River and Drainage Schemes (Revision to UTT Rating Area Needed)

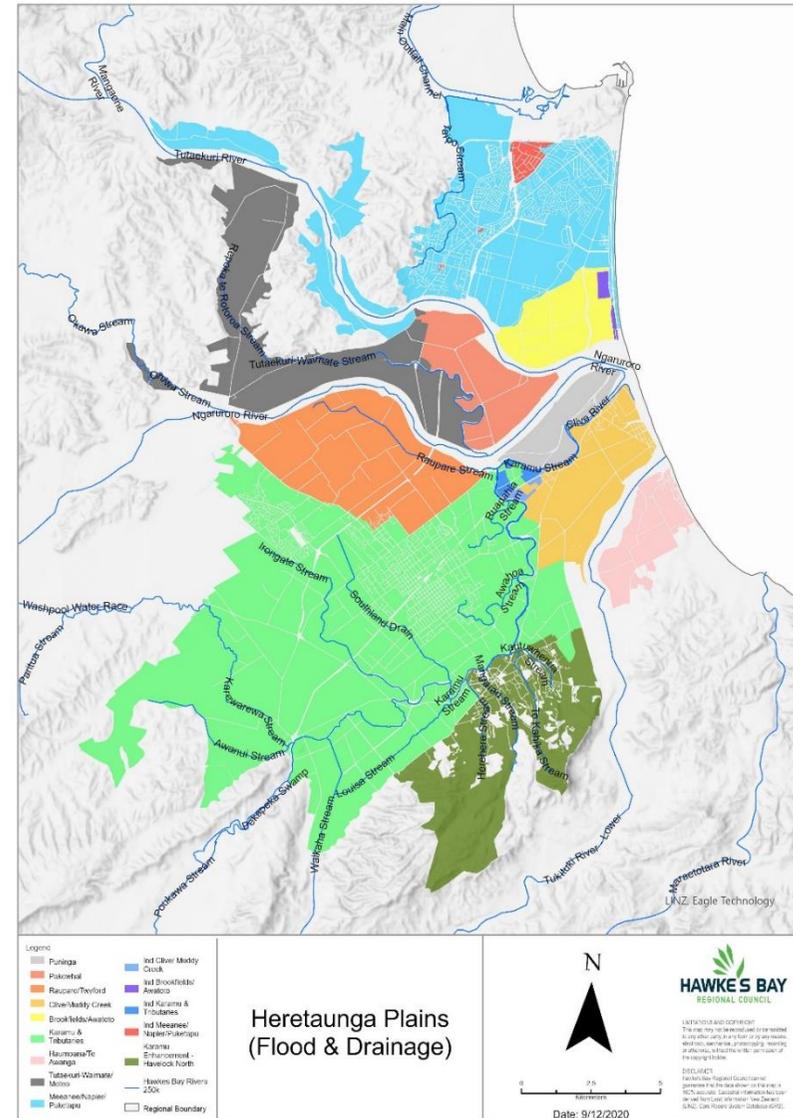


Figure 4: Heretaunga Plains Flood and Drainage Scheme

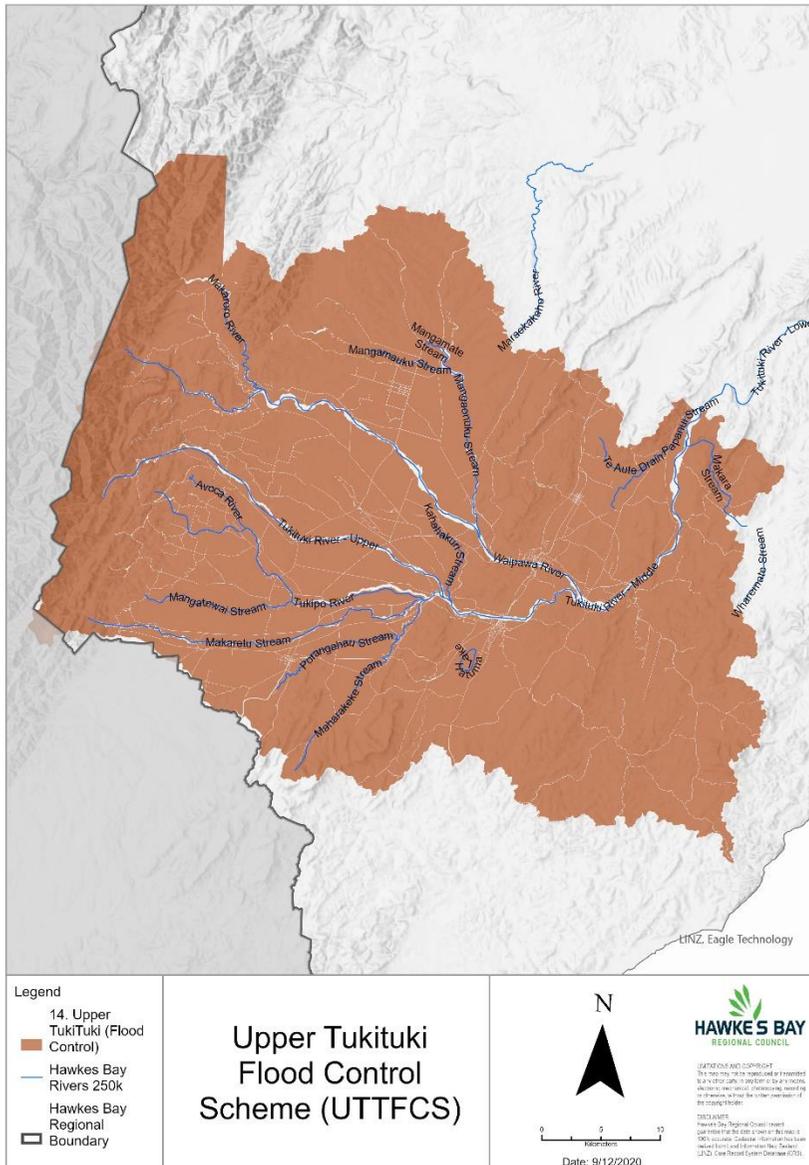


Figure 7: Upper Tukituki Flood Control Scheme (To Be Revised to Rating Area)

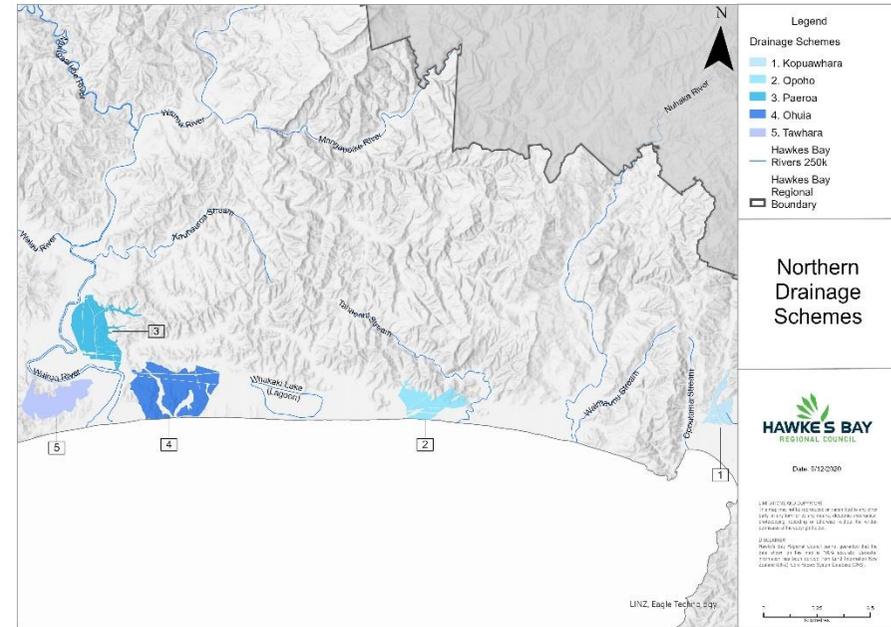


Figure 6: Northern Area Small Schemes

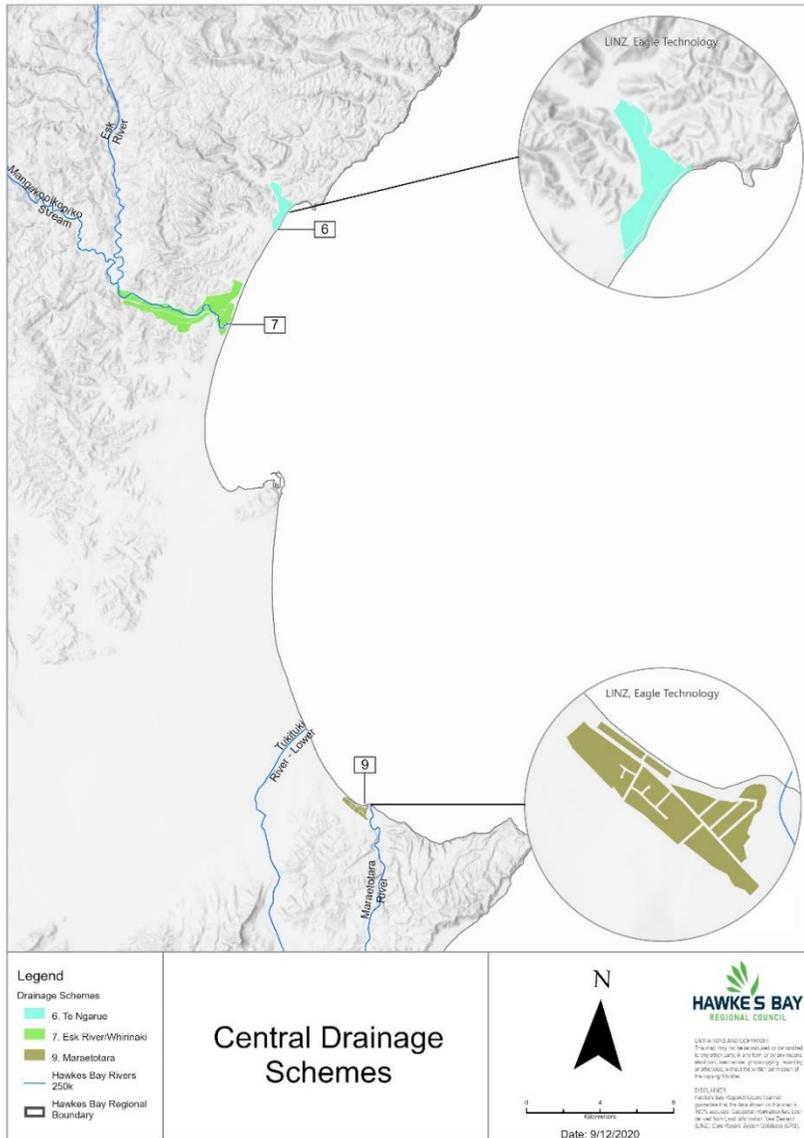


Figure 9: Central Area Small Schemes

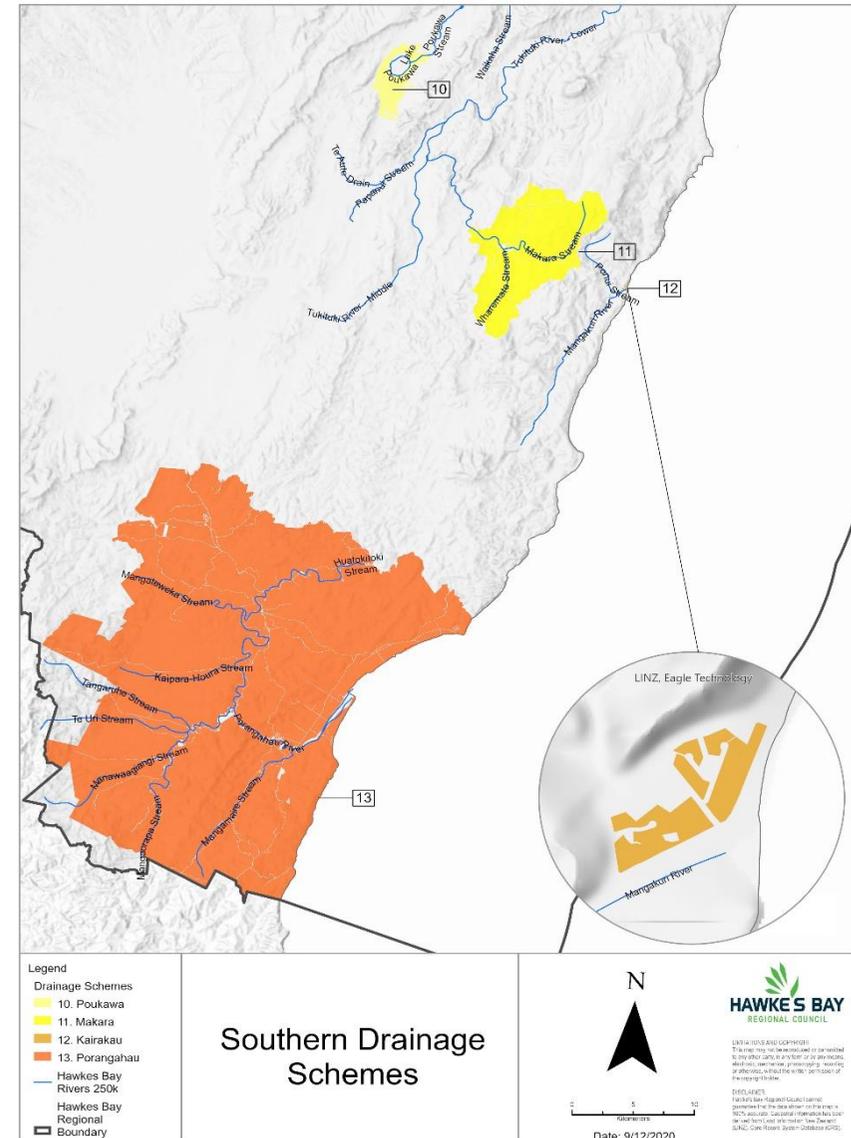


Figure 8: Southern Area Small Schemes

2.3.3 Population

The current Hawke's Bay population of 161,500 is expected to increase by 12,800 people (8%) during the 30 years of this strategy (Projections based on 2018 Census data).

2.3.4 The Environment

Hawke's Bay's environment has been highly modified through generations of forestry, farming, and development. We want to protect, enhance, and sustain the environment and adapt to the challenges of changing climate conditions. There is a public eagerness to restore and sustain native fauna and flora, improve water quality, and productively support economic activity in keeping with our climate and soils.

2.3.5 The Economy

Farming, horticulture (apples, stone fruit, vegetables), wine and tourism are key industries. Hawke's Bay has industry around regional economic activities, as well as several national and international companies based in the region.

Napier Port is a major export and transport hub on the East Coast and Hawke's Bay Regional Council derives dividend revenue from the Port through its investment company, HBRIC.

Several major rivers flow across Hawke's Bay so flood protection is an important function of the Regional Council to protect homes, industry, productive land, and cultural/environmental values. 2018 Review by NZ Rivers Group of Hawke's Bay flood and drainage protection scheme as part of a national review estimate a Net Present Value benefit of over \$B 28.8 (Billion).

3 Strategic Objectives and Context

3.1 Strategy Purpose and Objective



The purpose of the infrastructure strategy is to identify significant infrastructure issues arising within the next 30 years in the Hawke’s Bay Region, with the objective of describing options for managing them and awareness of the implications associated with applying those options. This is stipulated in Section 101B of the Local Government Act 2002 Amendment Act (2014) and has links with the Financial Strategy which together are part of the Long Term Plan (Figure 3-1).

This strategy combines the current level of knowledge, complexity, and challenges within the HBRC infrastructure environment. Considerations associated with water quality and quantity, climate change, environmental degradation and natural hazards are all issues impacting infrastructure management decisions in the period of the strategy. Infrastructure is an important part in an integrated approach to catchment and regional environment management. Regional initiatives relating to afforestation, environmental improvements, land use change and regulation are a critical component to management of the region’s natural resources.

Infrastructure management options taken into consideration by HBRC include;

- How best to manage renewal or replacement of assets over their intended lifespan
- How to respond to growth or decline in demand
- Planned increases or decrease in levels of service
- Safeguarding the community and improving the environment
- Address risk associated with natural hazards in terms of providing resilience and ensuring sufficient financial provision

3.2 Strategy Extent

This Infrastructure Strategy covers the following infrastructure assets;

Infrastructure Asset	Critical Asset?
Heretaunga and Upper Tukituki Flood Protection and River Control Schemes	Yes
Heretaunga Drainage Schemes	Yes
Small Schemes	No
Coastal Assets (Currently part of HTFCS)	Yes
Cycleways (Open Spaces)	No
Regional Parks (Open Spaces including Forestry)	No

3.3 Strategy Linkages

The diagram below summarises the key Infrastructure Strategy linkages with other Council Strategies and Plans

Figure 3-1 Infrastructure Strategy Linkages



Within the AMP framework there are a suite of documents that support the 30-year infrastructure strategy, including;

- Asset Management Policy
- Scheme Asset Registers
- Scheme Asset Management Plans
- Scheme Annual Maintenance Contracts
- Various Scheme Review reports,
- Annual audits

3.4 Strategy Review and Improvement

The Infrastructure Strategy (IS) is formally reviewed every 3 years and will see ongoing levels of refinement driven by a clear direction to pursue a higher level of asset management process and maturity. Investment in technical human resources, operational assessment processes, and risk based assessment will better support asset decision making longer term. Planning includes provision for systems support for asset data management for operational and analytical process and delivery improvement.

3.5 Key Issues and Implications

The task of building, operating, and maintaining these infrastructure assets in an affordable manner is becoming increasingly challenging. This section highlights the projected changes in demographics, economy, policy, cultural trends, and geography that have the potential to impact our management approach in future. Being aware of the potential for change, will allow us to adapt our approach accordingly.

The following key issues impact and influence infrastructure and scheme management.

- Climate change (Climate Emergency June 2019)

- Covid 19 economic Impact (2020- ongoing)
- Demographic changes
- Natural hazards
- Legislation and guidance: -
 - Freshwater Reform (Taumata Arowai–the Water Services Regulator Act 2020)
 - Resource management reform (including Plan changes to our Regional Resource Management Plan (RRMP))
- Tangata whenua representation
- Public Access

These issues and their infrastructure implications are detailed in the following sections:

3.6 Climate Change

3.6.1 Council Position

The Regional Council announced a climate emergency for the Hawke's Bay region on 26 June 2019, recognising that we have a small window of time to act to avoid the most damaging effects of the climate crisis in the longer term. In declaring a climate emergency, the Regional Council is making climate change a focus in all its decision-making and relevant work programmes.

The climate emergency declaration recognises that the climate crisis is an urgent and pervasive threat to human and ecological wellbeing. A build-up of too many 'greenhouse gases' like carbon dioxide and methane leads to too much heat being trapped in turn causing the climate to change.

Local government has responsibilities for adaptation to climate change under the Resource Management Act and Local Government Act, whereas central government leads policy to mitigate (reduce) greenhouse gas emissions. As such

climate change adaptation is a key component of the Regional Council's proposed work programme in this LTP.

3.6.2 Infrastructure Implications and Responses

The Hawke's Bay region has always experienced some extreme weather, but the increase in greenhouse gases will generate changes in global, national, and local climates. In Hawke's Bay the expected climate change effects include:

- A rise in temperature and fewer frosts
- More extreme temperatures, more often
- More frequent and more severe droughts with greater fire risk
- Drier in winter and spring, while summer and autumn may get more rainfall
- An increase in extreme rainfall
- Stronger wind gusts during storms, including thunderstorms
- Sea level rise

HBRC is developing its infrastructure response to climate change through its planned work programmes, level of service and scheme reviews. Major projects in this LTP period in a direct response to climate change are the increase in flood protection standards (Flood Protection Assessment) in the Heretaunga Plains Flood Protection Scheme and the potential continuance of the Coastal Hazards Strategy 2120 which takes a Joint Committee approach to apply solutions to coastal hazards and sea level rise. The Coastal Hazard Strategy 2120 is not formally adopted or part of any current schemes in 2020 but remains a potential future regional programme under discussion with other Hawke's Bay councils with common interests in the climate change related coastal hazards. It awaits programme inter-council governance and funding decisions to move forward from the initial 2014-2017 collaboration by Hastings District Council, Hawke's Bay Regional Council, Napier City Council, and groups representing mana whenua and tangata whenua.

Ongoing HBRC stewardship of critical flood and drainage protection assets for the Hawke's Bay population requires the planned level of service reviews and flood

protection assessments, supported by sound environmental monitoring and improved asset management approach. Schemes will be reviewed through the LTP period with upgrade, replacement, renewal, or disposal of current infrastructure possible. HBRC has a programme of scheme reviews planned over the next 10 years, and then on a continuing cycle as climate change assumptions mature and level of service is reviewed. This will allow the renewals programme to be assessed against the forecast climate needs and identify areas of potential new capital requirement.

There is an expectation that improved climate modelling specific to the Hawke's Bay Region will be developed in the next 5-10 years, and level of service and flood modelling will be adapted to reflect the future forecast climate outcomes.

Council's response programme includes:

- **Consultation and Collaboration:** HBRC has commenced consultation with the community about how we can best respond to the climate crisis together. HBRC supports Climate Action Hawke's Bay, an initiative bringing businesses and communities together to be more connected and focused on meeting the challenges and opportunities of climate change.
- **Works programme:** Based on the consultation outcomes HBRC will be accelerating work to respond to the climate crisis. HBRC is already working on several projects around the region enabled by central government regional recovery investment. (Gravel management, Level of Service reviews)
- **Hazard Identification:** HBRC will continue to identify, monitor, and plan for major climate change hazards such as increase storm intensity and flooding, sea level rise and coastal erosion.
- **Monitoring and Reporting:** HBRC will continue to monitor report on climate change trends and indicators. SCADA controls for existing pump systems will be upgraded and cover more stations.
- **Level of Services (LOS) Reviews:** HBRC will continue to undertake LOS reviews and plan and implement infrastructure upgrades based on findings

Examples of infrastructure related climate change work HBRC is currently doing includes:

- Flood Control Schemes/Drainage Schemes: Level of Service reviews, greater investment in modelling, Improved asset management of scheme assets, engineering and consenting.
- Development- Coastal Hazards, Heretaunga Plains Urban Development Strategy (HPUDS)
- Catchment Management - Trees on farm (Carbon forestry), managing erosion
- Continued Environmental monitoring – Water, air, climate

3.6.3 Covid-19 Economic Impact

The Covid-19 pandemic that swept the world in 2020 has had a major impact on the New Zealand and Hawke's Bay economy. Different sectors of the Hawke's Bay community have been affected by a downturn in tourism and business confidence and demand. The Covid-19 pandemic will have an enduring impact on the pace of the NZ and of the Hawke's Bay economy will have a major bearing on the 2021-31 Long-term Plan.

3.6.4 Infrastructure Implications and Responses

This issue has potential impacts on the timing and funding of activities in the period of the strategy as outlined in the HBRC LTP financial strategy significant assumptions. Short term regional recovery investment is advancing some infrastructure related projects, but there may be some longer term impacts on regional economics which need to be reflected in future programme affordability if there are longer term economic impacts. This is addressed in the LTP in the financial strategy.

3.6.5 Demographic Changes

HBRC has considered forecast changes in population and rateable properties. The regional projection reflects the combined projections from the main territorial authorities in the region (Hastings District, Napier City, Central Hawke's Bay District and Wairoa District). Most Councils are still basing their projections on a medium growth scenario from the 2013 census as the latest census data is not available. The basis for these assumptions is set out in 2021-2031 LTP HBRC Significant Forecasting Assumptions.

The projections, for growth in population and households, are set out in the following table sourced for local contributing councils. The regional breakdowns for the 2018 census data are still to be released (Oct 2020).

The Statistics NZ most optimistic or 'High' population growth figure for HB in Year 2043 is 195,900 compared to the Medium or Status Quo figure of 170,710.

Table 1 Hawke's Bay Population Projections											
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Population	174,794	175,822	176,900	177,916	178,932	179,938	180,868	181,788	182,646	183,504	184,342
Change		1,028	1,078	1,016	1,016	1,006	930	920	858	858	838
% change		0.59%	0.61%	0.57%	0.57%	0.56%	0.52%	0.51%	0.47%	0.47%	0.46%
Households	65,948	66,398	66,868	67,298	67,688	68,078	68,614	69,140	69,625	70,090	70,535
Change		450	470	430	390	390	536	526	485	465	445
% Change		0.68%	0.71%	0.64%	0.58%	0.58%	0.79%	0.77%	0.70%	0.67%	0.63%

Note: Statistics NZ records for forecast population figures only extend to 2043 from the 2013 census. The 2018 census data regional summaries are still to be released.

3.6.6 Infrastructure Implications

Population growth on the Heretaunga Plains will be incorporated in our LoS and scheme planning with planned resources and investment in modelling tools in the 2021-31 LTP. The intent is to review all schemes over the next 10 years to understand the impact of climate change, assess impact of growth and changes in farming practices (subsurface drainage), and flood protection assessment (FPA) incorporating catchment risk.

There will be ongoing demand for residential land in and around the Hastings and Napier conurbations with greenfield developments in flood and drainage scheme catchments (Te Awa, Parklands/Lagoon Farm, Park Island, Arataki, Lyndhurst Waingakau Village, Williams St) Drainage catchment areas and flood control schemes servicing urban and peri-urban areas need to accommodate this trend. This will be considered in the scheme level of service reviews for these areas. Growth is forecast to peak at 2033 on Statistics NZ data.

HBRC manages four Schemes (1 flood control & 3 drainage) in the Wairoa area. It is essential that the Schemes remain affordable to their benefiting community. As the schemes service rural areas, this means that farming operations must be able to remain profitable and the cost of maintaining schemes continues to be exceeded by the value of the benefit provided.

The Upper Tukituki Scheme is likely to remain unaffected by any changes in the local population in Central Hawke's Bay, so this position needs to be considered in the levels of service review of the current 1%AEP design standard.

3.6.7 Tangata Whenua Representation

Tangata whenua relationships form an important component of Council's responsibilities and obligations. Cultural significance and awareness are paramount to achieving Council's objectives and policies, with relevance to managing water, protecting the land, environmental enhancement and ensuring protection for future generations.

Treaty of Waitangi settlements require increased kaitiakitanga (stewardship) over the rivers and their environs by Tangata Whenua. Hawke's Bay tangata whenua provide shared input into infrastructure related activities through the Regional

Planning Committee (RPC) which has responsibility to review the Council's Regional Resource Management Plan and Regional Policy statement prepared under the Resource Management Act 1991, and the Maori Committee for activities likely to require specific consultation (e.g. gravel extraction, open spaces consultation).

The Maori Committee has 12 representatives nominated by each of the four Ngāti Kahungunu Taiwhenua / Executive in the region and provides representation to other HBRC committees e.g. Environment & Integrated Catchments where infrastructure issues are raised.

3.6.7.1 Infrastructure Implications

Cultural values impacted by activities associated with the ongoing operation, maintenance and improvement of flood control and drainage Schemes and their environment are considered in planning. HBRC engages with elected and tangata whenua representatives through the RPC and Maori committee representation on internal decision making committees, and scheme and open space consultation for specific activities e.g. open spaces, gravel extraction.

3.6.8 Economic Trends and Affordability

Our assets are fundamental to the continuing economic prosperity of our region. In particular, the Heretaunga Plains Flood Control Scheme (HPFCS) is the economic 'engine room' of the Hawke's Bay region, accounting for approximately 85% of the regional economy across different indicators. The catchment comprises the majority part of the Hawke's Bay primary production/processing and related servicing base. It is an important component of the national fruit and horticultural sector and forms the main part of the Napier-Hastings urban area which is itself the fifth largest urban centre in New Zealand. Figure 2 shows the GDP trend for Hawke's Bay. The Sept 2019-2020 GDP has dropped 1% in Hawkes Bay against a 3.3% drop for New Zealand which covers the period of the Covid-19 pandemic.

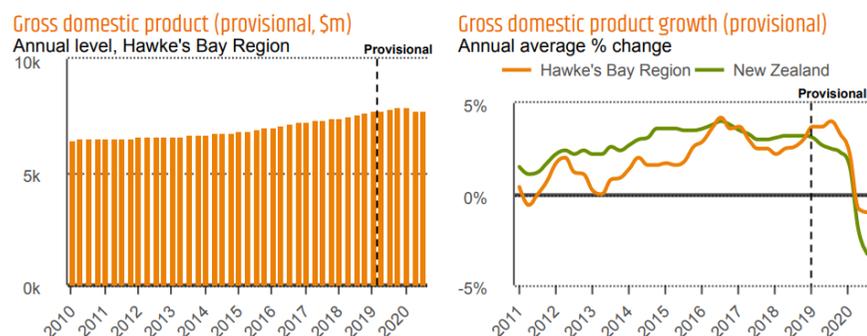


Figure 2: Infometrics Provisional Sept 2020 GDP Trend

The economic impact losses of three major flooding stop bank breach scenarios were modelled as part of an economic study which will feed into the level of service reviews. These were breaches at Roy's Hill on the Ngaruroro River, Taradale and Moteo on the Tutaekuri River within the Heretaunga Plains. The table below summarises potential breach economic impacts CPI adjusted to 2020 dollars:

100-year return flood breach impacts	Direct industry production Losses	Total Hawke's Bay-wide GDP/Value Added economic impact losses	Net Present Value/discounted annualised value of these impacts
Roy's Hill on the Ngaruroro River	\$546 million	\$613 million	\$46.1 million
Taradale on the Tutaekuri River within the Heretaunga Plains	\$415.3 million	\$369.8 million	\$27.7 million
Moteo on the Tutaekuri River within the Heretaunga Plains	\$28.4 million	\$37 million	\$2.8 million

These figures highlight the critical part our flood protection assets play for our economy.

3.6.8.1 Infrastructure Implications and Responses

The HBRC drainage and flood control schemes, in particular the HPFCS, protect a large amount of the Hawke's Bay region's residential and business assets, and community infrastructure. Further, demographic, economic, rural production and other industry growth is forecast over the longer-term.

Growth planning, forecasting and infrastructure modelling and planning to meet future demand requirements will continue to be incorporated in reviews. Infrastructure condition monitoring, programmed scheme reviews, risk based flood protection assessment (FPA), environmental monitoring and asset maintenance programmes will continue to be implemented to ensure appropriate levels of service, risk awareness, and stakeholder requirements are being sustainably and economically maintained.

Investment in more staff for scheme planning and asset management processes will improve the whole of life analysis for individual schemes to give better support for scheme review.

3.6.9 Natural Hazards

Hawke's Bay experiences several natural hazards which have the potential to impact our critical assets. These include;

- Flooding
- Earthquakes
- Tsunami
- Landslides
- Coastal Erosion and Inundation

The table below details the natural hazard issues and infrastructure implications:

Table 3-1 Natural hazard issues and infrastructure implications

Hazard	Issues	Infrastructure Implications and Response
Severe weather and flooding	Severe weather events create many hazards. Potential risk to life impacts and economic disruption by potential for overtopping of stopbanks or lack of timely drainage.	<p>The levels of service review currently underway will identify the risk posed to flood protection assets on our rivers within the HPFCS relative to climate change guidelines published by the Ministry for the Environment.</p> <p>Floods and the potential impact these can have is well understood by HBRC. Flood forecasting and the potential for overtopping of stopbanks can be assessed quickly and our models are tied into our well maintained monitoring networks which provide real time data to validate our forecasting models.</p> <p>Regular risk and condition assessments of our assets also ensure any potential risk of stopbank failure is understood and maintenance works are performed in a timely manner.</p> <p>Investment in modelling software and training</p> <p>Staff able to dedicate more time to modelling activity to deliver scheme review analysis, via additional resource allocated to scheme reviews</p> <p>Adoption of consistent survey datum (NZVD2016).</p> <p>Increased river asset survey activity to support modelling and asset management process improvement.</p>
Coastal Erosion	Coastal inundation (flooding by the sea), Coastal erosion risk to	Coastal Erosion maps have been compiled and can be accessed online at the HB Coast website. Layers of probability (likely, possible, very unlikely, and highly unlikely)

Hazard	Issues	Infrastructure Implications and Response
	<p>existing communities and infrastructure</p> <p>Planning considerations: Endangered areas and future development</p>	<p>that coastal erosion will affect land in the present day, at 2065 and at 2120. Similarly, the extent of coastal inundation (flooding by sea water) possible in a 1% storm event (i.e. there is 1% chance of a storm of that magnitude happening every year) in the present day, at 2065 and at 2120 has been mapped and is available on the HB Coast website.</p> <p>All work being considered in the coastal space will be aligned with the New Zealand Coastal Policy Statement and the need to consider 100 year time horizons.</p> <p>In Hawke's Bay we have faced these hazards in the past and understand some of the concerns. We can use this knowledge to look ahead to ensure we are prepared to deal with the challenges of coastal hazards in the future, creating more resilient communities.</p>
Tsunami	<p>Coastal inundation by tsunami causing damage and flooding of coastal areas.</p> <p>Risk to life</p> <p>Economic disruption.</p>	<p>Infrastructure resilience planning, design standards, contingency planning and Lifelines help to mitigate potential tsunami impacts on infrastructure</p> <p>Increased coastal survey and oceanographic information to support climate change adaptation decision making</p> <p>The impacts of Tsunami, including maps identifying evacuation zones are also available and HBRC have developed methods to forecast wave heights relative to different magnitude earthquakes occurring from both local and distant source. These forecasts, together with those provided by GNS are used by CDEM to manage disaster risk in our region</p>

3.6.10 Legislation and Guidance

3.6.10.1 Legislation

Key legislation includes:

- Local Government Act (2002)
- Resource Management Act (1991)
- Soil Conservation and Rivers Control Act (1941) & (1967)
- National Statement for Freshwater Policy (2014) & (2020)
- New Zealand Coastal Policy Statement (2010)
- Hawke’s Bay RRMP
- Health and Safety at Work Act (2015)
- National Policy Statement for Urban Development (2020)

3.6.10.2 Local and National Plans and Programmes

The Table below (Table 3-2) summarises local and national plans and programmes related to HBRC infrastructure delivery:

Table 3-2 Local and national plans and programmes

Plan/Programme	Description
TANK Plan	The way land and water resources are managed in the greater Heretaunga and Ahuriri area is under review. The area encompasses the Tutaekuri, Ahuriri, Ngaruroro and Karamu catchments ('TANK'), plus the Heretaunga Plains aquifer system. The focus is on water quality, quantity, flows and allocations in the four catchments, including for wetlands and estuaries. This catchment-wide approach to managing water and land will lead to Regional Resource Management Plan (RRMP) changes that may impact scheme levels of service obligations. Subject to the impact of any changes, HBRC will need to consider how this is accommodated and managed within the schemes
Government Three Waters	Over the past three years, central and local government have been considering solutions to challenges facing delivery of three waters

Plan/Programme	Description
Reform Programme²	<p>services to communities. This has seen the development of new legislation and the creation of Taumata Arowai, the new Water Services Regulator, to oversee and enforce a new drinking water regulatory framework, with an additional oversight role for wastewater and stormwater networks.</p> <p>There is a need for improvements in freshwater outcomes, increase resilience to climate change and natural hazards, and enhance community wellbeing.</p> <p>In July 2020, the Government announced a funding package of \$761 million to provide immediate post-COVID-19 stimulus to local authorities to maintain and improve three waters (drinking water, wastewater, stormwater) infrastructure, and to support reform of local government water services delivery arrangements.</p> <p>For HBRC, the consenting of existing pump stations and their related discharges may require infrastructure changes to accommodate water quality and stormwater management criteria including provision for fish passage, additional environmental monitoring, and control. This will require co-operation with peer councils in the Heretaunga Plains particularly.</p>
National Policy for Fresh Water	<p>The National Policy Statement for Fresh Water increases the focus on water quality in the region’s rivers. HBRC leases for grazing the major flood channels of the Heretaunga Plains Flood Control and Drainage Scheme and has established fencing where necessary to prevent cattle entering water. Grazing is a cost effective way of maintaining a short dense grass sward over the berm areas and stopbanks to reduce the risk of localised scour in a flood event and to minimise fire risk. However, there is now an increasing expectation that stock will be excluded from the vicinity of waterways.</p> <p>The presence of fences (especially electric) on the river berms is resented by a portion of the community. In the long term there is likely to be an expectation that areas of Scheme land currently grazed are managed through other approaches. This will result in increased costs as alternative means of maintaining appropriate vegetative cover on these areas will need to be found which is recognised in plan changes (TANK).</p>

² <https://www.dia.govt.nz/Three-Waters-Reform-Programme>

Plan/Programme	Description															
Crown Investment Partners-Shovel Ready Programme(IRG)³	<p>The Government established the Infrastructure Reference Group (IRG) to identify a pipeline of shovel-ready projects to support the economy during the NZ COVID-19 rebuild. The process was supported by Crown Infrastructure Partners.</p> <p>Council have received confirmation from IRG of funding allocation for a total amount of up to \$19.2m (plus GST, if any) which is a 64% contribution to the projects. Council received formal approval for allocated funding from the PDU on 29 September 2020.</p> <p>Project 1: Heretaunga Plains Flood Control Scheme (Levels of Service) - \$20 million</p> <ul style="list-style-type: none"> This project is programmed over a three-year period and will build upon existing river modelling, condition assessment and property analysis undertaken as part of the Heretaunga Plains Flood Control Scheme (HPFCS) level of service review. HBRC co-funding of \$7.2 million is required to match IRG funds of \$12.8 million <table border="1"> <thead> <tr> <th></th> <th>IRG Contribution</th> <th>HBRC Contribution</th> </tr> </thead> <tbody> <tr> <td>20-21</td> <td>\$320k</td> <td>\$180k</td> </tr> <tr> <td>21-22</td> <td>\$6.24m</td> <td>\$3.51m</td> </tr> <tr> <td>22-23</td> <td>\$6.24m</td> <td>\$3.51m</td> </tr> <tr> <td>TOTAL</td> <td>\$12.8m</td> <td>\$7.2m</td> </tr> </tbody> </table> <p>Project 2: Upper Tukituki Gravel Extraction Flood Control Scheme - \$8 million</p> <ul style="list-style-type: none"> Removal of over 800,000m³ gravel is required to maintain existing nameplate capacity of 1:100 level of protection from Upper Tukituki scheme. Gravel aggradation across this scheme has been an area of concern for the last decade. 		IRG Contribution	HBRC Contribution	20-21	\$320k	\$180k	21-22	\$6.24m	\$3.51m	22-23	\$6.24m	\$3.51m	TOTAL	\$12.8m	\$7.2m
	IRG Contribution	HBRC Contribution														
20-21	\$320k	\$180k														
21-22	\$6.24m	\$3.51m														
22-23	\$6.24m	\$3.51m														
TOTAL	\$12.8m	\$7.2m														

Plan/Programme	Description																											
	<ul style="list-style-type: none"> IRG funding is a major opportunity to subsidise gravel extraction from this region with a focus on competitive tendering and supporting the local economy. This project is programmed over a three-year period which requires HBRC co-funding of \$2.88 million to release IRG funding of \$5.12 million. It is proposed that a large portion of HBRC's contribution be loan funded then paid back via targeted and general rates under Upper Tukituki scheme, following consultation during the 2021-31 LTP <table border="1"> <thead> <tr> <th></th> <th>IRG Contribution</th> <th>HBRC Contribution</th> </tr> </thead> <tbody> <tr> <td>20-21</td> <td>\$604k</td> <td>\$340k</td> </tr> <tr> <td>21-22</td> <td>\$1.92m</td> <td>\$1.08m</td> </tr> <tr> <td>22-23</td> <td>\$2.594m</td> <td>\$1.46m</td> </tr> <tr> <td>TOTAL</td> <td>\$5.12m</td> <td>\$2.88m</td> </tr> </tbody> </table> <p>Project 3: Upper Tukituki Flood Control Scheme SH50/Waipawa Erosion - \$1 million</p> <ul style="list-style-type: none"> This one-year project programme will provide engineered erosion protection works of southern approach to NZTA's SH50 bridge. The left bank of the Waipawa river immediately upstream of SH50 bridge has eroded over the past five years. If left unattended, there is a risk that the southern approach will be compromised, and the river may outflank the bridge. <table border="1"> <thead> <tr> <th></th> <th>IRG Contribution</th> <th>HBRC Contribution</th> <th>NZTA Contribution</th> </tr> </thead> <tbody> <tr> <td>20-21</td> <td>\$640k</td> <td>\$60k</td> <td>\$300k</td> </tr> <tr> <td>TOTAL</td> <td>\$640k</td> <td>\$60k</td> <td>\$300k</td> </tr> </tbody> </table>		IRG Contribution	HBRC Contribution	20-21	\$604k	\$340k	21-22	\$1.92m	\$1.08m	22-23	\$2.594m	\$1.46m	TOTAL	\$5.12m	\$2.88m		IRG Contribution	HBRC Contribution	NZTA Contribution	20-21	\$640k	\$60k	\$300k	TOTAL	\$640k	\$60k	\$300k
	IRG Contribution	HBRC Contribution																										
20-21	\$604k	\$340k																										
21-22	\$1.92m	\$1.08m																										
22-23	\$2.594m	\$1.46m																										
TOTAL	\$5.12m	\$2.88m																										
	IRG Contribution	HBRC Contribution	NZTA Contribution																									
20-21	\$640k	\$60k	\$300k																									
TOTAL	\$640k	\$60k	\$300k																									

³ <https://www.crowninfrastructure.govt.nz/iirg/>

Plan/Programme	Description												
	<p>Project 4: River Parade Scour Protection, Wairoa - \$1 million</p> <ul style="list-style-type: none"> This one-year project programme will provide steel sheet piled erosion protection works on left bank of the Wairoa river. Over the last five years the Wairoa River has gradually undermined the embankment immediately south of the Ferry Hotel. This has in turn compromised Wairoa District Council (WDC) water assets and more recently Carroll Street and River Parade <table border="1"> <thead> <tr> <th></th> <th>IRG Contribution</th> <th>HBRC Contribution</th> <th>WDC Contribution</th> </tr> </thead> <tbody> <tr> <td>20-21</td> <td>\$640k</td> <td>\$180k</td> <td>\$180k</td> </tr> <tr> <td>TOTAL</td> <td>\$640k</td> <td>\$180k</td> <td>\$180k</td> </tr> </tbody> </table>		IRG Contribution	HBRC Contribution	WDC Contribution	20-21	\$640k	\$180k	\$180k	TOTAL	\$640k	\$180k	\$180k
	IRG Contribution	HBRC Contribution	WDC Contribution										
20-21	\$640k	\$180k	\$180k										
TOTAL	\$640k	\$180k	\$180k										

Plan/Programme	Description										
Provincial Growth Fund	<p>The New Zealand Government has allocated three billion dollars over a three-year term to invest in regional economic development through the Provincial Growth Fund (PGF).</p> <p>Through the PGF, the Government seeks to ensure that people living all over New Zealand can reach their full potential by helping build a regional economy that is sustainable, inclusive, and productive.</p> <p>The PGF is administered by the Provincial Development Unit, part of the Ministry of Business, Innovation, and Employment.</p> <p>The Provincial Growth Fund has funded the following HBRC projects:</p> <table border="1"> <thead> <tr> <th>Project</th> <th>Total Funding</th> </tr> </thead> <tbody> <tr> <td>Whakaki Lower Catchment Pilot Project deal</td> <td>\$100,000</td> </tr> <tr> <td>Hawke's Bay Regional Water Security Programme – Heretaunga Flow Enhancement Scheme (Loan 1)</td> <td>\$1,700,000</td> </tr> <tr> <td>Hawke's Bay Regional Water Security Programme – Heretaunga Flow Enhancement Scheme (Loan 2)</td> <td>\$11,200,000</td> </tr> <tr> <td>Hawke's Bay Regional Water Security Programme –Tukituki water Security Projects (Loan 1)</td> <td>\$2,500,000</td> </tr> </tbody> </table>	Project	Total Funding	Whakaki Lower Catchment Pilot Project deal	\$100,000	Hawke's Bay Regional Water Security Programme – Heretaunga Flow Enhancement Scheme (Loan 1)	\$1,700,000	Hawke's Bay Regional Water Security Programme – Heretaunga Flow Enhancement Scheme (Loan 2)	\$11,200,000	Hawke's Bay Regional Water Security Programme –Tukituki water Security Projects (Loan 1)	\$2,500,000
Project	Total Funding										
Whakaki Lower Catchment Pilot Project deal	\$100,000										
Hawke's Bay Regional Water Security Programme – Heretaunga Flow Enhancement Scheme (Loan 1)	\$1,700,000										
Hawke's Bay Regional Water Security Programme – Heretaunga Flow Enhancement Scheme (Loan 2)	\$11,200,000										
Hawke's Bay Regional Water Security Programme –Tukituki water Security Projects (Loan 1)	\$2,500,000										

3.6.11 Changes in Community Values

The flood control and drainage schemes administered by Council were designed at various times over the past 50+ years and reflect the knowledge and understanding of that time. These schemes have modified the natural environment to varying degrees relevant to practices of the time, e.g. drainage, tree clearing, watercourse modifications. The community values and climate impacts with respect to the natural environment have changed and continue to change rapidly. Legislation such as the Resource Management Act 1991, that requires that any adverse effects of future modifications to the natural environment are avoided or mitigated are pivotal elements of law driving parts of this change. More recent impacts, such as climate change and the prediction of more extreme weather events is influencing community thinking and direction as these experiences are felt in Hawke's Bay.

The public increasingly seek value in addition to the original single purpose of flood protection or drainage scheme. There are opportunities within scheme areas, particularly where they include river and stream corridors, for these multiple values to be enhanced such as: aquatic and terrestrial biodiversity, and for public recreation. This has come through scheme management and more recently in the recognition of the "Open Spaces" activity area which cover Regional Parks and Cycle Trails, as well as the management of community activity in scheme areas (dog walking, cycling, fishing, vehicle access).

While not critical to the core function of the flood or drainage schemes, the community amenity and increased demand for recreational space is making it popular with the wider community. Service levels the supporting infrastructure for Open Space areas will need to be reviewed with stakeholders to determine the levels of service and affordability.

The flood control schemes have substantially reduced the incidence of major flooding in Hawke's Bay. As a result, many of the Hawke's Bay public and businesses have little or no knowledge of the potential impact of a major flood on them and are not well prepared for the consequences should a major flood occur

3.6.12 Infrastructure Implications and Responses

The construction of flood protection and drainage systems has resulted in substantial changes to the natural hydrology of their associated catchments. These changes have included a reduction in areas frequently flooded, the diversion and straightening of waterway reaches, the removal of streamside vegetation, and the use of structures to control flows and erosion.

These changes and the ongoing methods used to maintain the schemes have resulted in some adverse effects on river and stream ecology and habitats, as well as affecting the social and cultural values of the waterways. HBRC has initiated an enhancement programme, including alternative management of riparian areas, which will promote improvements in water quality and aquatic and terrestrial habitats. Work practices have been changed to comply with the Ecological Management and Enhancement Plans for the major rivers. Complimenting these plans is our Environmental Code of Practice, which ensures best practice measures are implemented to safeguard our waterways unique environment during performance of river control and drainage works.

HBRC is currently working with tangata whenua, hapu, and community groups to enhance waterways, although only in limited areas to date. An example is Hawea Historical Park which is under development beside the Karamū Stream in an area rich with cultural value within the Heretaunga Plains. The park has cultural and visual connections with the wider region with views south-east to Te Mata and Kahuranaki and to the west of Kaweka. Hawea Historical Park will be developed and managed by the Hawea Historical Park Whenua Topu Trust (equal partnership between local hapū, Kohupātiki, Matahiwi, Ruahāpia, and Waipatu, and HBRC who will collectively be responsible for ongoing development and management of the park. The park is planned to open in 2021.

Waitangi Regional Park links the Tukituki, Ngaruroro and Tūtaekurī Rivers, and Karamū Stream-Clive rivers and coastal reserves. The area was an early arrival site for both Māori and pākehā. The Star Compass, Ātea a Rangi in the Waitangi Regional Park symbolises the navigational skills of early settlers and was developed by the Ātea a Rangi Educational Trust and installed through 2017.

Hawke's Bay rivers, particularly the Ngaruroro, Tukituki and Waipawa are noted as important braided rivers that provide essential habitat for many endangered bird species and fish including gamefish. As such, braided rivers are popular with anglers. It is important that the braided nature of the rivers able to form and not be choked up with unwanted trees such as willow and lupin. Future river management will most likely require extending the flood protection scheme upstream boundary together with additional funding to allow for the ongoing removal of unwanted tree species from the braided riverbed. It is essential that the gravel be transported through the river system to the lower reaches and coast to maintain both channel capacity and the braided channels.

Community consultation and awareness is dealt with in several ways, dependent on the size of the scheme and scale and significance of the issue at hand. Scheme ratepayers are able to engage in the wider consultation process as part of the development of Long Term Plans and Annual Plans processes, which typically deal with any new initiatives, review of scheme maintenance costs, inflation considerations and any minor adjustments proposed for the schemes.

Issues of a more substantial nature, such as major level of service reviews, or capital works are dealt with through targeted meetings such as Liaison Committees where they are established for the scheme or in focussed ratepayer meetings in the area where the issue has relevance, such as specific drainage areas in the Heretaunga Plains drainage catchments. Consenting processes, where they are required for substantial assets, provided another forum for public and ratepayer input and influence. All members of the public have access to Council <https://www.hbrc.govt.nz/contact-us/>, (0800)108838 or in person.

Greater levels of community education/communication may be required to sustain scheme function and general hazard awareness.

3.6.12.1 Freshwater Reform and Regulatory Change

The previous infrastructure strategy assumed little to no regulatory impact from the plan changes (TANK) on asset management, however this assumption is no longer valid. The following new work tasks have been highlighted for the current Infrastructure Strategy in relation to the regulatory environment:

Fish passage

- Additional capital funding for fish passage up to \$100k per year for 10 years to retrofit fish passages to existing infrastructure
- Continued R&D investment in fish friendly pumps through Waikato Regional Council

Consenting of 23 Drainage Pump Stations

- Additional resources for the management of the pump station consenting requirements in LTP provision.

Ahuriri Estuary

- Additional Environmental Engineer FTE to address additional consenting and environmental tasking including new tidal gate consent into Ahuriri Estuary. Joint consultation lead by Napier City.
- A provision \$100k/annum for 10 years for the Napier Meeanee Drainage scheme to deliver water quality improvement initiatives.

3.7 Significant Assumptions

Significant Assumption	Risk & Impact
Budgets have been prepared on the basis that there will be no flood events in the next 10 years that cause major damage to HBRC's flood protection and drainage assets.	There is always a risk of a flood event occurring that causes damage to flood control or drainage assets. Flood control assets have a high degree of exposure to failure during times of major or prolonged flood flows in the rivers. HBRC holds reserve funds to meet the cost of minor flood damage repairs, and insurance for repairs following a major event. Maintenance programmes and associated budgets will need to be reviewed following a major event.
Current arrangements for gravel extraction will continue but there is a major change in management approach under consideration to have HBRC Asset Management Group (AMG) manage gravel extraction excluding Esk and Mohaka. The new gravel consent will add more control for longer term gravel allocation	The maintenance of the design flood capacity in river flood control schemes is reliant on the ongoing extraction of gravel within river channels by commercial gravel extractors. The substantial demand reduction in gravel extraction particularly from the Upper Tukituki (UTT) Scheme rivers has resulted in accretion of the river beds within some areas of the Scheme and a resulting reduction of flood carrying capacity. The Gravel Management Plan has initiatives to address gravel accumulation and will continue to be reviewed. The additional capital included in the 2021-31 LTP for gravel management will reduce, UTT flood risk substantially. A major gravel extraction programme in next 3 years as part of the central government resilient funding support will maintain the overall UTT flood LOS.

Significant Assumption	Risk & Impact
HBRC maintains its current policy with regard to responsibility for funding of existing and new flood protection and drainage works	HBRC currently funds flood control and drainage schemes through a mixture of targeted rates and general funding. The current level of funding provides for the maintenance of designed levels of service (on the assumption that commercial gravel extraction is adequate to maintain scheme flood capacity). If funding is reduced the ability to maintain the current level of service provided by schemes will be compromised.
There will be changes to legislation that impact on the role of the Regional Council in land drainage and river control	Flood Control and Drainage Schemes have been established in accordance with the Soil Conservation and Rivers Control Act 1941. This Act provides specific powers to HBRC that enable it to protect assets on private land and to undertake works necessary to continue to deliver the scheme levels of service. This legislation and the powers it provides are essential for HBRC to carry out its functions. Reinterpretation of current legislation requires HBRC to consent its existing pump stations where previously it was not thought to be specifically required. This has been reviewed and substantial effort is likely to be required to address this requirement. Provision has been made in the current LTP for this specific requirement. Additional technical requirements for items such as fish passage and possible stormwater regulation/water quality will be considered in scheme planning. The LTP includes additional environmental engineering resources to achieve this target.

Significant Assumption	Risk & Impact
<p>The current multi-value approach to the management of waterways managed under the major schemes will continue to be accepted by the community.</p> <p>Co-governance or co-management arrangements under new Treaty of Waitangi Settlement legislation will inform and enhance the multi-value approach.</p>	<p>Community engagement will continue with this type of work to ensure awareness of all values relating to infrastructure asset planning and operation. Failure to do this could generate reputational risk, loss of co-stake holder operation, and potential for programme delays. Additionally, HBRC has the Regional Planning and Maori Committee with both elected and Tangata Whenua representatives involved in decision making. This results in better outcomes.</p>
<p>Budgets have been prepared on the basis that there will be no new flood control and drainage schemes established within Hawke's Bay.</p>	<p>HBRC are approached by property owners from time to time requesting that HBRC, using their powers under the Soil Conservation and Rivers Control Act 1941, provide protection to their property. HBRC are willing to consider the establishment of new Schemes where there is a community willingness to meet a substantial portion of the cost of any new works and its ongoing maintenance.</p>
<p>Budgets have been prepared on the basis that any changes to levels of service as a result of population growth will be considered as part of scheme reviews.</p>	<p>Schemes are scheduled to be reviewed over the next 10 years. These reviews may result in changes to the predicted level of capital expenditure included in this Strategy.</p> <p>While water quality and quantity issues continue to have a high profile in the region opportunities such as water storage or augmentation will be evaluated. The potential for water storage at scale has the potential to impact on population and economic growth in Hawke's Bay. Decisions on whether projects of this scale may proceed is expected to be made prior to levels of service reviews being completed.</p>

Significant Assumption	Risk & Impact
<p>The outcome of the TANK planning process will have cost implications to scheme management.</p>	<p>TANK plan changes to the status quo e.g. riparian shading, water source protection and potential reduced grazing leases will have a substantial effect on how the waterways are maintained. This could require reverting from machine maintenance methods to hand maintenance, or reduced grazing income and greater mechanical vegetation control, and potential operational activity limits in groundwater source protection zones</p>

4 Activity Summary

4.1 Background

Hawke's Bay has 24 river catchments comprising 7 major rivers (the Wairoa, Mohaka, Esk, Tutaekuri, Ngaruroro, Tukituki and Waipawa) and numerous smaller rivers and streams.

Between the mountain ranges and the coast lie flat river plains (Heretaunga, Ruataniwha and Wairoa) containing rich alluvial soils which provide the basis for the important Hawke's Bay rural economy and horticultural sector.

Historically, where frequent flooding or poor drainage have been an issue for local landowners. The Hawke's Bay Regional Council and its predecessor organisation, the Hawke's Bay Catchment Board, have worked with landowners to establish flood control and/or drainage schemes provided that they have been willing to contribute to both the capital and ongoing operations and maintenance and costs. This has enabled landowners to use their land with greater productivity and with reduced risk of flooding.



4.2 Schemes Purpose

A substantial portion of HBRC infrastructure assets are associated with flood control and drainage schemes that have been established under the Soil Conservation and Rivers Control Act 1941 to provide benefit to defined areas within the region.

All flood and drainage schemes have the primary purpose of reducing flood risk and/or reduced time taken to drain stormwater runoff from the land following a major rainstorm event. Open Spaces activity planning aims to provide cost effective asset management while achieving appropriate levels of service to meet community public access outcomes and wellbeing.

The Schemes also allow increased land productivity by utilising existing small streams along with a network of man-made drains, together with low level pumps which enable the natural near surface water table to be lowered to a manageable level able to support a wider range of productive use.

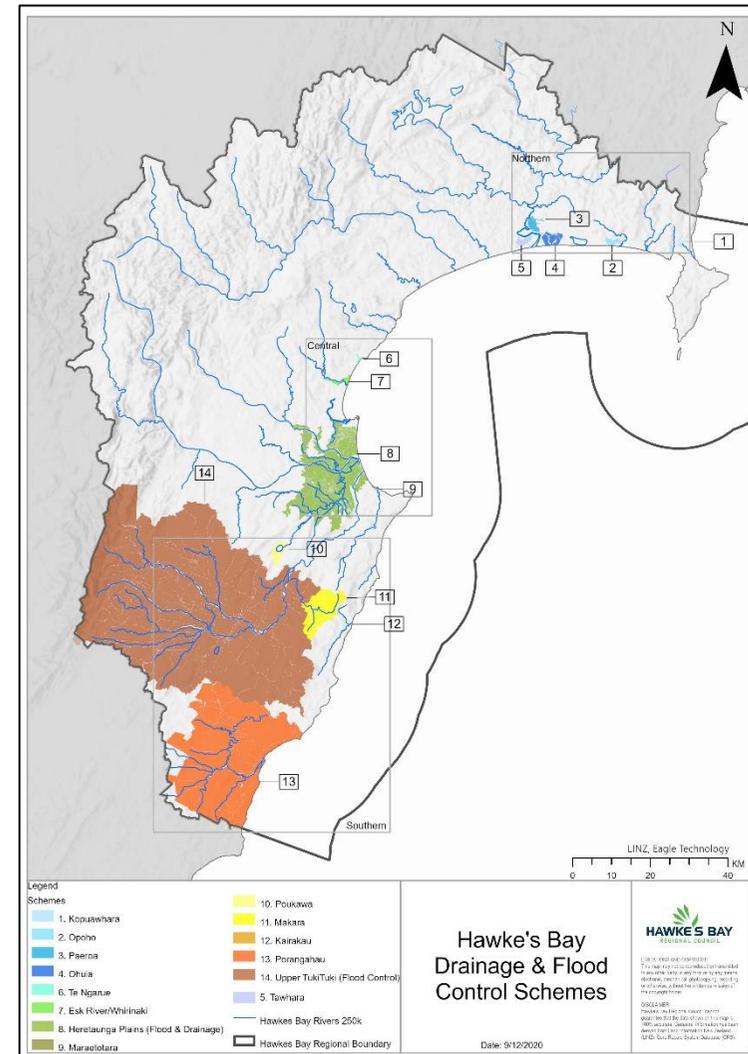
4.3 The Schemes Overview

HBRC administers 25 flood control and drainage schemes throughout the region shown in

Figure 4-1. It is the assets associated with these Schemes that form the substantial infrastructure managed by HBRC.

This Infrastructure Strategy focus on the most critical assets including the two largest Schemes are the Heretaunga Plains Flood Control and Drainage Scheme and the Upper TukiTuki Scheme and the Small Schemes (comprising a range of smaller drainage schemes across the region). The diagram below highlights the location and extent of the schemes:

Figure 4-1: Our Regions Flood Protection schemes



4.4 Levels of Service and Impacts

Levels of service describe what the Council is delivering and what customers can expect to receive in terms of quality, reliability, responsiveness, accessibility, and cost. Performance measures are specific indicators to demonstrate how LOS delivery. The Scheme Levels of Service are based on three key drivers:

1. **Legislative requirements** which set out procedures that HBRC must follow;
2. **Historic levels of service** which dictate the nature and design of assets inherited by the Scheme; and,
3. **Community expectations** for the level of service provided and its associated cost.

Community expectations is important and community engagement and consultation initiatives will continue to be undertaken to inform future levels of service.

4.4.1 Current Levels of Service

The current drainage and flood protection scheme levels of service are summarised in Figure 4-2:

4.4.2 Level of Service Review

The current levels of service are largely based on the legislative requirements and the historic levels of service that the Scheme stopbanks were originally built to meet. Climate adaptation is a key driver for undertaking a technical Level of service review and consultation process with scheme beneficiaries. The most substantial area of potential risk to life and property in the region is the Heretaunga Plains area with major rivers and significant areas of low lying populated coastal plains with diverse economic activity. Accurate environmental information is critical to understanding the nature of flood hazards and flood risk management. Supporting environmental information is also crucial to support in planning, design and consenting processes for all schemes HBRC manage.

The Drainage Act 1908, the Soil Conservation and Rivers Control Act 1941, the Resource Management Act 1991 (RMA), the Local Government Act 2002, the Local Government (Rating) Act 2002, the Civil Defence and Emergency Management Act 2002, and the Building Act 2004 are the key Acts for managing flood risk.

An outcome of the current level of service review is a validation of the current Heretaunga Plains flood protection design standard. The target change from the original standard of 1% AEP (1 in 100) to 0.2% AEP (1 in 500) for stopbank overtopping specifically for the Heretaunga Plains flood control scheme (Tutaekuri and Ngaruroro Rivers only).

The Upper Tukituki Flood Control scheme remains at 1%AEP for stop bank overtopping.

This review incorporates Flood Protection Assessment (FPA) for the validation of the new standard. FPA code of practice is a methodology developed in New Zealand by river managers to provide an agreed approach for assessment method and frequency aligned with the risk posed to the community. Any required scheme improvements will require a substantial capital investment programme to upgrade the flood protection infrastructure which has been signalled by targeted Provincial Growth Unit (PGU) support.

Drainage scheme level of service is based on a drainage modulus approach based on the catchment are being able to remove a designated design catchment runoff (not rainfall) in a 24 hour period expressed in mm/24hours.

Figure 4-2 Level of Service Summary Table

<p>WHY WE DO IT Strategic alignment: HBRC Strategic Plan 2020-25</p>	<p>WHAT WE DO Level of Service Statement (LOSS)</p>	<p>HOW WE KNOW Level of Service Measure (LOSM)</p>
<p>Flood Protection and Control Works (Rivers, Drainage and Small Schemes)</p>		
<p>A resilient community A prosperous community</p> <p>Outcome measures: By 2030, flood risk is being managed to adapt to foreseeable climate change risks out to 2100.</p>	<p>HBRC will maintain a cost-effective flood control and drainage network that provides protection from frequent flooding to communities and productive land within designated flood protection schemes in the Heretaunga Plains and Ruataniwha Plains.</p> <p>HBRC administers these schemes: 1) Heretaunga Plains Flood Control Rivers and Drainage Scheme 2) Upper Tukituki Scheme 3) Small Schemes</p> <p>HBRC will protect and enhance the scheme’s riparian land and associated waterways administered by the Regional Council.</p>	<p>Major flood protection and control works maintained, repaired and renewed to the standards defined in the relevant scheme Asset Management Plan and annual works programme: 1. An annual maintenance programme is prepared and delivered. 2. Annual capital programme is prepared and delivered.</p> <p>Following a flood event, affected areas are surveyed and repairs are programmed. 1. Following a major flood event, a flood report will be compiled within 6 months of the event (major event is defined as material impact to property or productivity). 2. Major event report outcomes incorporated into AMP.</p> <p>Ecological Management and Enhancement Plans (EMEP) are implemented.</p>
<p>Flood Risk Assessment and Warning</p>		
<p>A resilient community A prosperous community</p> <p>Outcome measure: By 2030, flood risk is being managed to adapt to foreseeable climate change risks out to 2100.</p>	<p>HBRC provides reliable regional environmental telemetry network monitoring and flood hazard information via a regional web-based platform.</p>	<p>Percentage of time that priority telemetered rainfall and river level sites are operational throughout the year.</p>

4.4.3 Infrastructure Investment to Meet Future LoS

The LoS review and scheme review will continue to be undertaken in the LTP period. Outcomes and future investment programme recommendations will be included in the next LTP in 2025. Capital investment supported by the IRG capital programme will upgrade the Heretaunga Plains rivers flood protection infrastructure to meet increased design standards, asset risk assessment, and improved resilience (2021-23). HBRC will be using good practice methodology (FPA) to assess the required LoS and community risk profile for river assets.

Additional LTP supported engineering roles (design & environmental) will better resource the formal scheme review process for all schemes to be progressed as a programmed operational task over a 10 year period.

Consenting of existing HBRC pump stations has also been identified as an improvement item requiring capital investment, and co-operation with other council entities.

Additional regulatory changes in the freshwater sector (amended National Policy Statement for Freshwater Management) are likely to require review of existing schemes and water quality impacts which may require capital investment and operational process review to reflect these regulatory requirements. This would be signalled as impacts are assessed.

4.5 Activity Management Approach

4.5.1 Asset Management Group

The Asset Management Group (AMG) is responsible for the management and operation of the flood protection and drainage schemes, and open spaces areas. The maintenance of scheme assets is the direct responsibility of the Asset Management Group.

Additional resource for Asset Management data, process and general quality improvement has been provisioned to support better asset management

maturity internally. Practice will be supported by IIMM (International Infrastructure Management Manual (2015) framework and subsequent revisions and aligned with ISO 55000.

AMG is continuing to develop asset management practice with staff resources and improving asset information to better support decision making and long term planning. Provision has been made for an improved Asset management framework supported by modern asset information tools. Year 1 of the LTP has provision in the IT Capital program for implementation of an enterprise asset management IT solution.

The schemes are managed and operated via a combination of in-house and contracted services. The key service delivery arrangements are summarised in the table below (Table 4-1):

Table 4-1 Management tasks and responsibility

Activity/Tasks	Who
Asset management planning	Asset Management Group Regional Assets internal Specialist consultants
Operation and maintenance	HBRC Works Group Specialist contractors
Capital works planning and supervision	Asset Management Group - In-house engineering and Project delivery Specialist consultants (as required)
Contract management	Asset Management Group Contract Resources (as required) HBRC Procurement
Regulations and compliance	Asset Management Group HBRC Compliance

4.5.2 Core Activities

4.5.2.1 Flood Control

The AMG has developed a holistic approach to sustainably manage and enhance waterways for flood protection to protect the life and property of the Hawke's Bay Region. Hydraulic modelling based on extensive regional environmental monitoring of river levels and rainfall supports the engineering assessment of LoS for flood control schemes. Schemes are reviewed, assets maintained based on the LoS requirements, and annual contracts developed for scheme maintenance. The Flood Protection Assets Performance Assessment code of practice (FPA) tool is used to provide a nationally recognised risk based assessment framework (River Managers Forum: 2015) for river and flood assets. Environmental, cultural and biodiversity values are considered as a core part of flood activity management. Additionally, the AMG is involved in the provision of civil defence support for flood event management response, and engineering advice for activity within flood scheme areas for councils and the community.

4.5.2.2 Drainage

Drainage schemes have developed to allow the sustainable and productive use of scheme land and the effective management of water table levels. Drainage schemes are managed based on reliable environmental data, and site monitoring with regular annual maintenance planning to maintain capacity and capability to meet defined LoS. Schemes are rated to reflect the community benefiting from the drainage, and scheme reviews engage with stakeholders to ensure that LoS is sustainable. Schemes include detention dams, open drains, piped culverts, pump stations and control gates according to requirement.

AMG and works group maintain a wide array of profession skills and contract support resources in maintaining these schemes. The LTP provides for investment in greater SCADA control rollout for HBRC pump stations in the

2021-31 period. This will improve the management and monitoring of pump station operation generally and in flood conditions. Greater integration with the HydroTel environmental monitoring system is to be developed as part of this programme. Safe and effective maintenance and operation of schemes in co-operation and good communication with other HB councils is a key part of scheme operation.

4.5.2.3 Open Spaces

Open Spaces incorporates Regional Parks, Cycle ways and Forestry, and has been recognised as an area of specialised asset management with growing recognition of the community outcomes including wellbeing, physical activity, economic and tourism development, and environmental outcomes such as biodiversity protection and climate change mitigation.

Open Spaces assets are mostly dependent on existing flood or drainage scheme land, and the management approach requires different community facing management with a range of different physical assets. Outcomes need to be complimentary to the core flood and drainage protection outcomes but also allow wider community beneficial outcomes in scheme areas.

Management of Open Spaces assets requires collaborative co-operation with peer councils and the wider community (e.g. Open spaces CCTV monitoring with Hastings DC). This is recognised with an Open Spaces Asset Management Plan and increasing operational differentiation in recognition of evolving public access management requirements. This requires management of greater public access in terms of greater service levels (e.g. mowing, signage, rubbish management, security) and demand for amenities (e.g. seating, toilets).

4.5.3 Rates Review

As part of a review in the Revenue and Financing policy, HBRC has undertaken a structured review of the allocation of costs for all schemes to confirm the allocation of overheads and labour costs is consistent for all schemes. Forecasting for smaller schemes show an indication of reducing scheme reserves over the next 10 years when this is applied so action is required to be sustainable. HBRC will review and consult on schemes based on this more consistent rating approach in the next 2 years and a revised rating schedule will apply from year 3 with the new LTP. Small schemes have not had full labour costs and overheads allocated and so the scheme economics will change, necessitating formal review to determine long term affordability.

4.5.4 Scheme Reviews

AMG will have additional resources for scheme review activity to validate current funding levels for each scheme (OPex/CAPex/Renewal). Reviews will validate the maintenance necessary to maintain scheme assets such that they continue to deliver the level of service required based on scheme reviews and stakeholder consultation.

LTP resources have provision for a dedicated scheme review FTE and an environmental engineering FTE to progress the consenting of 23 pump stations, and across the board improvements in Asset Management process to better support forward planning of any required renewal investment. Work will include fish passage review, additional ranger resources for security and presence, and engineering scheme review resources.

Scheme reviews consider the current levels of service, aging assets, and increasing demand for potential higher levels of protection, resulting from land intensification and climate change predictions. Review findings and outcomes may result in proposals to increase the level of service and maintenance and/or improvement expenditure, which would need to be consulted with scheme ratepayers.

The scheme reviews for some of the small schemes are likely to require consultation on the costs of maintaining and in some cases renewing some scheme assets. Often these schemes have a small ratepayer base and revised costs from scheme reviews are likely to require substantial operational and capital increases to sustain a suitable LoS. Opoho and Ohuia in the Wairoa area are likely to be in this situation.

The largest Scheme is the Heretaunga Plains Flood Control and Drainage Scheme which protects the cities of Napier and Hastings and highly productive land in their vicinity. The 2020 LOS review is focussing on the stopbank network in this scheme to validate stopbank over topping hydraulic model, and stopbank risk based on the Flood Protection Assessment (FPA) tool. The FPA is based on a code of practice intended to provide an agreed framework for assessing performance of flood protection assets where the assessment method and frequency is aligned with the risk to the community. Increasing urban intensification and rural land use changes within scheme catchments will be considered in review processes. Effort will be invested in improving asset information and condition assessment in all scheme reviews.

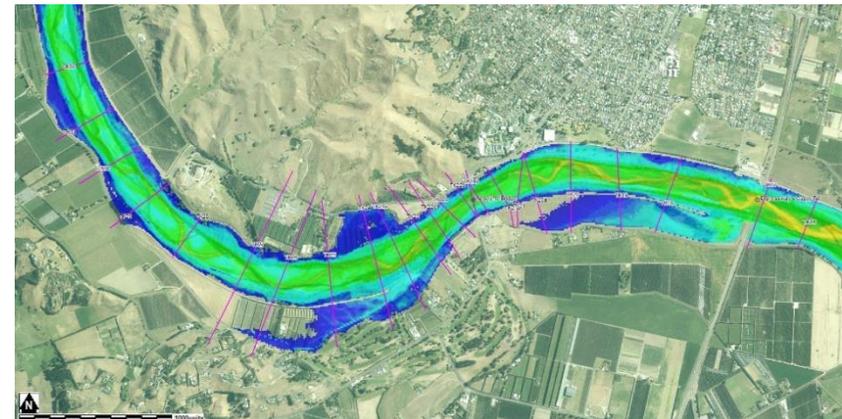


Figure 3: Example of a Flood model scenario on the Tutaekuri River at Taradale

4.5.5 Integrated Activity Management

In recent years HBRC has acknowledged the substantial potential for the corridors associated with rivers and streams as habitat and refuge for regional biodiversity, as well as being an integral part of the social and cultural fabric of the region. Substantial work has been done to quantify those values and several projects are now funded through scheme funds to enhance those biodiversity, environmental, cultural, recreational, and social values.

Approximately 95km of cycleways associated with HB Trails have been constructed on land and assets associated with HBRC infrastructure. These together with other recreational uses of river berm land provide substantial opportunities for public health and wellbeing. It also a need to review the management approach and different levels of service with greater public access which is being developed in the Open Spaces Asset Management Plan. This is a recognition of the need to manage service levels required for public access while maintaining essential flood and drainage function in the schemes. It also allows greater strategic and financial understanding for Open Spaces activity for stakeholders.

HBRC is also seeking to reduce eliminate, where possible, any adverse environmental effects of activities associated with the operation or maintenance of the Schemes. Recent studies completed relative to this are:

- The Environmental Code of Practice for River Control and Waterway Works (2017),
- The Hawke's Bay Riverbed Gravel Management Plan (2017), adopted and approved by HBRC in mid-2017, and
- The Ecological Management and Enhancement Plans for the main river systems

Our management approach takes into consideration the entirety of an asset's lifecycle, from build, through to operation, maintenance, renewal, and disposal if required. We tailor our asset management to fit the needs of our community and local businesses, providing infrastructure to an agreed

level of service with the associated risks being well understood and more importantly well communicated.

Key areas of focus for decision making around key infrastructure investment:

- Maintenance of existing assets (operation and maintenance)
- Review or improvement of existing assets (levels of service)
- Replacement of existing assets (renewals)
- Providing new assets to allow for community growth (capital works)

4.5.6 Asset Condition and Reliability

The current approach to determining scheme asset condition and reliability is detailed in each of the respective Asset Management Plans. Asset condition assessment is included in the annual asset maintenance contract structure.

Assets are separated into component categories within the asset registers relative to their function and significance. A condition matrix is applied to relevant scheme assets that provides a condition scoring, taking account of criteria such as asset conformance to design specifications, physical condition of the asset, level of establishment for tree plantings and plant quality, as examples. Review of critical assets will see more risk based asset information and assessment to support effective asset management decision making.

Annual river audits and inspections of critical scheme asset components are undertaken by a Professional Engineer. The inspection findings are documented in an Annual Inspection Report. The report records the overall asset condition and performance and identifies remedial work required. In the next 5 years greater focus on risk and condition based assessment will be developed by asset management resources allocated in the LTP. This will build a data supported set of base asset information to improve evidencing of asset life and criticality determinations.

From the scheme review process an updated view on the scheme will be available better determine the risks and criticality of the scheme and its asset base. Outcomes will include:

- validation of future investment requirements and timing,
- scheme scope, LoS achievement, benefits, economics, risks and sustainability
- updated operational and capital work programme

The scheme review processes are expected to assess the aging asset base and may identify additional capital requirements in addition to the current programme. The older drainage assets are starting to show age related deterioration, which is managed operationally but may require wider review for larger scale replacement, rationalisation or in some cases retirement. Alternatively, assessment of remaining asset life/condition may be revised based on the review process.

Inspection methods for culverts and enclosed spaces have greater health and safety requirements and greater use of remote controlled CCTV inspections will be required in the future to perform these inspections. In the same way there is greater use of remote drone flights for condition inspection for scheme assets, notably stopbanks, vegetation, open spaces and forestry assets.

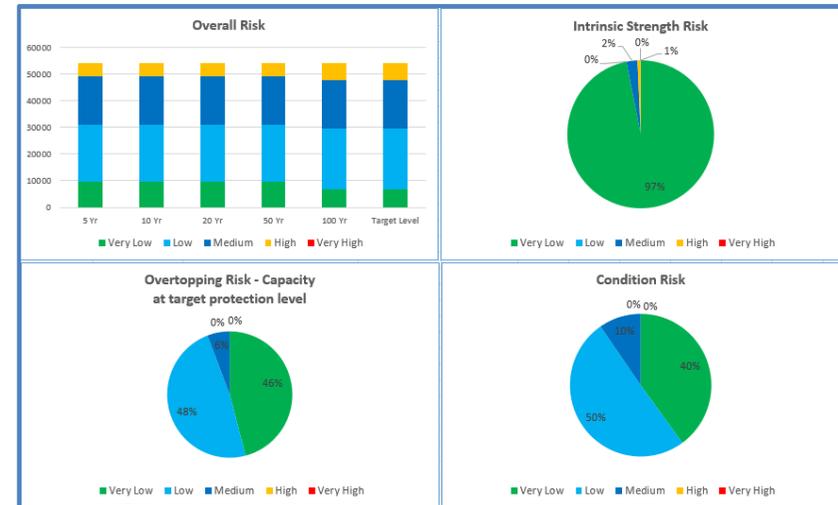


Figure 4: Ngaruroro River FPA Condition Summary

Scheme review and Flood Protection Assessment (FPA) are used to validate performance and stopbank risk criticality based on a recognised New Zealand River Managers Forum assessment method.

All major rivers in the HPFCS will be assessed with this tool as part of LoS reviews. The assessment covers all aspects of river assets and potential community impact with a risk based assessment criteria. This represents a standardised methodology for condition, risk, and service level for river assets. As at Jan 2021 the Tutaekuri and Ngaruroro Rivers have completed FPA reviews which will contribute to the wider Heretaunga Plains River level of service project.

Changing legislative requirements require additional compliance consideration for Drainage Schemes in terms of resource consenting, fish passage, confined spaces compliance and possibly stormwater management.

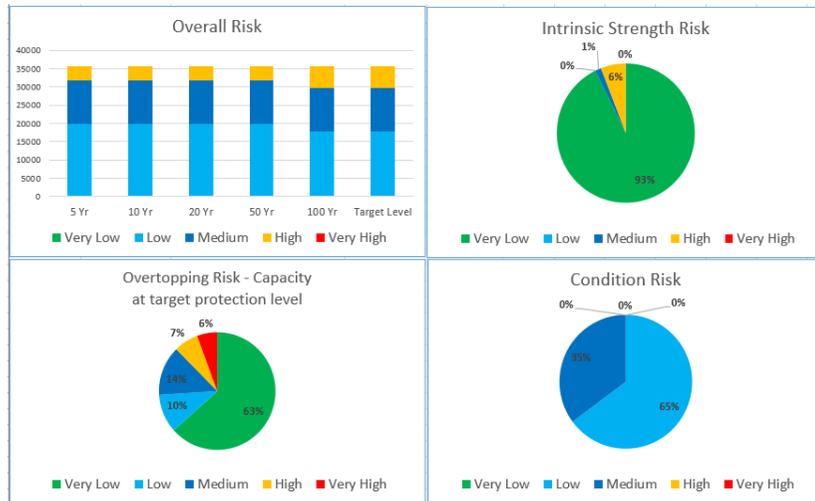


Figure 5 Tutaekuri River FPA Condition Summary

4.5.7 Maintenance Activity Approach

An annual maintenance programme for all infrastructure assets is prepared prior to the commencement of each financial year. Maintenance work is largely undertaken by HBRC’s own internal contractor (HBRC Works Group) under annual Asset Maintenance Contracts.

The annual programme of maintenance is designed to ensure that the infrastructure assets continue to be maintained in accordance with the Scheme asset management plans such that the Scheme continues to deliver the required LoS. Where scheme review shows the LoS requires additional investment or maintenance inputs, additional funding will be assessed and if not able to be resourced by the scheme, a formal revision of the LoS will be adopted.

Inspections of sections of representative assets are undertaken as part of the annual programme of works (asset management contract), with all assets inspected over a 5-yearly interval. The annual audit of the Schemes

is undertaken by a Registered Engineer with experience in river and drainage control works.

Cost effective delivery of services

In terms of section 10 (Purpose of local government) there is a clear requirement to meet the current and future needs of communities for good-quality local infrastructure, local public services, in a way that is most cost-effective for households and businesses.

(2) In this Act, good-quality, in relation to local infrastructure, local public services, and performance of regulatory functions, means infrastructure, services, and performance that are—

- (a) efficient; and
- (b) effective; and
- (c) appropriate to present and anticipated future circumstances

The HBRC Works Group operates a fleet of specialist plant and equipment that is specifically designed to deliver the maintenance contracts efficiently and effectively. In addition, the Group undertakes other less-specialist work utilising local contractors. The Works Group also tenders for work within their area of expertise from other organisations allowing them to test their competitiveness in the open market.

Any surpluses made by the Works Group on these maintenance contracts are returned to the respective Scheme at the end of each financial year. The maintenance activities are defined for each of the respective schemes, with many of the activities defined and established over a considerable period of time. Issues such as seasonal influences, effectiveness of the maintenance regime and consideration of new techniques and technologies are considered by Scheme Managers on a regular basis, with programmes modified as necessary. A typical example of the scheme maintenance regime is tabled below.

Table 4-2 Heretaunga Plains and Upper Tuketuki Scheme Maintenance Plan Table

Asset Group	Maintenance Regime	
	Activity	Frequency
Stopbanks	Mowing	2-6 times/year
	Spraying	20km/year (as required)
	Fertiliser	20km/year
	Misc. repairs	As required
	Inspections	Rotating monthly
Berms and Buffers	Spraying	Annually
	Lopping	As required
	Mowing	2-6 times/year
	Grazing	On-going
	Misc. repairs	As required
Active Channel	Beach raking	Annually
	Spraying	Annually where required
	Survey	3-yearly (gravel extraction reaches) 6-yearly (non-gravel extraction reaches)
	Gravel extraction	As required, where directed
Drainage Structures	Inspections	Annually (minimum)
	Misc. repairs	As required
	Replacement	As scheduled (approx. every 50 years)
Groynes	Inspections	After major flood events

Annual contractual maintenance expenditure (2020-21) is in the order of;

- HPFCS – Rivers M\$0.79
- HPFCS – Drainage M\$1.33
- UTFCS – Rivers M\$0.62
- Small Schemes (All) M\$0.67

The figure below sets out the predicted ongoing maintenance costs. Section 4.11 of this Strategy sets out the assumptions under which these estimates have been developed.

4.5.8 Renewal approach

The effective life of each asset (and in some cases components of an asset) has been identified, assessed, and recorded as part of the HBRC Infrastructure Asset Database. Examples are set out in the table below:

Table 4-3 Asset Life Table

Asset type	Expected effective life
Stopbanks, live trees for river control and drainage channels	Maintained in perpetuity. Do not deteriorate over time if they are adequately maintained and therefore assumption of infinite expected life.
Pump station buildings, Concrete structures, and culverts	Depreciated up to 70 years.
Pump station electrics	Depreciated from 25 to 30 years
Exposed steelwork e.g. weed screens on pump stations	Depreciated from 5 to 30 years depending on environmental conditions.

There is intent to improve the quality of asset information including more condition assessments to better evidence asset lives and provide greater confidence in programme timing and overall risk assessment as part of asset management process improvement. This is an intent resourced in the current LTP with in the AMG.

Depreciation is charged to each scheme based on asset deterioration on a straight line basis over the estimated asset life. No depreciation is charged on assets that have an infinite life, e.g. stopbanks, on the assumption they are maintained in perpetuity.

An asset replacement reserve is held for each scheme to which the annual depreciation charge and any interest accruing to the reserve is credited, and the cost of asset replacements is debited.

The condition of any asset is assessed prior to a decision being made to replace it. Where the assessment determines the asset has a further residual life the replacement date of an asset is extended and documented in the database. Prior to replacing any asset, a review is undertaken to determine whether or not there is justification to change the level of service provided by that asset, and particularly for substantial assets to consider a range of alternatives to determine the most cost effective approach to its replacement. This is particularly relevant where the depreciated asset forms part of a wider asset component configuration, such as pump station electrics.

Nominal lives allocated of common asset items produce some peaks in the longer term and refinement of the detailed programme for replacement will validate the timing of assets with some smoothing of renewal expenditure based on condition assessment. Large portions of schemes were constructed during 1960/70's and are therefore a coincident number of assets are nearing the end of their nominal useful lives. The condition of these assets will be reassessed, and the priority confirmed as the time for planned replacement reaches the planning inspection phase, and where appropriate, programmed replacement dates will be revised. Any amendment or revision of renewals dates based on risk and/or condition assessment reviews will also be reflected in subsequent funding and budget reviews.

4.5.9 Shared Service Delivery Approach

HBRC has several areas of substantial potential shared operational and regional interest in asset infrastructure areas. Areas of current shared interest include:

- HBRC/NCC: Management of urban pump station;
- HBRC/NCC/HDC:

- Cycleways management and maintenance
- Coastal Hazard Strategy
- HBRC/NCC: MOU for Napier Urban Waterways
- HBRC/HDC: MOU for Havelock North Waterways
- HBRC/NCC/HDC/WDC: 3 Waters Reform. Limited HBRC scope

Co-operation between the component councils in the region happens at a range of levels with HBRC AMG. HBRC provides flood modelling support for regional hazard portals, and support for a range of technical flood/drainage and consenting support.

4.5.10 Capital Work (Enhancements and increased level of service)

Capital or improvement works are undertaken on some Schemes in accordance with direction determined within the asset management plans. However, the majority of capital works will be undertaken to improve the level of service provided based on the adaptation to climate change and legislative changes (Freshwater reforms, TANK plan changes).

In its 2015-25 Long Term Plan, HBRC consulted on a proposal to increase the level of service provided by the river control and flood mitigation works on the Heretaunga Plains Scheme – Rivers, from a 1% AEP to a 0.2% AEP (or alternatively from a 1 in 100 year to 1 in 500 year standard). Analysis to determine what this means in terms of design discharges for the major rivers. Using these values, the next phase is to look at the effects of confining the flow, dealing with high shear stresses and gravel movement and final design requirements. This has been picked up in the 2021-23 IRG supported LoS review for the Heretaunga Plains rivers. The Flood Protection Assessment tool is being used to better risk assess scheme stopbanks and river channels.

Concurrent with this process is also an ongoing review of individual drainage catchment areas within the Heretaunga Plains Drainage areas which measures current scheme performance and considers opportunities for

scheme enhancements or improvements. This includes waterway capacity, environmental enhancement, and recreational opportunities.

LTP support for Clive River dredging is pursuing options to a land based disposal including the identification and possible purchase of suitable land. This is a significant change from traditional dredging in the area and will require public consultation.

Current infrastructure consultation items are:

- Upper Tukituki Gravel
- *Clive River Dredging*
- Ahuriri Regional Park

Capital works will be funded through loans or funded directly from Scheme funds as necessary. The identification of an appropriate funding source is determined by the size and scale of any proposed works and through a long term plan or annual plan process, or through a special consultative process if one is considered necessary.

Key capital projects expected to be undertaken within the life of this Strategy are set out in the table below. HBRC has consulted and received support from the community for increasing the level of service provided by the stopbanks protecting the Heretaunga Plains from floods with a likelihood of occurrence of 1% AEP in any one year (100 year return period) to 0.2%AEP (500 year return period) for stopbank overtopping.

HBRC has yet to determine changes in levels of service provided by the Upper Tukituki Flood Protection Scheme and the other smaller schemes as the effort to date has been committed to the Heretaunga Scheme. Level of service change options will be determined after the level of service reviews for each respective scheme are completed progressively over the next 10 years. The principal options Council expects to consult on are whether to increase the level of service, and by how much, or whether to retain the current service levels. This will probably be decided on a willingness to pay.

A “Status quo” scenario is manageable for the scheme based on the current level of development and land use within the protected areas of the scheme. Maintenance costs would progressively increase to respond to ongoing issues of gravel accumulation and the increased levels of risks posed by climate change. This, along with potential further urban and rural development likely on the Ruataniwha Plains will provide background to the levels of service review.

These decisions will be substantial decisions for HBRC prior to commencement of any capital works. Expected timing and costs (for the maximum expected level of service changes) are set out in the table below.

Figure 4-6: Projected Operational Expenditure – Infrastructure Assets

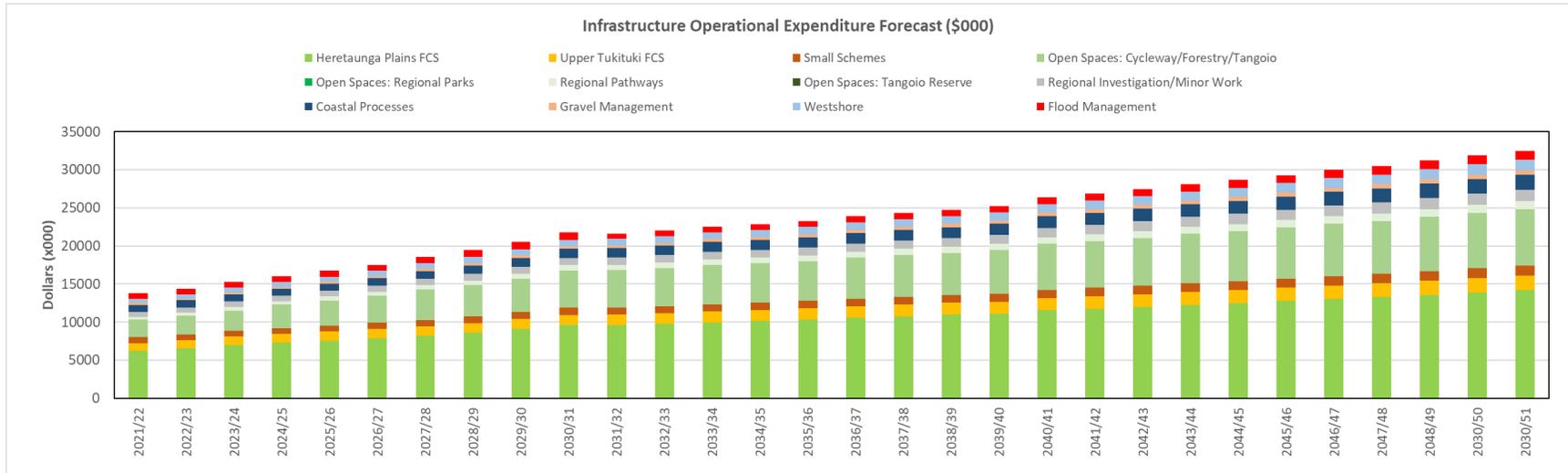
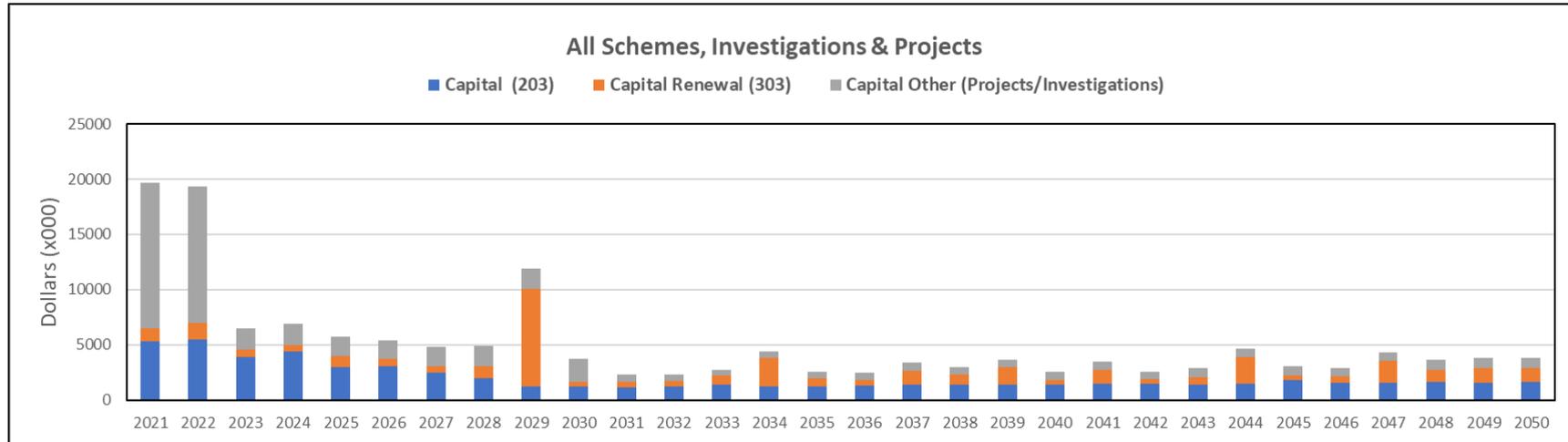


Figure 4-7: Projected New Capital and Capital Renewal Expenditure - Infrastructure Assets



The initial 3 year period (Figure 4-6: Projected Operational Expenditure – Infrastructure Assets)

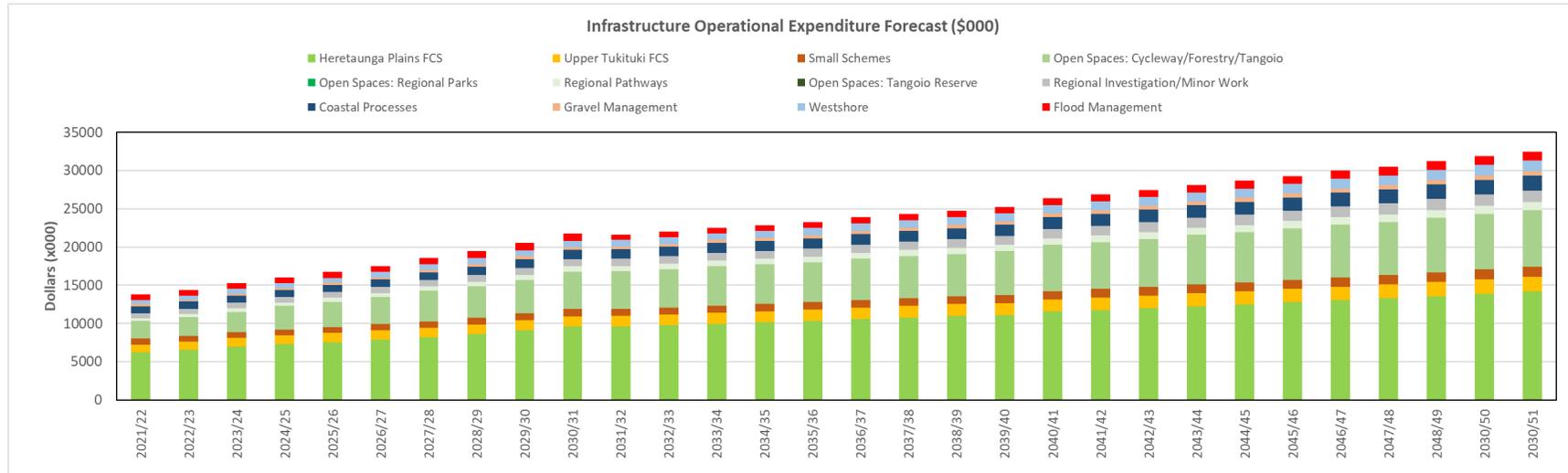


Figure 4-7) shows the significant impact of the IRG co-funding projects (Grey in 2021-23), and the peak in the 2029/30 period is several sections of large diameter culverting reaching the nominal replacement age of 70years. Asset inspection of these aging drainage assets will validate the timing of this forecast replacement based on assessed condition and risk.

<i>Scheme</i>	<i>Capital Work Description</i>	<i>Indicative Project Value</i>	<i>Timing</i>	<i>Delivery</i>
Heretaunga Plains FCS				
Level of Service Review - Rivers	Increase level of service from current 1 in 100 year protection to 500 year protection	M\$ 19.5 over 2 years with IRG funding contribution	M\$7.02 funding provision included in the LTP with M\$12.48 of IRG co-funding	2021-2023
Public use of Rivers	Development of land within the flood protection for the public use for recreational activity and for planting or productive activity.	\$765,000 over 10 years	Provision in the LTP / part of the LoS review	2021-2031
Scheme review and capital work from these reviews	Review of all small scheme to include climate change and performance of the assets to current and future conditions.	Only OPex budget, but CAPex to be confirmed in next LTP.	No funding provided in the LTP	2021-2031
Pump Station - Fish passage	Installation of fish passages where practical across stream barriers e.g. Pump stations	M\$1 over 10 years	Provision in the LTP	2021-2031
SCADA system for all Pump Stations	Installation of the communication system SCADA for all Pump stations	M\$1 over 10 years	Provision in the LTP	2021-2031
Capital work for TANK plan change	Plan change related activity and work programme implementation	\$938,000 from year 3 to year 10 (perpetuity)	Provision in the LTP	2023-2031-ongoing
Clive River- Land for dredging	Dredging Clive River and discharge of silt to land.	M\$5.9 in 2025-26 & 2029-30	Provision in the LTP	2025-26 & 2029-30
River and Lagoon Opening	Installation of CCTV for better monitoring	\$30,000 in 2021/22 & \$625,000 over the following 10 years	Provision in the LTP	2021-2031
Karamu Scheme- Weed harvesting	Investigate and purchase equipment for better operation of weed cutter.	\$159,000 in 2023-25	Provision in the LTP	2023-2025
Gravel Management-processing and new access to rivers	Building new access to location where gravel needs to be managed for flood protection.	M\$1.2 annually for 10 years	Provision in the LTP	2021-2031
Upper Tukituki FCS				
Public use of rivers	Development of land within the flood protection for the public use for recreational activity and for planting or productive activity.	\$328,000 over 10 years	Provision in the LTP	2021-2031
UTT- Gravel extraction	Extraction of gravels for surplus areas	M\$7.05 over 2 years	M2.54 provision in the LTP with M\$4.51 of co-funding	2021-2023

Scheme	Capital Work Description	Indicative Project Value	Timing	Delivery
Open Spaces				
Hawea Park - Stage 3	Further development of Hawea Historical Park consistent with original approved 2017 plan	\$939,000 over 3 years	From 2018-28 LTP	2021-2024
Waitangi Regional Park - Stage 3	Final stage of the Waitangi Regional Park.	\$250,000 over 3 years	From 2018-28 LTP	2021-2024
Ahuriri Regional Park	Development of the park	M\$10.2 over 10 years	Provision in the LTP	2021-2031
Karamu Enhancement	Enhancement of the Karamu stream	M\$3.6 over 10 years	Provision in the LTP	2021-2031
Regional Cycling development	Further regional pathway development (contribution to match the funding only)	\$757,000 over 3 years	Provision in the LTP	2021-2025
Wairoa Regional Park Development	Park Development along Wairoa River as per consent plan completed in 2017.	\$580,000 over 3 years	Provision in the LTP. Other funding to be sourced.	2025-2028
Small Schemes				
Opoho - new Pump station	Upgrade and build of new pump station subject to scheme review	\$261,000 in 2022-23	Provision in the LTP	2022-2023
Ohuia - Whakaki - new Pump station	Upgrade and build of new pump station subject to scheme review	\$305,000 in 2021-22	Provision in the LTP	2021-2022

Table 4-4 10-Year Scheme Summary

*Uncertainty: - Costs/timings will depend on the outcomes of scheme reviews as well as further community consultation requirements and demand.

4.6 Heretaunga Plains Flood Control and Drainage Scheme

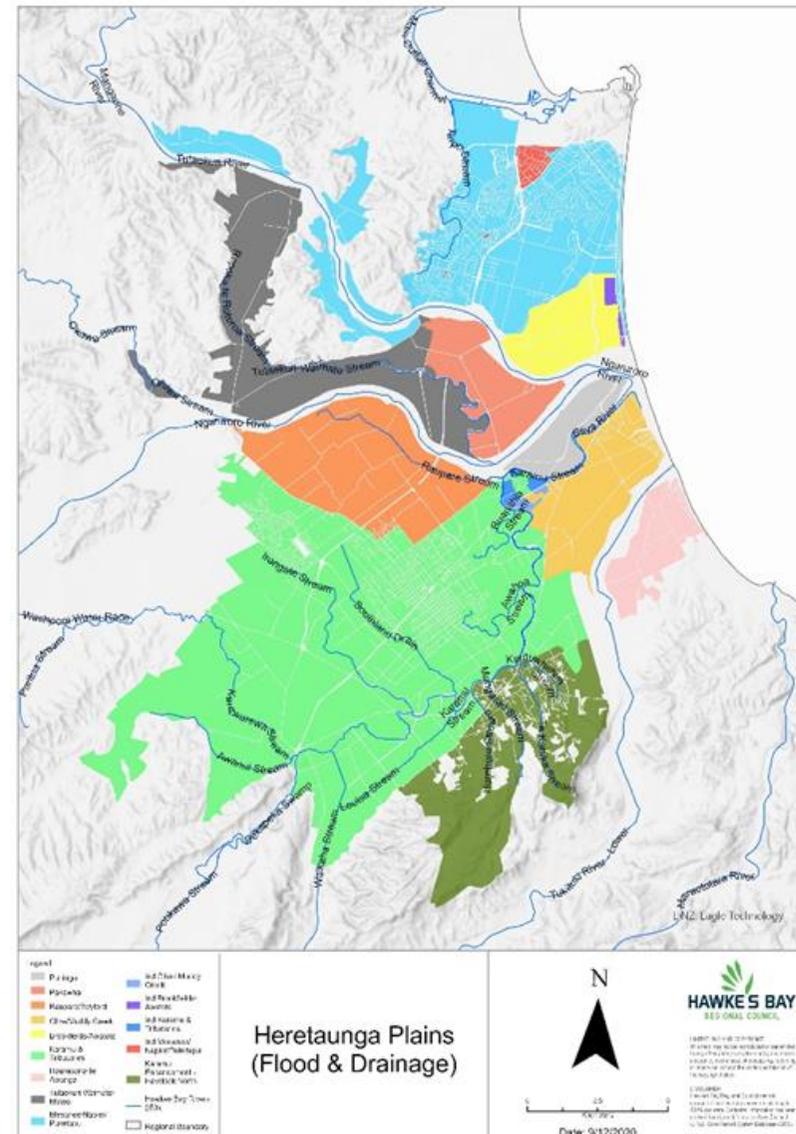
4.6.1 Scheme Overview



The Heretaunga Plains Flood Control and Drainage Scheme is that largest scheme and includes substantial stopbanking and river control works on the three major Heretaunga Plains rivers (Tutaekuri, Ngaruroro, and Tukituki) and a network of small streams, drains and pumping stations under nine internal catchment drainage areas.

For management and funding purposes the Heretaunga Plains Flood Control and Drainage Scheme is divided into ten separate river catchments areas and nine separate drainage catchment areas.

Figure 8: Heretaunga Plains Rivers and Drainage Scheme Areas



4.6.2 Scheme Extent, Operating Costs and LoS

The table below summarises the scheme assets, operating costs and levels of service:

Table 4-5 Scheme assets, operating costs and levels of service

Asset description	Physical dimension/number*	Replacement value (2020)	Average Annual operations and maintenance budget (2020-30)	Level of service summary
Stopbanks	157km	M\$150	\$4.9M	<p>Currently the design Level of Service (LOS) (1%AEP capacity) is provided on the major rivers, however HBRC has committed to increasing the LOS to convey flood water with a 0.2% chance of occurrence in any one year. Current assessment is that the River control assets provide 100% effectiveness for 1% AEP capacity and is at no more than a low risk of failure.</p> <p>A Level of Service (LOS) review for the drainage network is underway and scheduled for completion in the next three years.</p>
River channels and edge protection	129km			
Drainage channels	447km			
Pumping stations	18			
Structures and culverts	217			

4.6.3 Asset Condition

Asset condition is monitored based on a schedule of inspections for major asset types. Stopbank and river channel condition is assessed using the flood performance assessment (FPA) criteria and the current IRG LoS project will further investigate these assets to confirm performance and condition where required.

Drainage assets have regular operational inspections, compliance and maintenance checks as part of the annual asset maintenance contracts. This covers the key pump station assets and drainage network. The age of the pump station structures is generating more operational maintenance typical of aging concrete, mechanical and electrical assets. Drainage scheme culverting is also aging and with greater health and safety regulation will require more remote CCTV inspection to determine condition safely.

4.6.4 Scheme Operation and Management

The scheme is operated and managed within the Asset Management Group’s management framework, via a range of inhouse and external resources.

Key issues

- LOS review,
- Aging drainage assets
- Increasing urbanisation in scheme areas/changing land use
- Chilean Needle Grass and Giant Aphid Incursions

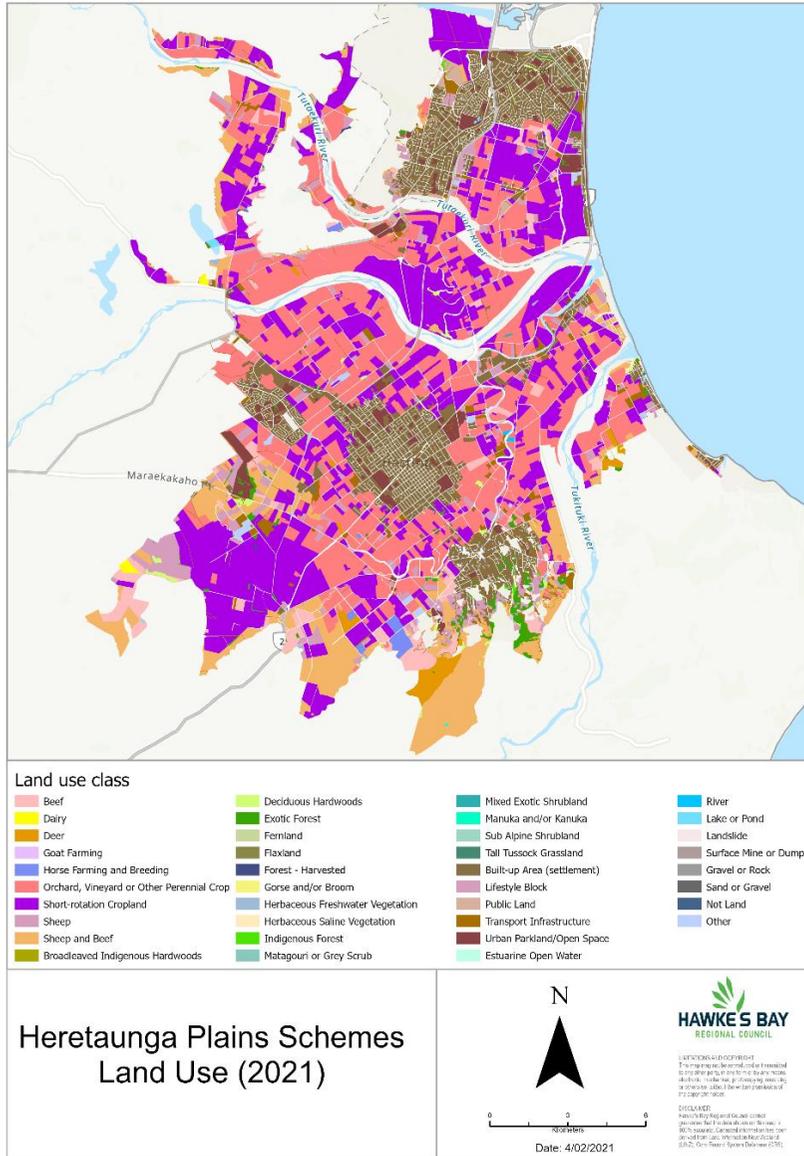


Figure 9: Waipawa River Erosion upstream of SH50 Bridge

4.7 Upper Tukituki Flood Control Scheme

The Upper Tukituki Flood Control Scheme is the second largest Scheme. This Scheme includes stopbanks and river control works on the Tukituki, Waipawa, and Tukipo Rivers and several their tributaries across the Ruataniwha and Takapau Plains.

The integrity of the Heretaunga Plains and Upper Tukituki flood Control Scheme assets are critical to the Hawke's Bay economy as they protect a large percentage of the urban Hawke's Bay population and substantial areas of horticultural and agricultural infrastructure. Stopbanks and associated river control assets on the three major rivers crossing the Heretaunga Plains are considered critical assets.

Key Issues

- Gravel management
- Chilean Needle Grass and Giant Aphid Incursions.

Details of the Scheme infrastructure assets are tabled below.

Table 4-6 Infrastructure assets summary

Asset description	Physical dimension / number	Replacement value (2020)	Average Annual operations and maintenance budget (2020-30)	Level of service summary
Stopbanks	76km	M\$34	\$1,160,703	Currently the design LOS (1%AEP capacity) is provided over 95% of the stopbanked reaches. The remaining 5% of reaches remain with reduced free board (distance between design flood level and the top of the stopbank).
River channels and edge protection	206km			
Drainage channels	12km			
Structures and culverts	44			

4.8 Small Schemes

The remaining Schemes cover small catchments with minor infrastructure and are each considered small compared to the above Schemes.

Asset description	Physical dimension / number*	Replacement value	Average Annual operations and maintenance budget (2021-31)	Level of service summary
Stopbanks	15km	N\$15,5	\$953,789	Current Levels of Service are being achieved across most the smaller schemes. Levels of Service vary across the schemes, depending on their purpose. Estimated to be operating at 95% or higher after allowing for periodic flood damage.
River channels and edge protection	31km			
Drainage channels	85km			
Pumping stations	4			
Structures and culverts	37			

4.9 Open Spaces Assets

4.9.1 Pathways/Trails

HBRC manages approximately 105 km of pathways which have been constructed on land it owns or administers. The majority of the pathways form a portion of the NZ Great Rides known as HB Trails, and are constructed along stopbanks and berm areas which are assets of the flood protection schemes.

While HB cycle trails are not critical infrastructure assets, the cost of constructing these has been met in part by the regional ratepayers and in part by central government through their NZ Cycle Trails initiative. The replacement value of the pathways is \$2,512,514. HBRC therefore has an ongoing obligation for the management and maintenance of these pathways in accordance with the agreement HBRC entered into with the then Ministry of Economic Development (22 Nov 2011) which states that

“Under this agreement HBRC is required to brand the Hawke's Bay Trail as forming part of the Nga Haerenga, New Zealand Cycle Trail, and has agreed to comply with such reasonable conditions as required by the Ministry, including that the Hawke's Bay Trail be managed and maintained in a manner that is consistent with the objectives of Nga Haerenga, New Zealand Cycle Trail.”



4.9.2 Regional Parks

HBRC also manages and administers a Regional Park network including:

- Pakowhai Regional Park
- Pekapeka Regional Park
- Waitangi Regional Park
- Tutira Regional Park
- Waipatiki Motor Camp
- Contribute towards the management of Te Mata Park
- Hawea Regional Park (under development).

Prior to 2014, the narrower term Wetlands was used to describe what are now known as Regional Parks and managed under the Open Spaces activity

area. Within these parks are various recreational facilities, pathways, observation points etc.

It is acknowledged that the pathways and these parks are important but not critical community assets. HBRC has made financial provision in its long term plan for ongoing management and maintenance of these assets, and for their development and improvement. The 2020 replacement value of the regional parks assets is \$4.46 million (exclusive of land value).



The LTP has resourced 2 FTE's for Urban catchment co-ordination (Ahuriri and Karamu) to encourage greater community engagement, and also improve urban stormwater quality. One additional Ranger resource has also been included to manage the increase in public access issues and operational management and security support.

4.9.3 Coastal Assets

HBRC currently has a small number of coastal assets it has constructed and maintains, and at present funding for these assets is covered by financial provisions within the flood protection schemes. HBRC began a coastal hazards strategy in 2016 with community representatives and is currently progressing the detail and outcomes of the strategy through 2017 with the intention for any proposed works to be considered in the 2018 – 2028 LTP. Further direction for the Coastal Project is dependent on the outcome of the LTP process and any special consultative processes that may be required with the community and other Territorial Local Authorities.

The current coastal strategy work, identified as the Clifton to Tangoio Coastal Hazards Strategy 2120, includes the Hawke's Bay Regional Council, Napier City Council and Hastings District Council as partner contributing councils. The focus of the project at this time the project needs to ensure coastal issues are considered in a regional context and have flexibility to incorporate future potential coastal issues within the timeline of the 30-year strategy. This will enable areas within Wairoa District Council and Central Hawke's Bay District Council to be considered as and when issues arise.

Due to the potential substantial size, complexity, and scale of the Coastal Hazards Strategy, likely covering all Council areas within the Hawke's Bay region, it will be structured into its own project structure for funding, delivery, and management, with any assets separately identified.

4.10 Key Schemes Issues and Options

Section 3.5 has identified several infrastructure issues that are expected to be experienced over the life of this Strategy. Detailed responses to these have been identified in the Scheme asset management plans.

A number of these issues impact on future levels of service. Level of service reviews are underway and will continue to be a focus over the first 3 years of the 2021 LTP period. The level of service reviews includes a wide range of actions, and active consideration of

- Climate Change

- Level of Service for Open Spaces. As part of a new separate AMP. This will see work over the next iterations of the AMPS to work through the public access and operational management of Open Spaces assets while schemes AMPs focus on core flood and drainage asset management. This is an area of development for HBRC and will allow greater visibility on the growing Open Spaces operational and Level of Service requirements to stakeholders.
- Asset ownership and maintenance responsibility for Open Spaces: the HB trails assets have a relatively complicated mixed ownership/maintenance model, and the separation of open spaces from scheme operational responsibility is being worked through in the new Open Spaces AMP.
- Development of a new Open Spaces adoption criteria to consider whole of life asset management costs, resourcing and consistent proposal assessment criteria for future candidates.

4.10.1 Coastal Hazard Strategy 2120

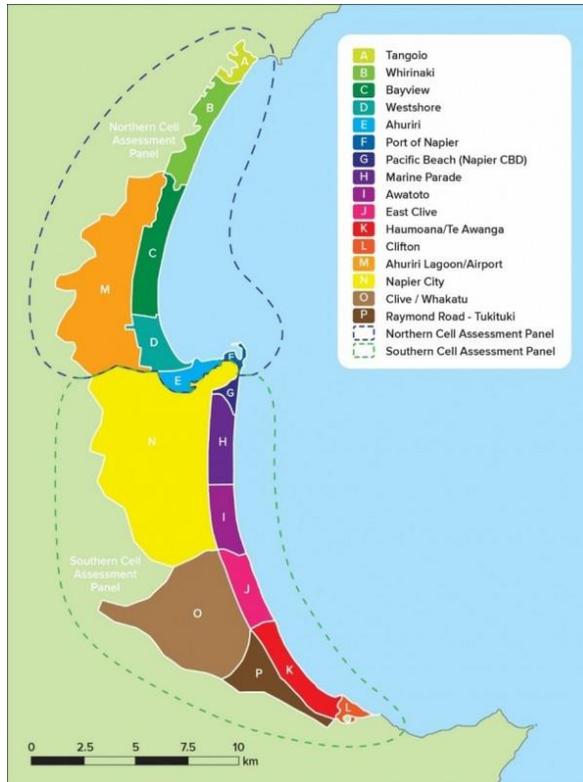
The Coastal Hazard Strategy 2120 (Clifton to Tangoio) was completed to stage 3 by NCC, HDC and HBRC and tangata whenua partners (Maungaharuru Tangitū Trust, He Toa Takitini, and Mana Ahuriri Trust) between 2014-17.

common There are still decisions to be made on public/private benefit and therefore who will be funding the required works. A decision is yet to be made on whether these funds will be managed at the Regional or City/District Council level. Until these decisions are made, the required works are unfunded, and the strategy implementation is on hold. It remains a substantial area of potential infrastructure investment if the governance and funding regime is resolved.

The proposed strategy framework allows for assessing coastal hazards risks and identifying options for the management of those risks for the next 100 years. The intent of the strategy was to develop a understanding of the risks along the entire stretch of coastline and to respond to community

concern about the effects of coastal hazards in a more coordinated and forward-looking way. An outline of the initial 3 stages of the Strategy are shown in Figure 4-10 and Table 4-7

Figure 4-10 Coastal Strategy Location map



maintenance

Table 4-7 Coastal Strategy Recommendations and Timing

Area	Short Term (0-20yrs)	→	Medium Term (20-50yrs)	→	Long Term (50-100yrs)
Clifton (L)	Sea wall	→	Sea wall	→	Managed retreat
Te Awanga (K2)	Renourishment + Control structures	→	Renourishment + Control structures	→	Renourishment + Control structures
Haumoana (K1)	Renourishment + Control structures	→	Renourishment + Control structures	→	Managed retreat
Clive (J)	Status quo	→	Renourishment + Control structures	→	Retreat the line / Managed retreat
Ahuriri (E1)	Status quo	→	Sea wall	→	Sea wall
Pandora (E2)	Inundation protection	→	Inundation protection	→	Inundation protection
Westshore (D)	Renourishment	→	Renourishment + Control structures	→	Renourishment + Control structures
Bayview (C)	Status quo / Renourishment	→	Renourishment + Control structures	→	Renourishment + Control structures
Whirinaki (B)	Status quo / Renourishment	→	Renourishment + Control structures	→	Sea wall

The strategy requires substantial capital investment to support a cross-council approach to identify and respond to these hazards in the future. Governance and asset ownership approach will be assessed, and capital funding required to implement specific initiatives. The strategy status is summarised in the Case study: Challenges with implementing the Clifton to Tangoio Coastal Hazards Strategy 2120⁴. HBRC is participating in the Coast Hazards Strategy with the aim of working through a solution, including funding, as a region.

- Governments 3-Waters Reform programme
- National and international advice on climate change predictions

⁴ <https://www.mfe.govt.nz/sites/default/files/media/Climate%20Change/challenges-with-implementing-the-Clifton-to-Tangoio-coastal-hazards-strategy-2120-case-study.pdf>

- Experience and learnings from other schemes nationally
- Community expectations for appropriate levels of flood protection
- Community expectations of environmental and ecological standards
- Appropriate social and cultural involvement and commitment within scheme reviews
- Affordability and willingness to pay

There are options available to achieve improved levels of service, particularly where climate change predictions provide adequate lead time, in some cases decades. This allows time to undertake a rigorous level of service review and consider longer timeframes for rating implications, intergenerational funding opportunities and loan funding. For shorter timeframes issues such as reprioritising and greater innovation around methods and techniques will be required.

The requirement for informing and educating scheme ratepayers to possible impacts and threats to schemes and scheme assets is a challenging area. Recent experiences within New Zealand, such as the Canterbury and Kaikoura earthquakes and Edgumbe floods reinforce the changing climate and provide a level of tangible evidence and proof that levels of services and past approaches to management need to adapt and be flexible to a changing environment. This is particularly relevant to Hawke's Bay.

There is a clearer and greater level of certainty around future impacts on schemes meaning there are a greater number of challenging issues for Schemes, Scheme Managers, Councils, and ratepayers to confront, with doing nothing becoming less of an acceptable option. With early intervention and commitment of Councils and Scheme Managers to addressing and educating scheme ratepayers on predictions and possible alternative solutions, a number of the challenging issues confronting schemes can be planned, programmed, and implemented in an affordable manner.

A summary explanation of the most significant issues and options for addressing them are set out below (Table 4-8).

Table 4-8 Infrastructure Issues, options, and management implications

Wellbeing Driver	Significant Issue	Description	Principal Management Options	Implications of Management Options
Environmental Driver:	Climate change	<p>Prediction is for Hawke’s Bay to be drier but with the potential for increased storminess. Severe storms are predicted to bring more intense rainfall which will result in increased flood flows. Sea level rise will also affect assets in the vicinity of the coast.</p> <p>HBRC declared a climate emergency in June 2019 and indicated a desire to respond actively.</p>	<p>Option 1: Retain current design standards that may not cope with potential Climate change impact such as increasing exposure of the schemes to more extreme rainfall and flood events and more challenging growing conditions due to extended drier summer conditions.</p> <p>Option 2: (Favoured Option)The potential impacts of climate change (flood flows and sea level rise) are being considered as part of levels of service reviews and related management impacts</p>	<p>The implications on maintaining the status quo will see a steady decline in levels of service or a more intensive response required for flood events and damage caused by more extreme events, as climate change predictions take effect. This is not a tenable option.</p> <p>LOS reviews will involve public consultation. If preferred option(s) are for retention of existing levels of service, or increased level of service, a capital works programme to increase current capacity of schemes is expected to be required.</p> <p>Issues such as greater freeboard allowances for stopbanks, greater capacity within stopbanks and more resilient plant species will be considered as part of scheme reviews.</p> <p>Investment in increasing scheme capacity and resilience i.e. pump and flood management capacity with effective environmental monitoring. LTP has provision for more additional design and environmental staff resources to address this requirement.</p> <p>The impacts of increased drought risk on environmental and river control plantings will be considered as an operational matter. Investigation of live edge protection plant resilience (i.e. drought/pest tolerant species).</p> <p>Expansion of an integrated management approach i.e. improved weed management techniques, Resource consents for the pump stations requirement addressed with environmental engineer resources in LTP.</p>

Wellbeing Driver	Significant Issue	Description	Principal Management Options	Implications of Management Options
Environmental /Social /Cultural/Economic Drivers:	Levels of Service reviews	<p>Land use change and climate change are predicted to result in increased runoff from the land into the waterways</p> <p>The level of service currently provided by the Schemes to the Hawke's Bay public includes:</p> <ul style="list-style-type: none"> • The conveyance of flood water in the major rivers safely to the sea up to a flow with a 1% chance of occurrence in any one year. • The drainage of flood water from the Heretaunga Plains without significant ponding for rainstorm events that have a 20% chance of occurrence in any one year. • A reduction in the frequency of flooding in areas serviced by smaller schemes managed by HBRC to levels defined in their asset management plans. 	<p>Option 1 : Retain current LOS</p> <p>Option 2: (Favoured Option) Undertake LOS reviews and investigate options for future LOS.</p>	<p>If no work is undertaken, the level of service will decline over time, with potential increased exposure to flood and drainage hazards to stakeholders and related loss of reputational credibility. This is not tenable.</p> <p>LOS options are being explored through the level of service review process which will include consultation with benefiting communities and/or landowners.</p> <p>Improvements over time in environmental, cultural, aesthetic values of the environs of waterways under schemes on public land as measured by the Stream Environmental Valuation (SEV) methodology.</p> <p>If the current levels of service are to be increased, then improvements will be required to the Scheme infrastructure.</p> <p>Generally enhanced river environment, biodiversity and recreational opportunities are expected to be required in addition to an increased level of protection against flood risk.</p>
Environmental /Social Driver:	Land Use Change	<p>There are several potential changes to land use that can impact on the amount of water running off the land and into waterways during heavy rainfall events.</p> <p>Climate change is predicted to result in increased storminess and increased severity of rainfall events. A 5% increase in peak rainfall falling in an event with a 1% chance of occurrence in any one year, may result in an increase peak flow in a waterway of up to 25%.</p> <p>Improvements to urban stormwater systems, increased building and/or urban expansion, changes in crops grown on the land – particularly forestry, can all result in changes to the speed and quantity of runoff from the land.</p>	<p>Option 1: Ignore potential land use changes and impacts</p> <p>Option 2: (Favoured Option) Review all Schemes over time. This process will take at least 10 years, however reviews of some of the larger schemes are programmed to be undertaken within the next 5 years.</p>	<p>There may several negative impacts if land use changes as well as climate change impacts are ignored i.e. frequency and extent of flooding, failure to correctly identify flood consequence and community impact. These must be accounted for in HBRC planning.</p> <p>The potential for increased runoff through land use change associated with urban areas may be managed to some extent through regulation in Regional and District Plans.</p> <p>The impacts on runoff through land use change in rural areas will be considered as part of the Scheme reviews and appropriate provision made in improvement options that flow from the reviews and NPS for Urban Development (2020).</p>

Wellbeing Driver	Significant Issue	Description	Principal Management Options	Implications of Management Options
Environmental /Economic:	Flood channel capacity management	<p>Significant quantities of sediment are carried by the major rivers. While soil conservation initiatives may reduce the amount of sediment finding its way into rivers over time, New Zealand's geology is young in geological terms and erosion will continue to occur in heavy rain events for many centuries even with the best soil conservation efforts in place.</p> <p>The flood carrying capacity of waterways will be compromised by aggradation of sediment unless appropriate measures are put in place to manage that risk.</p>	<p>Option 1: Retain current practices including the following range of river management practices are in place to manage this risk. These include:</p> <ul style="list-style-type: none"> riverbed beach raking and commercial silt and gravel extraction. Tree (e.g. unwanted willows and lupin) removal from the braided riverbed within and outside the current scheme areas. <p>Option 2: (Favoured Option) A significant gravel management review programme (7 years) was completed in 2017 and provides the basis for managing gravel riverbeds in the future.</p> <p>Implementation of revised gravel management cost structure: Options: to increase current extraction rate of \$0.8/m³ to \$1.20/m³. Consideration for regional rating to support for extraction will be considered as part of option analysis.</p>	<p>Retain current practices may lead to flood capacity of waterways being compromised by aggradation of sediment unless appropriate measures are put in place to manage that risk. Current stakeholder feedback confirms this is a community concern in the Upper Tukituki scheme in particular and requires more active management.</p> <p>The gravel management review process has enabled the establishment of a management regime that will ensure a sustainable and resilient gravel (& sediment) management process.</p> <p>River management will need to extend outside the current scheme areas to protect the braided rivers and encourage transport of sediment through the system.</p> <p>The implications of this can largely be managed within existing budgets and programmes as the physical efforts will be redirected from the areas within the schemes, where flood capacity is at manageable levels, to peripheral areas that would benefit the schemes from more intensive management.</p>

Wellbeing Driver	Significant Issue	Description	Principal Management Options	Implications of Management Options
Environmental driver	Environmental and Ecological Management & Enhancement	<p>Most schemes were developed and constructed in an era when economic growth and development were the primary focus of the time. Drainage, flood protection and land clearance enabled farm land and agricultural initiatives to develop and prosper and generate the wealth needed to support the schemes.</p> <p>Some of this development has occurred at the expense of the natural environment with significant impacts on wetlands and rivers and the surrounding habitat. Initiatives are now included in appropriate areas of the schemes to reinstate, enhance, or offset environmental and ecological opportunities.</p>	<p>Option 1: Ignore environmental and ecological management & enhancement opportunities</p> <p>Option 2: (Favoured Option) Continue to implement and develop a wide range of management options available for environmental enhancement. These include riparian retirement and planting, removing stock from waterways and berm areas and fencing, modifying water courses to more natural forms, improving water quality by shading, community, and Tangata whenua engagement in improvement initiatives. A number of these initiatives are included in sections of a number of the schemes.</p>	<p>This approach will have potential negative and undesirable environmental and ecological outcomes.</p> <p>Doing nothing is not considered an acceptable option due to the high expectation of scheme ratepayers for the schemes to deal with water quality and ecological issues, particularly in proximity to urban areas.</p> <p>Inclusion of a wide range of environmental enhancement initiatives within scheme budgets will ensure long term improvements to water quality, development of more natural channel forms and native planting resulting in habitat enhancements.</p> <p>The financial commitment involved in achieving better ecological outcomes is modest alongside scheme maintenance budgets and typically involves refocusing existing budgets to alternative species planting and lessening intensive maintenance activities such as weed boating once shading efforts take effect.</p> <p>Ratepayer and community involvement can offset the cost of these initiatives.</p> <p>This initiative is also consistent with Councils refocussed commitment to improving environmental and ecological outcomes.</p>

Wellbeing Driver	Significant Issue	Description	Principal Management Options	Implications of Management Options
Environmental /Social Cultural and Economic drivers:	Coastal Asset Management	Our coast is eroding and in particular the coastal communities from Clifton to Tangoio are at most significant risk. With sea level rise, the northern and southern coastal settlements will face increasing risk of erosion and inundation.	<p>Option 1: Ignore coastal erosion hazards and risks</p> <p>Option 2: (Favoured Option) Continued development and implementation of the Clifton to Tangoio 2120 Strategy to understand coastal hazards risks and the management options for this key part of the Hawke's Bay coastline. It has begun with the priority areas between Clifton and Tangoio but will move to focus on other coastal areas in the future.</p> <p>To date the Strategy has identified the areas that will be affected by various coastal hazards over the next 100 years to 2120 and the risks to public and private property, cultural sites and areas, recreational use, and infrastructure services. A multi-criteria analysis has been carried out with a pathways approach determined by the community representatives to best deal with the future hazards.</p>	<p>The cost of doing nothing is estimated to run into 100's of millions of dollars. Guidance and planning must be</p> <p>If the results of the multi-criteria analysis being undertaken as part of the strategy indicate intervention is needed in terms of hard engineering solutions for safeguarding our coastline, then major construction works would commence in the lifetime of this strategy.</p> <p>The next phase of the project will determine the cost of the various options, timing, and funding options between the partner Councils. This is likely to be determined through a special consultative process, with costs in the order of \$150 – 200m for the 100 year life of the strategy.</p>
Social Driver:	Changing community expectations	In the past the drainage and flood control infrastructure focused on single service delivery objectives. There is now a more integrated approach to infrastructure use and management aimed at meeting community desires and expectations	<p>Option 1: Retaining historical traditional single use of drainage infrastructure</p> <p>Option 2: (Favoured Option) Diversify infrastructure use to meet multiple community expectations/outcomes</p>	<p>This approach will not meet community and Council aspirations for greater public access.</p> <p>Development integrated asset management looking at the multiple use of assets such as cycle paths on stop banks. Increase in level of service due to greater public access (e.g. mowing, security, ranger management, fly dumping). Demand for non-drainage assets (e.g. seating, amenity features, signage)</p> <p>Reduction in use of herbicides or change in type. Potential less efficacy and more weed control activity required.</p> <p>Change from grazing of river berms to mechanical mowing; Increase in mowing requirements.</p>

Wellbeing Driver	Significant Issue	Description	Principal Management Options	Implications of Management Options
Cultural driver:	Increasing co-management approaches	Council is committed to increasing and prioritising co management approaches	<p>Option 1: Status quo management approach</p> <p>Option 2: (Favoured Option) Identification of co management opportunities and Development of co-management strategies and plans</p>	<p>This option is not desirable.</p> <p>Potential review and adaptation operations and maintenance techniques in line with co-management objectives.</p>
Environmental / Social Cultural and Economic drivers:	Asset Management Capacity and capability Development	Council is committed to developing AM capacity and capability to meet the future challenges	<p>Option 1: Maintain the AM status quo.</p> <p>Option 2 : (Favoured Option) Implement the AM Improvement Programme to develop AM capability and capacity to meet the challenges of future asset management, including: Human resource planning to overcome engineering resource scarcity regionally and nationally.</p> <p>Need for AM systems upgrade technology advancement</p> <p>Emerging /increasing regulatory requirements (new consents and their management)</p>	<p>This option is not desirable</p> <p>Participate in regional and national engineering skills development initiatives (i.e. cadetships, career path development etc.)</p> <p>Utilisation on consultancy services (creative approaches? Public Private partnership) to increase skills and capability in the short to medium term</p> <p>Core asset management systems development (ADMS, GIS, Finance system) and integration</p> <p>Development of regulation and compliance systems and skills</p>
Economic	Affordability issues	Increasing costs to meet the scale and extent of future management requirements.	<p>Option 1: Status quo</p> <p>Option 2: (Favoured Option) Improved overall asset management maturity with improvement in asset information systems resourced in LTP provisions. Enabling improved decision support and long term forecasting.</p> <p>Improved works planning and innovation.</p> <p>Investigation of funding models (intergenerational view?). Identify alternative funding sources.</p>	

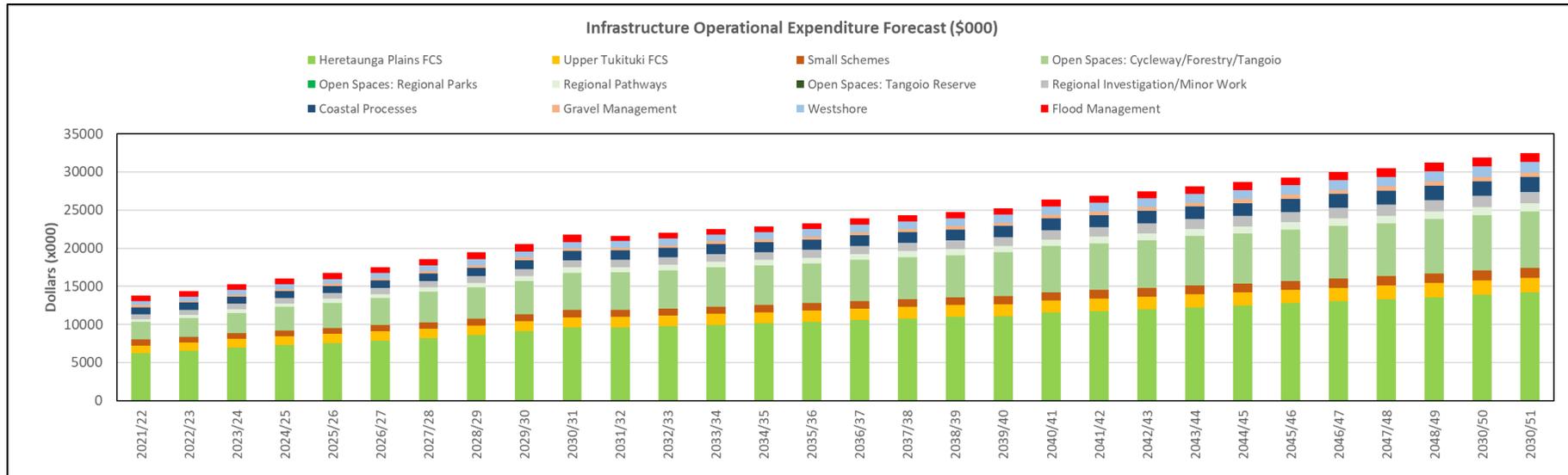


Figure 11: Regional Asset Operational Expenditure Forecast (\$000)

4.11 Financial Summary

4.11.1 30 Year Budget Forecasts

The 30 year Regional Assets operational cost forecast is shown in Figure 11.

4.11.2 Funding the Activities

The schemes have enabled the areas benefiting from them to improve land productivity, with resulting benefits to the economy and resilience of the region. HBRC sources the majority of funds to meet the ongoing operation, maintenance, and improvement cost of the scheme from targeted rates levied on properties benefiting from the Schemes, and a minority portion from general funding sources on a calculated private/public good basis. General funds are sourced from general rates levied on all properties across the region and from dividends and interest from HBRC investments.

A separate operating account is held for each specific scheme. All Scheme funds (targeted rates, general funding allocated to the Scheme, other Scheme income and interest on accumulated funds) are credited to the operating account. Scheme costs (operating, maintenance, and improvement costs, rate collection costs, depreciation, and interest on Scheme deficits) are debited from the account. Any balance remaining in the account (credit or debit) is carried forward from one financial year to the next as a reserve balance.

The major beneficiaries of the Schemes are the owners of land within the scheme areas that are able to use their land more productively. These beneficiaries pay the majority of the cost of operating and improving each scheme through a rating classification approach using targeted rates. However, HBRC recognises that there are wider benefits to the region from land being used more productively, continued access to major urban areas and critical infrastructure and accordingly a portion of the Scheme costs are funded from HBRC's general funding sources, i.e. general rates and interest and dividends from HBRC investments.

As part of a 2020 review in the Revenue and Financing policy, HBRC has undertaken a structured review of the allocation of costs for all schemes to confirm the allocation of overheads and labour costs is consistent for all schemes. Forecasting

for smaller schemes show an indication of reducing scheme reserves over the next 10 years when this is applied so action is required to be sustainable. HBRC will review and consult on schemes based on this more consistent rating approach in the next 2 years and a revised rating schedule will apply from year 3 with the new LTP. Small schemes in particular have not had full labour costs and overheads allocated and so the scheme economics will change, necessitating formal review to determine long term affordability.

Additionally, Open Spaces has been separated from the traditional schemes recognising the need to identify Open Spaces activities specifically and to

Economic assessments of the wider benefit to the Hawke's Bay Region have assisted HBRC in establishing the proportion of direct benefit vs region wide benefit for the major schemes. This work showed that the Heretaunga Plains Flood Control and Drainage Scheme – Rivers provided an environment within which significantly increased economic activity was able to occur across the whole region resulting in increased population and facilities to support that population. Accordingly, 30% of the cost of the Scheme is met by HBRC general funding.

The Schemes covering the individual catchment areas on the Heretaunga Plains have resulted in improved productivity from the land which is assessed as justifying 10% of the cost of those Schemes being met from general funding sources.

Similarly, the Upper Tukituki Scheme provides approximately half the benefit attributable to the Heretaunga Plains Flood Control and Drainage Scheme – Rivers to the whole region, but the cost of maintaining this Scheme is exacerbated by gravel flowing from the Ruahine Ranges. This is deemed to warrant an additional 2.5% of general funding input.

The principles used for the small schemes are as follows.

- Schemes that provide protection to a State Highway receive 12.5% general funding contribution
- Schemes that provide protection to local roading networks receive 10% general funding contribution
- Other Schemes receive 5% general funding contribution.

- The 2020 rating review will normalise the cost allocation consistent with other schemes over a 3 year period inclusive of a scheme review for the 2023-32 LTP.

The table below sets out the funding sources for each Scheme.



Scheme	Targeted rate portion (Private)	General funding portion (Public)
Heretaunga Plains Flood Control and Drainage Scheme <ul style="list-style-type: none"> Rivers 	70%	30%

Scheme	Targeted rate portion (Private)	General funding portion (Public)
Drainage catchment Schemes		
Napier/ Meeanee	90%	10%
Awatoto/ Brookfields	90%	10%
Pakowhai	90%	10%
Muddy Creek	90%	10%
Haumoana	90%	10%
Karamu and tributaries	90%	10%
Raupare/ Twyford	90%	10%
Tutaekuri -Waimate	90%	10%
Puninga	90%	10%
▪ Upper Tukituki Scheme	▪ 82.5%	▪ 17.5%
Small Schemes		
Upper Makara	90%	10%
Paeroa	87.5%	12.5%
Porangahau	90%	10%
Poukawa	95%	5%
Ohuia – Whakaki	95%	5%
Esk	87.5%	12.5%
Whirinaki	87.5%	12.5%
Te Awanga	90%	10%
Te Ngare	90%	10%
Kopuawhara	90%	10%
Kairakau	90%	10%
Opoho	90%	10%
Wairoa Rivers and Streams	87.5%	12.5%
Central and Southern Area Rivers & Streams	87.5%	12.5%

The Hawke's Bay Regional Council established public/private good benefit allocations for the various schemes many years ago. A variety of rationale was used to initially establish the splits such as economic performance, population areas and access to urban areas and State highways and roading networks. These have generally been reviewed as part of LTP deliberations or as part of significant scheme reviews, such as Level of Service reviews. A review was completed by Sean Bevin of Economic Solutions Ltd in October 2010, and 2020 saw the general rating review by HBRC which will have impact by making all schemes cover costs consistently.

Information from the Bevin (2010) review indicated that private benefit proportions for other New Zealand schemes similar to those in Hawke's Bay ranged from 50 – 100%, with an average benefit proportion of around 80%. While every scheme has their own peculiarities and nuances the report concluded that the approach of using capital valuation for the rating basis, along with specific rationale applied to each respective scheme to develop the above public/private good rating splits was a reasonable balance of all these parameters within the Hawke's Bay Schemes.

5 Hazards, Risk and Resilience

5.1 Risk Management

Risk management is the culture, process and structures that are directed towards realising potential opportunities, whilst reducing either or both the probability and consequence of adverse effects.

Risks and risk management is covered in detail in Section 5 of the specific Scheme Asset Management Plans, with HBRC using “Quantate Risk” software to establish risk registers, likelihood of occurrence and consequence scoring to develop the levels of risk matrix.

There is an ongoing review process in place in HBRC considering all significant risk issues for Council. These are reviewed on a 6 monthly basis and reported to Council every 3 months. While the component parts of the scheme risk registers are reviewed as part of scheme reviews, the overall risks of scheme performance, impacts of climate change, ratepayer confidence and ability to pay, consideration of recent events (e.g.; Edgecumbe stopbank failure event) are considered within the wider HBRC regular review process.

5.2 Resilience

Scheme beneficiaries have a high expectation that infrastructure has a high degree of resilience that will ensure scheme functionality and ongoing protection against flooding. The key activities that help ensure infrastructure resilience include:

- Infrastructure design standards reviews, and
- Levels of service reviews; these reviews will include:
 - risk assessments of the schemes, including climate change considerations,
 - scheme performance assessments or enable the level of service to be reinstated more rapidly following a natural hazard event that impacts on the scheme.
 - scheme reinstatement options (where the risk exposure is considered too great, e.g.; structural works in lieu of live edge protection)

- Planned/scheduled operations and monitoring plans
- Monitoring and reporting

Scheme beneficiaries have a high expectation of continuing functionality and ongoing protection against flooding. Reviews of the level of service provided by each of the Schemes are progressing as programmed. These reviews will include risk assessments of Schemes, including climate change, and where appropriate may recommend changes or improvements that reduce the risk of premature failure, or enable the level of service to be reinstated more rapidly following a natural hazard event that impacts on the scheme. The reviews will also consider alternative techniques to scheme reinstatement where the risk exposure is considered too great, e.g.; structural works in lieu of live edge protection.

Risks to Asset Performance

The main risks that would affect the performance of the infrastructural assets are listed following.

Risk	Description	Treatment
Significant natural hazard event	A significant natural hazard event (e.g. flood, earthquake, tsunami) will impact on the Scheme assets and may affect their integrity or their ability to provide the level of service they were designed to achieve.	Emergency Management incorporating CDEM includes Regional Asset Management and effective environmental monitoring to manage events. Risk based LOS review of critical assets is included in current programmes
Significant biological incursion	<p>An essential part of river control work (and ecological enhancement) is live trees a variety of willows, some exotics, and natives. Willows have in the past been damaged by a significant biological incursion e.g. willow sawfly which caused significant damage to willows in the mid 1990's. The response to this incursion involved a \$10m alternative species and structural works programme.</p> <p>Currently the schemes are experiencing an impact from the giant willow aphid that affects willow tree growth rates. This is presently being monitored and involves a review of resistant alternative plant species.</p> <p>Chilean Needle Grass: This grass is a significant issue in the Lower Tukituki River below Stockade Road. It has limited gravel extraction in this area and so there are potential problems with managing gravel accumulations traditionally extracted. Management options are under active consideration, and biosecurity monitoring is in place.</p>	Maintain environmental and biosecurity monitoring, and staff education to identify potential threats. Research management options based on best practice.
Inadequate funding	Ongoing maintenance is essential if the Scheme assets are to provide the design level of service. Maintenance is currently funded through rates levied on land benefiting from the Schemes. The cost of ongoing maintenance must however be affordable to the land owners and be outweighed by the benefits received by them. Where costs outweigh benefits an alternative level of service may need to be considered subject to agreement with ratepayers.	Develop and maintain scheme LOS assessments and long term asset planning to allow economic assessment of scheme operation and performance. Communicate issues and risks identified to stakeholders.
Management of HBRC's community assets and Infrastructure (Enterprise Risk Register Item 12)	This risk considers the management of HBRC's community (field) assets and infrastructure. Asset management aims to reduce asset related risk events by optimising the value of the asset throughout its lifecycle. Including development of asset objectives that align to the organisations strategy then maintaining, upgrading and where appropriate disposing of assets aligned to objectives in a cost-effective way. HBRC's assets and infrastructure includes bridges, boardwalks, stop banks, cycle trails, and forestry.	Identify, agree, and align HBRC's asset management systems to a current external standard

HBRC holds disaster reserves and insurance to fund reinstatement of Scheme levels of service should infrastructure assets be damaged in a significant natural hazard event. The highest risk event to infrastructure assets is a major flood event, followed by a major earthquake (or earthquake followed by a flood).

HBRC disaster reserves are designed to meet the cost of reinstatement following damage by events with a 4 to 5% chance of occurrence in any one year. (i.e. on average events that occur more regularly than once every 20 to 25 years). Insurance secured through an external organisation is held and may be called upon should serious damage occur in a major, but infrequent, event.

**Executive Summaries for
Heretaunga Plains Flood Control
Scheme, Upper Tukituki Flood
Control Scheme and Small
Schemes Asset
Management Plans**

2021 AMP Executive Summaries

1. Heretaunga Plains Flood Control Scheme Executive Summary

1.1 About this Plan

This Asset Management Plan outlines the management philosophy for the flood control and drainage assets on the Heretaunga Plains. It sets out a programme of work for the flood control scheme over the next ten years to ensure that assets meet the objectives for which they were established.

There are a number of assumptions underpinning the Plan. These represent circumstances with which the Hawkes Bay Regional Council (HBRC) reasonably expects to occur, including: that the economic and legislative environment in which the Scheme operates will remain the same; that HBRC's current activities and policies will continue; and that there will not be a significant flood which requires a change to the Scheme or the way it is managed, beyond that included in Scheme assumptions.

This Asset Management Plan (AMP) is supported by, and links to, a number of other documents and databases across HBRC, these include:

- Asset Registers and Valuation databases, which hold specific information on all Scheme assets
- Asset and Catchment Reviews, which investigate problems and identify preferred options for addressing these
- Environmental Codes of Practice and Ecological Management and Enhancement Plans, which guide wider environmental obligations and responsibilities and HBRC policy
- Strategy and guideline documents, which influence how HBRC manages the assets

From this, annual contracts for physical works are developed and financial information is provided for inclusion in the Long Term Plan (LTP).

The AMP has been developed using the Core asset management plan model. This model is considered to provide the appropriate level of detail given the nature of the assets involved in the Scheme, and the defined asset management objectives which are aligned with Councils corporate goals and strategic context. The Plan is reviewed every six years and the assets are revalued every three years. The financial forecasts are reviewed annually.

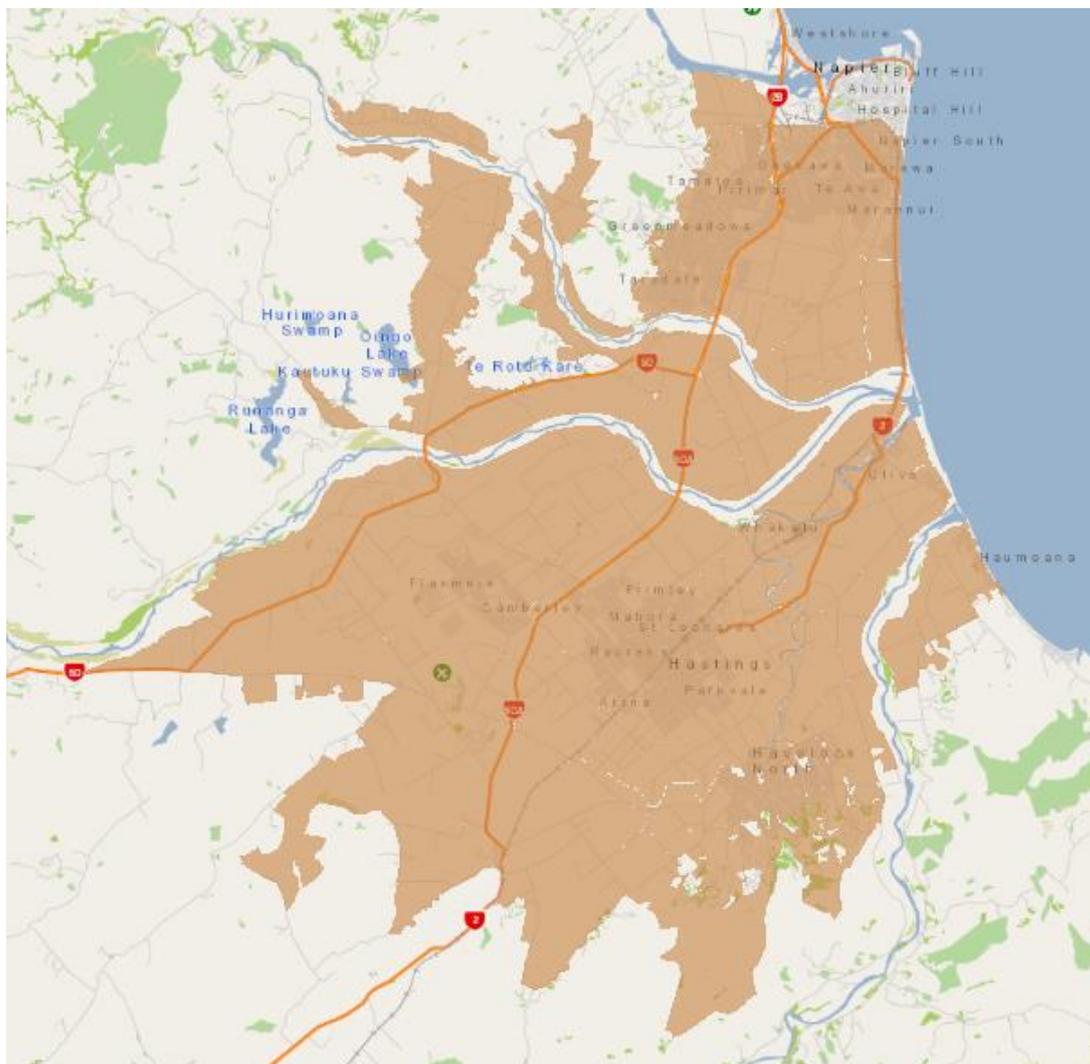
The AMP is a living document and future improvements or enhancements will be considered as part of the next review or prior to that time if circumstances warrant.

1.2 The Scheme and Our Customers

Overview

The Heretaunga Plains Scheme covers the low lying historic river plains of the Tutaekuri, Ngaruroro and lower Tukituki Rivers (see Figure 1). It includes all of Hastings, Flaxmere and Havelock North urban areas, as well as most of the Napier urban area. The area directly benefiting from the Scheme covers approximately 39,000 hectares with a population of around 138,000 people living within the Scheme boundaries - approximately 82% of the Hawke's Bay population.

Exec Summary Figure 1: Heretaunga Plains Flood Control Scheme Rating Boundary (Direct Benefit)



The Scheme as we know it today has evolved over the last 130 years from the efforts of Local River Boards in the late 1800's, through to the Hawke's Bay River Board, the Hawke's Bay Catchment Board, and since 1989, the Hawke's Bay Regional Council. Improvements in the Scheme have followed significant flooding events and specific catchment and asset reviews.

While the underlying goal of the Scheme has remained the same, the threats to the Scheme; its importance to the community; and the drivers behind how it is maintained, have changed.

Scheme Objectives

The objective of the Scheme is to ensure that the Heretaunga Plains communities are very rarely affected by significant flooding, and that waterways within the Scheme are highly valued community assets, from a flood control, environmental and recreational aspect.

Key Issues

The principal issues now facing asset managers are:

- Sustainable management of gravel within the river systems, including demand exceeding supply in many areas
- Maintenance of the design flood capacity of the river channels and adjacent stopbank systems and drainage outlets, particularly in the face of climate change
- Maintaining the integrity of the live edge protection and the stopbanks to mitigate the effects of insect pest infestations or other pests with the potential to adversely affect live tree edge protection
- Confirming the integrity of the stopbanks and quantifying the risk of failure at less than design capacity
- Increasing the levels of service to provide a greater level of flood protection and reduced flood risk to the Plains over time; Defining levels of service within each drainage catchment
- Maintaining the desired capacity of the drainage systems, while balancing landowner expectations, community willingness to pay, further land development and environmental impacts
- Potential impacts of co-management arrangements with Iwi on HBRC policy and Scheme management regimes
- Minimising the adverse impact of river management methods on the environment *by incorporating advice and direction from Environmental Codes of Practice and Ecological Management and Enhancement Plans*
- Reviewing maintenance methods and techniques to accommodate changes in land management practices; including organic fruit and crop production and trends in best practice management for stormwater and flooding
- Equitably funding drainage capacity improvements required as a result of land use changes given that the Local Government Act 2002 does not provide Regional Councils with the ability to charge development levies on new subdivisions and development

This Plan sets out the direction and work programme to be taken by the asset managers in addressing these issues.

1.3 The Services We Provide

The Heretaunga Plains Scheme services provided by HBRC include:

- Stopbank maintenance
- Engineering design and modelling services
- Hydraulic structures and pump stations maintenance,
- River, stream and drainage channels maintenance to ensure they work as expected during floods

1.4 Level of Service

Current Levels of Service

The current Levels of Service (LOS) are based on legal requirements, community expectations and physical restrictions inherited over the evolution of the Scheme. The river assets are designed and maintained to provide protection from storms with up to a 1% AEP (Annual Exceedance Probability); also referred to as the 100 year ARI (Average Recurrence Interval) or a 100 year event (1 in 100 chance of occurrence any given year).

The drainage system standard varies but is typically between 20% and 5% AEP (approximately 5 and

20 year ARI events). The following table provides a summary:

Component	Current Level of Service (Flood prevention)
River Assets	The level of protection in technical terms is to convey a flood discharge with a 1% probability of being exceeded in any one year (1%AEP) safely to the sea
Drainage Assets	The design standard is to drain 32mm of runoff in 24 hours from rural areas. This is nominally a 5 year return period event

Rivers Level of Service Review

HBRC has an ongoing level of service review programme aimed at increasing the HPFCS Rivers from 1% AEP to a 0.2% AEP level of protection, also referred to as the 500 ARI. The project has been allocated a budget of \$20M implementation is planned over a 10 years period with budget allocation \$1M per year. The project includes assessment of technical options and implementation of the preferred options and recommendations. (This is now part of the IRG project and majority of the upgrade will be delivered within first 2 years of the LPT).

Options include raising the level of stopbanks as well as more substantial and alternative such as double banking, designed floodways, and making more room for river. The cost of such alternative, and their impacts on the scheme, ratepayers, iwi, ecology and other important factors being considered.

Drainage Level of Service Review-Check Status

A working group has been established with the Napier City Council and the Hastings District Council in order to work together to establish the desired level of protection. The drainage level of service review of the Scheme is currently underway with the Napier-Meeanee catchment, in conjunction with the Napier City Council (NCC). The Heretaunga Plains drainage catchments will be reviewed in financial years 2020-2023. The drainage review takes into consideration the multi-values of the open drainage network and existing capacity

The review will identify:

- An acceptable standard for the drainage secondary network performance, noting that a 10 year standard is proposed for the NCC primary network (internal SW pipe work). With proposal of 50 year protection for the secondary open drainage network
- The future vision for environmental management and public use of Drainage Scheme areas

The review outcomes will identify future works and expenditure within the Scheme and may result in significant changes to how HBRC manages the flood control and drainage assets. This will be particularly relevant when TANK (Tutaekuri, Ahuriri, Ngaruroro and Karamu catchments) plans change takes effect. Greater emphasis will be placed on water quality improvement and improving the riparian habitat.

1.5 Scheme Asset Information

The Scheme is separated into two parts –

1. **Rivers assets** associated with the main rivers (Tutaekuri, Ngaruroro and Lower Tukituki) and
2. **Drainage assets** associated with the drainage network (waterways providing a drainage outlet to properties across the Heretaunga Plains).

The key assets associated with the Scheme are summarised below:

Exec Summary Table 1: Scheme Asset Summary

Asset Type	Quantity
Stopbank and deflection banks	155km
Drainage channels (including river, stream and drainage channel)	440km
Live edge protection on the riverbanks (including Willow Sawfly remediation 2009)	287km
Structures including, culverts, floodgates, control gates, weirs, rock groynes and pipelines	196
Detention dams	5
Pump stations	18
Mobile pumps	7
Emergency generators	2
Land; including river berms and land underlying other Scheme assets.	760ha

The pump stations, live edge protection and stopbanks are considered to be the most critical assets of the Scheme because they provide protection to large areas of highly productive land and significant parts of urban Napier and Hastings; and the consequence of their failure is high.

Asset Value

The replacement value of Scheme assets as at June 15, 2020 (prior to 2020 revaluation) currently equates to nearly \$150.5m (Drainage \$67m, Rivers \$83.5m).

Asset Condition

Assets within the Scheme are considered to be in good condition with some areas where more attention is required. These areas are being highlighted through the asset performance assessment for flood protection assets (rivers) and by programmed inspection of key drainage assets.

Pump Stations within the scheme have some localised issues identified during the maintenance and structure inspection programme. These are being programmed into the capital works in the 2021 LTP.

Insect pest infestations are an ongoing issue, and HBRC has a monitoring programme in place to identify at-risk areas and is currently undertaking an alternative species planting programme to lessen the threat of this risk.

Asset Monitoring

Checks of all assets are undertaken as part of the annual programme of works. An annual audit of the Scheme is undertaken by a Registered Engineer with experience in river control works and reported to HBRC. These audits are to be carried out in accordance with the recently introduced *“Flood Protection Assets Performance Assessment Code of Practice”* developed by the River Managers Forum (2017). This is a methodology intended to provide a high level of consistency and thoroughness of inspections across New Zealand.

Pump Station annual inspections are undertaken by Qualified Engineer (Structural, Electrical and Mechanical). An annual report summarising condition and performance for each PS will be available for Regional asset management and Scheme manager.

Review of the SCADA control strategy is under way and LTP capital allocated for greater pump station coverage following this review.

Residual Risk

Residual risk for the Scheme includes the chance of a flood event occurring that exceeds the capacity of the system (a super-design event), and the potential for failure of a flood protection asset. Both factors could result in widespread flooding and damage. There are a wide variety of potential causes for both super-design and failure events, representing a risk that is impossible to eliminate completely.

HBRC management of residual risk focuses on good design and maintenance practice, monitoring of asset status and development of contingency and emergency plans for response management should a super-design or failure event occur.

Climate Change

Climate change represents a longer-term risk with more uncertainty and HBRC will investigate potential impacts and identify appropriate actions to minimise this risk through the level of service review. The prediction is for Hawke's Bay to be drier but with the potential for increased storminess. Severe storms are predicted to bring more intense rainfall which will result in increased flood flows. Sea level rise will also affect assets in the vicinity of the coast.

1.6 Asset Maintenance

Scheme management is provided by the HBRC's Asset Management Group (HBRC AMG), which is responsible for the management of the Scheme and its assets. The maintenance work is being delivered by HBRC Works Group via annual contract arrangements. The scope of works includes both planned/scheduled maintenance and reactive maintenance. At the end of each financial year, a report is prepared outlining the work completed in each rating area, and the associated expenditure.

The estimated annual maintenance costs \$7,813,856/annum (10 Year Average)

1.7 Capital Works and Renewals

Capital and Renewal works are planned and programmed by HBRC AM Group based on the LTP and Annual Plan budgets. The projects are delivered by outside contractor unless Works Group have capabilities to do the work.

The key capital projects are summarised in the table below:

Exec Summary Table 2: Key Capital Projects

<i>Heretaunga Plains FCS</i>	<i>Capital Work Description</i>	<i>Indicative Project Value</i>	<i>Timing</i>	<i>Delivery</i>
Level of Service Review - Rivers	Increase level of service from current 1 in 100 year protection to 500 year protection	M\$ 19.5 over 2 years with IRG funding contribution	M\$7.02 funding provision included in the LTP with M\$12.48 of IRG co-funding	2021-2023
Public use of Rivers	Development of land within the flood protection for the public use for recreational activity and for planting or productive activity.	\$765,000 over 10 years	Provision in the LTP / part of the LoS review	2021-2031
Scheme review and capital work from these reviews	Review of all and small scheme to include climate change and performance of the assets to current and future conditions.	Only OPex budget, but CAPex to be confirmed in next LTP.	No funding provided in the LTP	2021-2031
Level of Service Review of all HPFCS drainage.	Review all drainage under HPFCS to include multivalued approach	\$100,000 for 10 years. (contribution with NCC)	Provision in the LTP	2021-2031
Pump Station - Fish passage	Installation of fish passages where practical across stream barriers e.g. Pump stations	M\$1 over 10 years	Provision in the LTP	2021-2031
SCADA system for all Pump Stations	Installation of the communication system SCADA for all Pump stations	M\$1 over 10 years	Provision in the LTP	2021-2031
Capital work for TANK plan change	Plan change related activity and work programme implementation	\$938,000 from year 3 to year 10 (perpetuity)	Provision in the LTP	2023-2031-ongoing
Clive River- Land for dredging	Dredging Clive River and discharge of silt to land.	M\$5.9 in 2025-26 & 2029-30	Provision in the LTP	2025-26 & 2029-30
River and Lagoon Opening	Installation of CCTV for better monitoring	\$30,000 in 2021/22 & \$625,000 over the following 10 years	Provision in the LTP	2021-2031
Karamu Scheme- Weed harvesting	Investigate and purchase equipment for better operation of weed cutter.	\$159,000 in 2023-25	Provision in the LTP	2023-2025
Gravel Management-processing and new access to rivers	Building new access to location where gravel needs to be managed for flood protection.	M\$1.2 annually for 10 years	Provision in the LTP	2021-2031

1.8 Financial Summary

Financial Management

The financial information for the Scheme is based on historic costs, the asset register forecasts, asset condition assessments and asset valuation assessments.

Three key assumptions are made with regard to the Scheme financial forecasts:

1. Inflation (from LGNZ based on BERLs figures) is forecast at 1.5 to 2.5%
2. There will be no major floods requiring changes to maintenance or capital works programmes; and,
3. There will be a continuing willingness to pay for the level of service set out in this AMP.

These assumptions are justified by the knowledge that the likelihood of a major flood exceeding the capacity of the river system in any one year is less than 1%, and HBRC's disaster provisions allow for the assets to be replaced following such an event.

Scheme Costs

The Scheme's annual costs come from:

- Annual operations and maintenance
- Capital works
- Renewal work
- Loan servicing
- Depreciation, disaster reserve and other contributions and,
- Other miscellaneous costs

Budget Forecasts

The average annual costs over the next ten years are forecast at:

- \$7.81 million for Operations (OPEX); including maintenance, monitoring and research;
- \$0.37 million for Capital Works;
- \$0.75 million for Asset Renewal;
- \$0.43 million for Projects and Investigations

There is approximately \$15.4m of capital improvements and renewals (\$3.7m capital, \$7.5m renewals, \$4.3m Projects/Investigation) planned over the next 10 years within the Scheme (subject to the current Level of Service review).

Funding the Scheme

Income from Scheme owned land leased for grazing or other purposes

- Targeted rates levied specifically for the purpose of funding scheme works
- HBRC Public Good general funding (30% for river assets, 10% for drainage assets)
- Borrowing where deemed appropriate and reasonable
- Interest from the Disaster Damage and Depreciation Funds
- Miscellaneous minor income sources

No borrowing has been provided for in the budgets presented in this report.

The Scheme Ratepayers are defined by the Scheme boundary. Those within the boundary gain both direct and indirect benefit from the Scheme through reduced frequency of flooding of their land and reduced disruption to their lives, livelihoods and communities. The direct beneficiaries from the nine

drainage areas are also separately rated within the Scheme boundary. Those outside the Scheme and within the wider Napier and Hastings areas also gain indirect benefits from the increased economic activity and the increased choice of service industries, employment and investment opportunities; and recreational and cultural facilities resulting from the associated increase in population sustained through the protection provided by the Scheme. As such, a portion of the Scheme costs are met from general funding sources, part of which is from rates levied on all rateable land within the Hawke's Bay region.

1.9 Asset Management Plan Improvements

The Scheme monitoring programme includes asset and catchment reviews, asset condition and risk assessments, and annual audits; as well as a regular review of this Asset Management Plan and associated registers. The programme identifies potential areas for performance improvement in both the physical assets and asset management process.

Projects aimed at improving understanding and knowledge of assets, and future requirements within the Scheme, are included within the Scheme Operational budget.

Key improvement projects include:

- Research and further river and floodplain modelling
- Data collection including LIDAR, asset data improvement and quality review
- Inter-planting edge protection zones with species other than willows such as natives and hardy exotics
- Level of Service Review including Future Demand and Risk Assessments (NZ Rivers FPA)
- GIS asset data improvements and Scheme boundary review
- Climate change and specific asset reviews
- Code of practice and waterways guideline review and development
- Development and implementation of Ecological Management and Enhancement Plans
- Implementing the recommendations resulting from the Gravel Management Plan relating to the effects of extraction and beach raking on instream fish and macroinvertebrates

2. Upper Tukituki Flood Control Scheme Executive Summary

2.1 About This Plan

This Asset Management Plan (AMP) outlines the management philosophy for flood control assets that protect the Ruataniwha Plains from flooding. It sets out a programme of work for the Upper Tukituki Flood Control Scheme (UTTFC) for the next ten years to ensure that assets meet the objectives for which they were established.

There are a number of assumptions underpinning this AMP. These represent circumstances which the Hawkes Bay Regional Council (HBRC) reasonably expect to occur, including: that the economic and legislative environment in which the Scheme operates will remain the same; that HBRC current activities, level of service targets and policies will continue; and that there will not be a significant flood, which results in significant damage to the Scheme or the way it is managed, beyond that included in scheme assumptions.

This AMP is supported by, and links to, a number of other documents and databases across HBRC, these include:

- Asset Registers and Valuation databases, which hold specific information on all Scheme assets;
- Asset and Catchment Reviews, which investigate problems and identify preferred options for addressing these;
- Environmental Codes of Practice and Ecological Management and Enhancement Plans, which guide wider environmental obligations and responsibilities and HBRC policy,
- Strategy and guideline documents, which influence how HBRC manages the assets.

From this, annual contracts for physical works are developed and financial information is provided for inclusion in the Long Term Plan (LTP).

This AMP has been developed using the Core asset management plan model. This model is considered to provide the appropriate level of detail given the nature of the assets involved in the Scheme, and the defined asset management objectives which are aligned with Councils corporate goals and strategic context. The Plan is reviewed every three years and the assets are revalued every three years to coincide with the Council's Long Term Planning process. The financial forecasts are reviewed annually.

The AMP is a living document and future improvements or enhancements will be considered as part of the next review or prior to that time if circumstances warrant.

Condition scales in this AMP have been revised to be consistent with the condition criteria in the IIMM(2015) where 1 is excellent and 5 is very poor. This is a significant change and need to be noted compared to previous AMP documents where the condition scale was reversed.

2.2 The Scheme Overview and Issues

The Upper Tukituki Scheme was constructed during the late 1980's. The Scheme covers the low lying historic river plains of the Upper Tukituki River, the Waipawa River and their various tributaries and was constructed during the late 1980's. It includes the urban centres of Waipawa, Waipukurau, and Ongaonga, covering approximately 24,750 hectares of predominantly pastoral farmland. There are approximately 5,000 people living within the Scheme boundaries.

The objective of the Scheme is to ensure that the Ruataniwha Plains communities are very rarely

affected by significant flooding, and that waterways within the Scheme are highly valued community assets, from a flood control, environmental and recreation aspect.

While the underlying goal of the Scheme has remained the same, the threats to the Scheme, its importance to the community, and the drivers behind how it is maintained have changed over time. The current principal scheme issues are summarised below:

- The transport of gravel from the Ruahine Range and its control and *sustainable extraction* management through the length of the Scheme;
- The risk of gravel build-up in parts of the Scheme and the impacts of that build-up on the flood capacity of the Scheme and the ability to effectively drain adjacent land;
- The maintenance of the design flood capacity of the river channels and adjacent stopbank systems *and drainage outlets*, particularly in the face of climate change;
- The maintenance of the integrity of live edge protection and the stopbanks;
- Identifying and mitigating threats to the Scheme, including potential damage to live tree edge protection from pest infestations and damage to the foundation treatment of the stopbanks; Of particular concern is presence of Chilean Needle Grass in the TukiTuki River which has serious implications for gravel management in the reaches below Stockade Road;
- *Minimising the adverse impact of river management methods on the environment by incorporating advice and direction from Environmental Codes of Practice and Ecological Management and Enhancement Plans;*
- *Confirming the integrity of the stopbanks and quantifying the failure risk at less than design capacity;*
- *Defining levels of service within the Scheme;*
- *Reviewing maintenance methods and techniques to accommodate changes in land management practices, including organic fruit and crop production and trends in best practice management for stormwater and flooding;*
- *Potential impacts of co-management arrangements with iwi on HBRC policy and management of schemes*

This Plan sets out the direction and work programmes to be taken by the asset managers in addressing these issues.

2.3 The Scheme Objectives

The overall aim is to reduce the risk of flood and erosion damage while maintaining a high quality river environment.

Five key outcomes have been identified for the Scheme:

- ***The protection of life and communities*** - *by providing for the control of flooding within Scheme rivers and the draining of surface water from Scheme land so that the frequency, duration and extent of flooding presents minimal risk to human life, and community viability and disruption to the community is minimised.*

- **The sustainable use of land** - by providing for the control of flooding of Plains land within the Scheme, so that the frequency, duration and extent of flooding presents minimal risk to land uses, and business disruption risk is minimised.
- **The protection and enhancement of ecology and water quality values** - by ensuring that flood management and maintenance practices do not have significant adverse effects on the ecology of rivers, streams and wetlands and ensuring that, where practicable, enhancement aspects are included as part of asset upgrades and renewals.
- **The sustainable management of river sediment (gravel, sand and silt) resources** - by undertaking beach raking and gravel extraction to maintain the flood carrying capacity of the river channels and managing allocation of river gravel resources in a consistent and equitable way.
- **The protection and enhancement of social and cultural values** - by providing for a wide range of amenity and recreation opportunities, and balancing conflicting uses and demands on river berm areas.
- **The Protection and enhancement of Tangata Whenua values and interests** in the management of waterways and ecosystems of the Scheme.

These outcomes are supported by Scheme Objectives and are reflected in the Levels of Service and Performance Targets identified for the Scheme.

In addition, the Scheme contributes significantly to several Community Outcomes identified in the LTP, including:

- Safe & secure communities;
- A strong, prosperous & thriving economy;
- Transport infrastructure & services that are safe, effective & integrated;
- Communities that value & promote their unique culture & heritage;
- A lifetime of good health and wellbeing;
- Safe & accessible recreational facilities; and
- An environment that is appreciated, protected, and sustained for future generations.

2.4 The Services We Provide

The Upper Tukituki flood control services provided by HBRC include:

- Stopbank maintenance
- Engineering design and hydraulic modelling
- Live edge protection and hydraulic structures maintenance
- River and stream channels maintenance to ensure they work as expected during floods

2.4 Levels of Service

The current levels of service (LOS) are based on legal requirements, community expectations and physical restrictions inherited over the evolution of the Scheme.

The river assets are designed and maintained to provide protection from storms with up to a 1% AEP (Annual Exceedance Probability); also referred to as a 1 in 100 year ARI (Average Recurrence Interval) or a 100 year event (1 in 100 chance in of occurrence any given year).

The level of service review including the levels of flood protection and the environmental outcomes sought will continue during the 2021 LTP period. This work was begun as part of the 2015/25 LTP

starting with a hydrologic assessment of the design discharges using historical data and all the additional data obtained since the Scheme was first designed. The primary drivers for this review are ongoing development and land-use changes of flood protected land that has occurred since the Scheme was last upgraded. The classification rating by which allocation is determined may no longer fairly reflect the benefit received.

The LOS review processes includes:

- hydrologic assessment,
- Issues and options report to inform the Scheme ratepayers of the options/outcomes of LOS improvements (underway)
- Formal LOS presentation and decision to further review or retain LOS
- Community consultation under the Local Government Act 2002 special consultative procedures
- Continued technical work to define the design parameters, the necessary capital works and funding proposal.

2.5 Scheme Asset Information

Scheme Assets

The assets associated with the Scheme include:

Asset Type	Quantity
Stopbanks	77km
Deflection banks	213
Edge Protection Length	205km
Culverts	41
Floodgates	33
Land (including river berms and land underlying other Scheme assets.)	93ha

The live edge protection and stopbanks are considered to be the most critical assets of the Scheme because they provide protection to large areas of productive land and significant parts of urban Waipawa and Waipukurau; and the consequence of their failure is high.

Asset Value

The 2020 replacement value of the scheme assets is estimated to be \$34 million.

Asset Condition

In general, assets within the Scheme are considered to be in good condition. There are some known localised issues associated with:

- Weed and unwanted tree growth including pest plants;
- Gravel aggradation in the upper reaches; which can increase the flood risk and in some cases result in seasonal increased water table on farm land.
- Leakage on the landward side of some stopbanks due to porous foundations. These areas are known and included in a summary report (*Stopbank Seepage Investigation, July 2008, AM05/21*) with staff aware of how to deal with issues if they arise.

The extent and speed with which these issues are able to be addressed will depend on the capacity to undertake these works and ratepayer willingness to fund the work. These will be considered as part of the proposed level of services.

Insect pest infestations are an ongoing risk to the Scheme and HBRC has a programme in place to monitor damage levels and utilise alternative species to lessen the threat of this risk.

Climate change represents a risk with more uncertainty. HBRC has programmed a review of Scheme risks as part of the Level of Service review to be undertaken, and this will include further consideration and investigation into potential impacts of climate change on Scheme assets; the aim being to identify appropriate actions to minimise this risk.

Residual Risk

Residual risk for the Scheme includes both the chance of an event occurring that exceeds the capacity of the system (a super-design event), and the potential for failure of a flood protection asset; both of which could result in widespread flooding and damage. There are a variety of potential causes for both super-design and failure events and these represent a risk that is impossible to eliminate completely.

HBRC management of residual risk focuses on good design practice, audits of asset status, and development of contingency and emergency plans for response management should a super-design or failure event occur. These audits are to be carried out in accordance with the recently introduced “*Flood Protection Assets Performance Assessment Code of Practice*” developed by the River Managers Forum (2017). This is a methodology intended to provide a high level of consistency and thoroughness of inspections across New Zealand.

2.6 Asset Maintenance

It is essential that all Scheme assets are maintained using sound engineering skill and judgement. HBRC has a policy of retaining at least two Chartered Professional Engineers to oversee design and management of Scheme assets.

Scheme management is provided by the HBRC’s Asset Management Group (HBRC AMG), which is responsible for the management of the Scheme and its assets.

The maintenance, capital and renewal work is delivered under contract by HBRC’s Works Group. An annual contract outlines all maintenance works and the required standards.

The physical works generally include the following activities:

- **Stopbanks** – maintenance of an appropriate grass sward and cross-section shape through grazing, mowing and repair when necessary.
- **Berms and Buffers** – lopping and planting of appropriate tree species to maintain a healthy dense buffer, physical repair as necessary of any hard protection (rock revetments), mowing or grazing of grassed berms to reduce fire risk and control weeds.
- **Active Channel** – maintenance of gravel bed levels through beach raking and gravel extraction where necessary.
- **Drainage Structures** – checking and clearing of obstructions as necessary.
- **Groynes** – checking and repair of groyne structures with replacement of structural units as required.

An annual maintenance programme is prepared by the HBRC AMG each year in conjunction with the HBRC’s annual budgeting process.

At the end of each financial year, a report is prepared outlining the work completed in each rating

area, and the associated expenditure. This report is presented to HBRC and the Upper Tukituki Scheme Liaison Committee in November for the previous financial year.

2.7 Financial Summary

Financial Management

The financial information for the Scheme is based on information from the asset register, asset condition assessments and asset valuation assessments.

Three key assumptions are made with regard to the Scheme financials outlined in this Plan:

- Inflation (based on construction costs) is forecast at 3.0%;
- There will be no major floods requiring changes to maintenance or capital works programmes; and,
- There will be a continuing willingness to pay for the level of services as set out in this AMP.

These assumptions are justified by the knowledge that the likelihood of a major flood exceeding the capacity of the river system in any one year is less than 1%, and HBRC's disaster provisions allow for the assets to be replaced following such an event.

Scheme Costs

The Scheme's annual costs relate to the following activities:

- *Annual operations and maintenance;*
- *Capital works;*
- *Renewal works;*
- *Loan servicing;*
- *Depreciation, disaster reserve rate collection and other contributions; and,*
- *Other miscellaneous costs.*

Budget Forecasts

An estimate of costs is established as part of developing the maintenance programme. Any issues associated with affordability are addressed as part of the Annual Plan or LTP process. This ensures that the agreed programme of works does not compromise the levels of service and that the consequence of any variance is clearly understood and documented.

Over the next ten years HBRC has provision to spend approximately \$1,180,700 per year (including inflation) to operate and maintain the assets at the desired levels of protection.

The total budget forecast over the next ten years are:

- \$11.8 million for Operations, including maintenance, monitoring and research; and,
- \$10.1 million for special project and capital works.

The average annual costs over the next ten years are forecast at:

- \$1.18 million for Operations (OPEX); including maintenance, monitoring and research;
- \$0.18 million for Capital Works;
- \$0.12 million for Asset Renewal;
- \$0.71 million for Projects and Investigations

<i>Upper Tukituki FCS</i>	<i>Capital Description</i>	<i>Work</i>	<i>Indicative Value</i>	<i>Project</i>	<i>Timing</i>	<i>Delivery</i>
---------------------------	----------------------------	-------------	-------------------------	----------------	---------------	-----------------

Public use of rivers	Development of land within the flood protection for the public use for recreational activity and for planting or productive activity.	\$328,000 over 10 years	Provision in the LTP	2021-2031
UTT- Gravel extraction	Extraction of gravels for surplus areas	M\$7.05 over 2 years	M2.54 provision in the LTP with M\$4.51 of co-funding	2021-2023

Source of Funding

Funding necessary for the Scheme to continue to provide the required levels of service is obtained from the following sources:

- *Rental income from Scheme owned land leased for grazing or other purposes;*
- *Targeted rates levied specifically for the purpose of funding scheme works;*
- *HBRC general funding (17.5%);*
- *Borrowing where deemed appropriate and reasonable;*
- *Any funds from the Scheme depreciation in excess of the predetermined cap;*
- *Miscellaneous minor income sources.*
- *IRG co-funded capital for gravel management*

The IRG gravel management project has a scheme co-fund element to attract the crown contribution. Gravel management is a major issue for the scheme and the opportunity to attract major crown resources to work on the issue.

The Scheme Ratepayers are defined by the scheme boundary. Those within the boundary gain both direct and indirect benefit from the Scheme through reduced frequency of flooding of their land and reduced disruption to their lives, livelihoods and communities. The direct beneficiaries are also separately rated to reflect the varying levels of benefit received. There are five rural classes and four urban classes within the Scheme boundary.

Those outside the Scheme and within the wider Central Hawke's Bay area also gain indirect benefits from the increased economic activity and the increased choice of service industries, employment and investment opportunities, and recreational and cultural facilities resulting from the associated increase in population sustained through the protection provided by the Scheme. As such, part of the Scheme costs are met from general funding sources; a portion of which is from rates levied on all rateable land within the Hawke's Bay region.

2.8 Asset Management Plan Improvements

The Scheme monitoring programme includes asset and catchment reviews, asset condition and risk assessments, and annual audits; as well as a regular review of this Asset Management Plan and associated registers. The programme identifies potential areas for performance improvement in both the physical assets and asset management process.

Projects aimed at improving understanding and knowledge of assets, and future requirements within the Scheme, are included within the Scheme Operational budget.

Key projects include:

- IRG co-funding of Gravel Management
- Research and further river and floodplain modelling;

- Data collection, including cross section surveys, sediment samples and LIDAR;
- Inter-planting edge protection zones with species other than willows such as natives and hardy exotics;
- Level of Service Review including Future Demand and Risk Assessments;
- GIS asset data improvements and Scheme boundary review;
- Plant pest, climate change and specific asset reviews;
- Code of practice and waterways guideline review and development;
- Development and implementation of Ecological Management and Enhancement Plans; and
- Implementing the recommendations resulting from the Gravel Management Plan relating to the effects of extraction and beach raking on instream fish and macroinvertebrates.

A number of special projects and capital improvements have been identified to maintain and upgrade Scheme physical assets, so that they achieve their desired design standards and the environmental enhancement goals. This involves capital improvements to stopbank and edge protection and minor flood damage repairs and environmental enhancement works throughout the Scheme.

Expenditure on these projects have been included in the HBRC 2021-31 Long Term Plan.

3. Small Schemes Executive Summary

3.1 About This Plan

This Asset Management Plan (AMP) outlines the management philosophy for the flood control and drainage assets for a series of 11 small flood, drainage and catchment control schemes collectively grouped as “Small Schemes”. Within this aggregation there are Northern, Central and Southern geographic groupings which correspond to the northern Wairoa, Esk/Whirinaki, and the Central Hawkes Bay coastal areas.

The 11 Small Schemes are the:

Northern

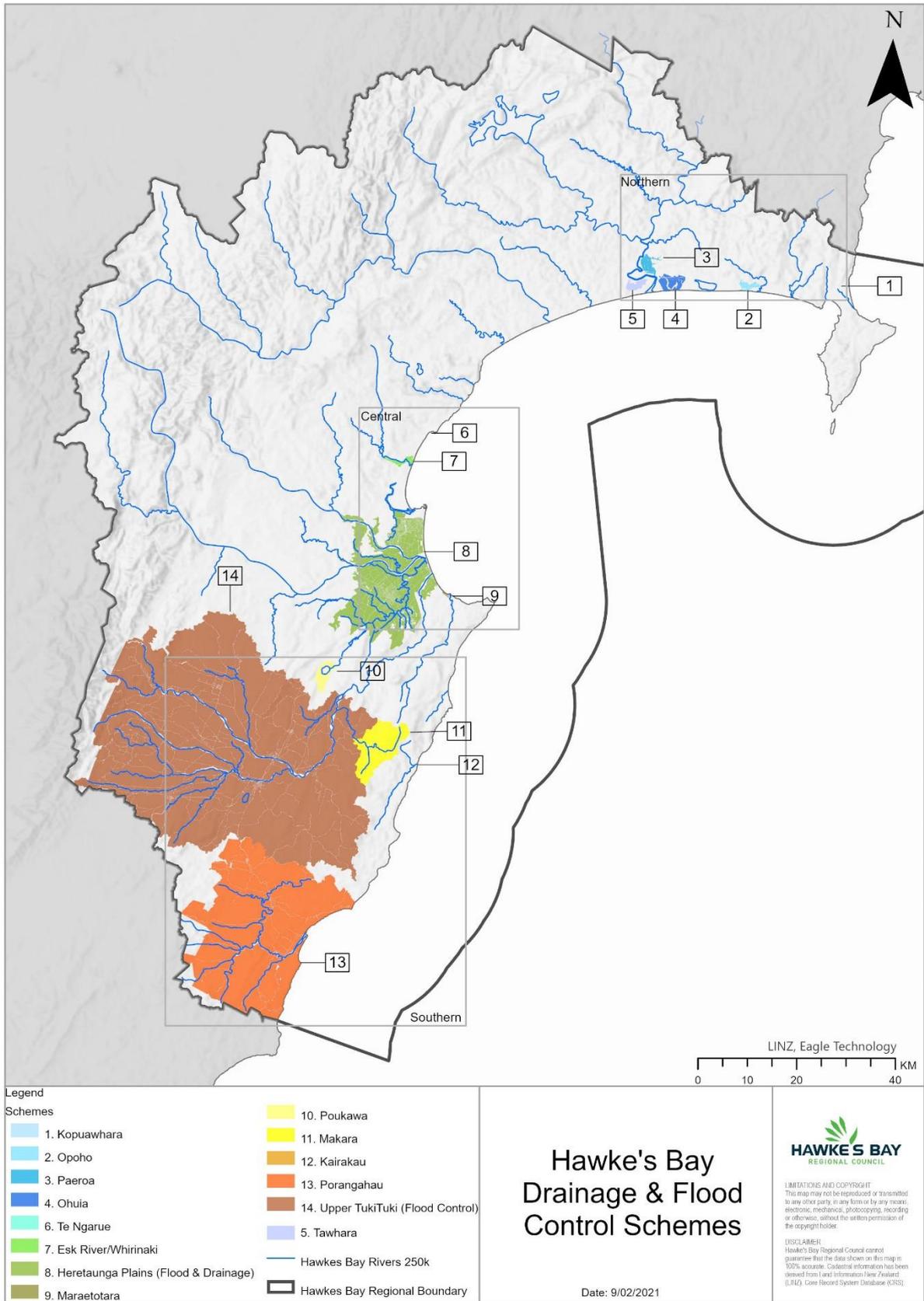
1. Kopuawhara Stream Flood Control Scheme
2. Opoho Drainage Scheme
3. Ohuia Drainage Scheme
4. Paeroa Drainage Scheme
5. Northern Minor Works (includes Tawhara)

Central

6. Te Ngarue Flood Control Scheme
7. Esk & Whirinaki Flood Control Scheme
8. Te Awanga Flood Control Scheme

Southern

9. Poukawa Catchment Control Scheme
10. Makara Catchment Control Scheme
11. Porangahau Flood Control Scheme



The AMP sets out a programme of forward work for the schemes to ensure that schemes and their assets meet the objectives for which they were established.

There are a number of assumptions underpinning the Plan. These represent circumstances with which the Hawkes Bay Regional Council (HBRC) reasonably expects to occur, including: that the economic and legislative environment in which the scheme operates will remain the same; that HBRC’s current activities and policies will continue; and that there will not be a significant flood which requires a change to the schemes or the way they are managed, beyond that included in scheme assumptions.

This Asset Management Plan (AMP) is supported by, and links to, a number of other documents and databases across HBRC, these include:

- Asset Register and Valuation data, which hold scheme asset information;
- Asset/Catchment Reviews, which investigate problems, identify preferred options for addressing these, and engage with scheme stakeholders and beneficiaries;
- Environmental Codes of Practice and Ecological Management and Enhancement Plans, which guide wider environmental obligations and responsibilities and HBRC policy,
- Strategy, legislation and guideline documents, which influence how HBRC manages the assets.

From this, annual contracts for physical works are developed and financial information is provided for inclusion in the Long Term Plan (LTP). Rating review across all schemes HBRC manage will be incorporated in individual scheme reviews.

The AMP has been developed using the Core asset management plan model. This model is considered to provide the appropriate level of detail given the nature of the assets involved in the schemes, and the defined asset management objectives which are aligned with Councils corporate goals and strategic context. The plan is reviewed every six years and the assets are revalued every three years. The financial forecasts are reviewed annually.

The AMP is a living document and future improvements or enhancements will be considered as part of the next review or prior to that time if circumstances warrant.

3.2 The Services We Provide

The Small Schemes services provided by HBRC include:

- Stopbank maintenance
- Engineering design and Hydraulic modelling
- Detention dam maintenance
- Live edge protection and hydraulic structures maintenance
- River and stream channels maintenance to ensure they work as expected during floods

3.3 Levels of Service

The current levels of service (LOS) are based on legal requirements, community expectations and physical restrictions inherited over the evolution of the various small schemes.

The drainage system standard varies but is typically between 20% and 5% AEP (approximately 5 and 20 year ARI events). The following table provides a summary:

Component	Current Level of Service(Flood prevention)
River Assets	The level of protection in technical terms is to convey a flood discharge with a 1% probability of being

	exceeded in any one year (1%AEP) safely to the sea
Drainage Assets	The design standard is to drain 32mm of runoff in 24 hours from rural areas. This is nominally a 5 year return period event.

The small schemes require scheme reviews across the board to look at all aspects of the level of service, and the LTP has additional engineering resources provisioned to complete this work. All aspects of scheme operation, current rating and future funding will be considered as part of the review process.

3.4 Scheme Asset Information

The assets of the small schemes are summarised in the table below:

Scheme Name	Stopbank Length (m)	Pump Stations (no.)	Detention Dams (no.)	Edge Protection Length (m)	Floodgates (no.)	Drain Length (m)	Culverts (no.)
Esk				13990	1	810	
Kopuawhara	4500				3		1
Makara	2560		5	14760		17107	
Ohuia	3050	3	1		3	12845	6
Opoho		1			1	7160	1
Paeroa						19800	4
Poukawa						18800	6
Tawhara	2470				1	4140	4
TeAwanga	537			2440	1		1
Whirinaki	1693				4	4723	9
Grand Total	14810	4	6	31190	14	85385	32

Asset Value

The replacement value of Small Scheme assets as at June 15, 2020 is summarised in the table below

Scheme	2020 Replacement
Esk	\$ 479,656
Kopuawhara	\$ 116,597
Makara	\$ 4,822,495
Ohuia - Whakaki	\$ 2,228,237
Opoho	\$ 897,353
Paeroa	\$ 2,888,282
Poukawa	\$ 1,526,573
Te Awanga	\$ 594,220
Whirinaki	\$ 1,172,853
Tawhara	\$ 837,004
Total	\$ 15,563,270

Asset Condition

With the number of smaller schemes there is a range of asset condition, but the capital programme has two significant capital items for pump stations (Ohuia and Opoho) in year 1 and year 2 subject to rate payer approval to fund the works. Generally, the stopbank, detention dam and drainage channels are in good condition, with issues identified and managed through the annual maintenance contract process. Detention dams are subject to revised NZCOLD regulations which are being worked through

for all HBRC detention dams in the 2021-22 period.

The extent and speed with which these issues are able to be addressed will depend on the capacity to undertake these works and ratepayer willingness to fund the work. These will be considered as part of the proposed level of services.

Climate Change

Climate change represents a longer-term risk with more uncertainty and HBRC will investigate potential impacts and identify appropriate actions to minimise this risk through the level of service/scheme review. The prediction is for Hawke's Bay to be drier but with the potential for increased storminess. Severe storms are predicted to bring more intense rainfall which will result in increased flood flows. Sea level rise will also affect assets in the vicinity of the coast.

Asset Monitoring

Checks of all assets are undertaken as part of the annual programme of works. An annual audit of each Scheme is undertaken by an Engineer with experience in river control works and reported to HBRC. This process feeds into the planning of future works.

Residual Risk

Residual risk for the Small Schemes includes the chance of a flood event occurring that exceeds the capacity of a system (a super-design event), and the potential for failure of a flood protection asset. Both factors could result in flooding and damage. There are a wide variety of potential causes for both super-design and failure events, representing a risk that is impossible to eliminate completely.

HBRC management of residual risk focuses on good design and maintenance practice, monitoring of asset status and development of contingency and emergency plans for response management should a super-design or failure event occur.

3.5 Asset Maintenance

Scheme management is provided by the HBRC's Asset Management Group (HBRC AMG), which is responsible for the management of the Scheme and its assets. The maintenance, capital and renewal work is delivered under contract by HBRC's Works Group. An annual contract outlines all maintenance, capital and renewal works and the required standards.

An annual work programme is prepared by HBRC AMG each year in conjunction with developing the HBRC's annual budgets. An estimate of costs is established as part of developing the work programme and any issues associated with affordability are addressed as part of the Annual Plan or LTP process, to ensure that the agreed programme of works does not compromise the levels of service and that the consequence of any variance is clearly understood and documented. The annual programme of maintenance is undertaken unless circumstances dictate otherwise.

At the end of each financial year, a report is prepared outlining the work completed in each rating area, and the associated expenditure. This report is presented to HBRC in November for the previous financial year.

Operational and Capital Funding

An estimate of each schemes costs is established by developing the maintenance programme. Any issues associated with affordability are addressed as part of the Annual Plan or LTP process. This ensures that the agreed programme of works does not compromise the levels of service and that the consequence of any variance is clearly understood and documented.

The total budget forecast over the next ten years are:
 \$8.23 million for Operations, including maintenance, monitoring and research; and,
 \$3.02 million for capital works.

The average annual costs over the next ten years are forecast at:
 \$0.82 million for Operations (OPEX); including maintenance, monitoring and research;
 \$0.11 million for Capital Works;
 \$0.12 million for Asset Renewal;
 \$0.07 million for Projects and Investigations

Renewals

The pump station replacements below are the major capital proposals in the next 3 year period. No other renewals scheduled in the 2020-2023 period

Small Schemes	Capital Work Description	Indicative Project Value	Timing	Delivery
Opoho - new Pump station	Upgrade and build of new pump station subject to scheme review	\$261,000 in 2022-23	Provision in the LTP	2022-2023
Ohuia - Whakaki - new Pump station	Upgrade and build of new pump station subject to scheme review	\$305,000 in 2021-22	Provision in the LTP	2021-2022

New Capital –

No renewals scheduled in the 2020-2023 period

3.6 Financial Summary

Financial Management

The financial information for the Small Schemes is based on the Asset Register, asset condition assessments and asset valuation assessments.

Three key assumptions are made with regard to the various scheme financials outlined in this Plan:

- Inflation (from LGNZ based on BERLs figures) is forecast at 2.5%
- There will be no major floods requiring changes to maintenance or capital works programmes; and,
- There will be a continuing willingness to pay for the level of service set out in this AMP.

These assumptions are justified by the knowledge that the likelihood of a major flood exceeding the capacity of the river system in any one year is less than 1%, and HBRC's disaster provisions allow for the assets to be replaced following such an event.

Scheme Costs

The Scheme's annual costs come from:

- Annual operations and maintenance;
- Capital works;
- Renewal work;
- Loan servicing;
- Depreciation, disaster reserve and other contributions; and,

- Other miscellaneous costs.

3.7 Asset Management Plan Improvements

The Scheme monitoring programme includes asset and catchment reviews, asset condition and risk assessments, and annual audits; as well as a regular review of this Asset Management Plan and associated registers. The programme identifies potential areas for performance improvement in both the physical assets and asset management process.

Projects aimed at improving understanding and knowledge of assets, and future requirements within the Scheme, are included within the Scheme Operational budget.

Key projects include:

- Opoho and Ohuia Pump station upgrades (subject to scheme stakeholder approval)
- Rating reviews to assess scheme sustainability and affordability
- Data collection, including cross section surveys, LIDAR coverage;
- Inter-planting edge protection zones with species other than willows such as natives and hardy exotics;
- NZCOLD regulation adaptation to HBRC scheme detention dams
- Level of Service Review including Future Demand and Risk Assessments;
- GIS asset data improvements and Scheme boundary review;
- Plant pest, climate change and specific asset reviews;

Financial Statements 2021-31



TE KAUNIHERA Ā-ROHE O TE MATAU-A-MĀUI

Prospective Statement of Comprehensive Revenue and Expense

	Note	Annual Report 2019/20 (\$'000)	Annual Plan 2020/21 (\$'000)	Year 1 LTP 2021/22 (\$'000)	Year 2 LTP 2022/23 (\$'000)	Year 3 LTP 2023/24 (\$'000)	Year 4 LTP 2024/25 (\$'000)	Year 5 LTP 2025/26 (\$'000)	Year 6 LTP 2026/27 (\$'000)	Year 7 LTP 2027/28 (\$'000)	Year 8 LTP 2028/29 (\$'000)	Year 9 LTP 2029/30 (\$'000)	Year 10 LTP 2030/31 (\$'000)
REVENUE													
Revenue from activities		12,363	10,131	8,716	9,302	9,979	11,171	10,496	10,739	11,024	11,426	11,684	11,996
Revenue from rates		25,154	24,640	29,448	33,865	38,768	42,640	47,501	50,925	54,447	57,134	59,381	61,398
Revenue from grants		4,796	3,933	15,204	15,279	4,978	5,069	5,241	5,413	5,624	5,870	6,089	6,460
Other revenue		49,761	11,933	18,961	19,714	19,734	20,119	20,867	23,475	22,129	23,025	26,367	24,293
Fair value gains on investments		10,945	3,118	3,270	1,156	1,179	1,803	2,900	3,037	3,181	3,332	3,489	3,655
Reduction in ACC Leasehold Liability		0	917	632	602	624	661	731	723	798	906	1,008	1,062
Total Operating Revenue		103,019	54,672	76,231	79,918	75,261	81,464	87,736	94,312	97,204	101,693	108,019	108,865
EXPENDITURE													
Expenditure on activities		54,753	52,873	64,825	66,620	68,806	69,281	71,483	73,928	75,215	75,620	78,663	82,202
Finance costs		2,120	2,529	1,573	2,136	2,589	2,757	2,763	2,761	2,761	2,742	2,667	3,044
Depreciation and Amortisation Expense		3,333	3,639	3,423	4,188	4,909	5,463	5,568	5,739	6,163	6,833	7,450	8,117
Fair value losses		618	0	0	0	0	0	0	0	0	0	0	0
Other Expenditure		1,410	0	0	0	0	0	0	0	0	0	0	0
Impairment		0	0	0	0	0	0	0	0	0	0	0	0
Total Operating Expenditure		62,234	59,041	69,821	72,944	76,304	77,501	79,814	82,427	84,139	85,196	88,780	93,363
OPERATING SURPLUS													
Operating Surplus Before Income Tax		40,785	(4,369)	6,410	6,973	(1,043)	3,962	7,922	11,885	13,065	16,497	19,239	15,502
Income tax expense		0	0	0	0	0	0	0	0	0	0	0	0
Operating Surplus After Income Tax		40,785	(4,369)	6,410	6,973	(1,043)	3,962	7,922	11,885	13,065	16,497	19,239	15,502
OTHER COMPREHENSIVE REVENUE AND EXPENSE													
Gain / (loss) in infrastructure assets		0	0	0	2,344	0	0	7,394	0	0	9,164	0	0
Gain / (loss) in revalued financial and intangible assets		119,255	41,070	23,996	26,352	25,982	28,392	31,197	29,647	33,178	36,042	33,889	38,407
Gain / (loss) in revalued property, plant and equipment assets		11,039	0	2,889	0	0	3,820	0	0	6,891	0	0	4,224
Total Other Comprehensive Revenue and Expense		130,294	41,070	26,886	28,697	25,982	32,213	38,590	29,647	40,068	45,206	33,889	42,631
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		171,079	36,701	33,295	35,670	24,940	36,175	46,513	41,533	53,133	61,703	53,127	58,133
STATEMENT FOR GENERAL FUNDING POSITION													
CAPITAL EXPENDITURE													
Property, plant, equipment & intangible assets		5,428	8,011	7,067	6,054	5,344	6,185	5,307	5,900	6,941	6,931	7,392	7,476
Infrastructure assets - flood & drainage		1,789	2,839	14,929	15,938	4,105	3,736	3,861	3,560	2,825	3,105	10,254	1,838
Infrastructure assets - open spaces & regional assets		450	1,801	4,619	3,195	2,156	2,995	1,782	1,827	1,874	1,718	1,639	1,682
Forestry assets		0	250	76	109	188	127	100	12	150	49	12	190
Financial Assets		67,198	0	0	0	0	0	0	0	0	0	0	0
Sustainable homes net lending		2,886	953	3,870	5,035	5,289	(3,383)	(3,284)	(3,192)	(3,095)	(3,076)	(2,966)	(2,500)
Public debt repayments		3,860	4,883	5,709	6,259	4,867	1,087	453	0	1,500	5,000	0	36,506
CCO - Loan Repayment/Loan to Council		(23,163)	0	0	0	0	0	0	0	0	0	0	0
Advance to Napier Gisborne Rail		1,250	0	0	0	0	0	0	0	0	0	0	0
Total Capital Expenditure		59,698	18,737	36,270	36,591	21,950	10,747	8,219	8,106	10,194	13,727	16,332	45,191
RESERVE AND PUBLIC DEBT FUNDING													
Reserves funding		24,421	8,112	(6,817)	(3,938)	(1,418)	72	(3,893)	(6,502)	(5,875)	(6,295)	(6,891)	(4,928)
Doubtful Debts		137	0	19	20	20	21	21	22	22	23	23	24
Depreciation		3,333	0	3,423	4,188	4,909	5,463	5,568	5,739	6,163	6,833	7,450	8,117
Public debt funding		500	19,029	36,506	30,503	20,661	3,032	1,500	0	0	0	0	30,130
Fair value gains on investments		(10,327)	(3,118)	(3,270)	(1,156)	(1,179)	(1,803)	(2,900)	(3,037)	(3,181)	(3,332)	(3,489)	(3,655)
Fair value gains on other comprehensive revenue and expenses		(130,294)	(41,070)	(26,886)	(28,697)	(25,982)	(32,213)	(38,590)	(29,647)	(40,068)	(45,206)	(33,889)	(42,631)
Reduction in ACC Leasehold Liability		1,001	(917)	0	0	0	0	0	0	0	0	0	0
Total Reserve & Loan Funding		(111,229)	(17,964)	2,975	921	(2,989)	(25,428)	(38,294)	(33,426)	(42,939)	(47,977)	(36,796)	(12,942)
UNDERLYING SURPLUS / (DEFICIT)		(152)	0	0	(0)	0	0	0	0	0	(0)	0	0

Prospective Statement of Change in Net Assets / Equity

	Annual Report (\$'000)	Annual Plan (\$'000)	Year 1 LTP (\$'000)	Year 2 LTP (\$'000)	Year 3 LTP (\$'000)	Year 4 LTP (\$'000)	Year 5 LTP (\$'000)	Year 6 LTP (\$'000)	Year 7 LTP (\$'000)	Year 8 LTP (\$'000)	Year 9 LTP (\$'000)	Year 10 LTP (\$'000)
Net Assets / Equity at the Start of the Year	665,355	718,442	871,029	904,325	939,995	964,934	1,001,109	1,047,622	1,089,155	1,142,288	1,203,991	1,257,119
Total Comprehensive Revenue and Expense	171,079	36,701	33,295	35,670	24,940	36,175	46,513	41,533	53,133	61,703	53,127	58,133
Adjustments for Prior Periods	(1,151)	-	-	-	-	-	-	-	-	-	-	-
Net Assets / Equity at the End of the Year	836,434	755,143	904,325	939,995	964,934	1,001,109	1,047,622	1,089,155	1,142,288	1,203,991	1,257,119	1,315,252

Prospective Statement of Financial Position

	Note	Annual Report (\$'000)	Annual Plan (\$'000)	Year 1 LTP (\$'000)	Year 2 LTP (\$'000)	Year 3 LTP (\$'000)	Year 4 LTP (\$'000)	Year 5 LTP (\$'000)	Year 6 LTP (\$'000)	Year 7 LTP (\$'000)	Year 8 LTP (\$'000)	Year 9 LTP (\$'000)	Year 10 LTP (\$'000)
ASSETS													
Non Current Assets													
Property, plant & equipment		28,574	34,324	38,073	39,307	39,076	42,837	41,662	40,751	47,168	45,811	44,144	45,934
Intangible assets		10,096	9,580	12,637	14,491	16,615	19,025	21,737	24,762	28,117	31,821	35,889	40,334
Infrastructure assets		187,387	196,425	208,488	228,852	233,845	239,073	250,412	253,857	256,602	268,389	277,836	278,893
Investment property		57,855	53,286	63,545	64,701	65,879	67,683	70,583	73,620	76,801	80,133	83,622	87,277
Forestry assets		11,087	12,331	10,789	11,145	9,833	9,565	10,669	8,718	8,718	9,924	7,235	7,235
Finance assets		122,308	82,448	132,803	139,801	147,495	146,884	146,423	146,118	146,903	148,439	150,943	156,166
Investment in council-controlled organisations		457,260	390,303	519,910	545,905	573,200	601,860	631,953	663,551	696,729	731,565	768,143	806,550
Advances to council-controlled organisations		0	0	0	0	0	0	0	0	0	0	0	0
Napier / Gisborne rail lease		1,486	236	1,486	1,486	1,486	1,486	0	0	0	0	0	0
Total Non Current Assets		876,053	778,933	987,730	1,045,688	1,087,428	1,128,413	1,173,439	1,211,379	1,261,039	1,316,082	1,367,812	1,422,389
Current Assets													
Inventories		452	113	452	452	452	452	452	452	452	452	452	452
Trade & other receivables		11,327	9,352	16,838	16,280	14,335	11,248	11,226	11,205	11,182	11,160	11,136	11,112
Finance assets		2,057	21,239	2,517	2,934	2,956	2,857	2,765	2,668	2,649	2,539	2,073	1,573
Advances to council-controlled organisations		0	0	0	0	0	0	0	0	0	0	0	0
Cash & cash equivalents		6,522	8,279	2,342	2,348	2,393	1,851	3,661	6,501	7,638	8,554	9,559	6,354
Total Current Assets		20,358	38,983	22,150	22,013	20,136	16,408	18,105	20,826	21,922	22,705	23,220	19,491
TOTAL ASSETS		896,411	817,916	1,009,880	1,067,702	1,107,564	1,144,821	1,191,544	1,232,205	1,282,960	1,338,787	1,391,032	1,441,880
Net Assets / Equity													
Accumulated comprehensive revenue and expenses		315,054	277,336	309,129	312,164	309,703	313,737	317,767	323,150	330,340	340,543	352,890	363,465
Fair value reserves		406,270	300,941	474,421	503,117	529,100	561,312	599,903	629,550	669,619	714,825	748,714	791,345
Other reserves		113,958	176,865	120,775	124,713	126,131	126,059	129,952	136,454	142,329	148,624	155,515	160,442
Total Net Assets / Equity		835,282	755,142	904,325	939,995	964,934	1,001,109	1,047,622	1,089,155	1,142,288	1,203,991	1,257,119	1,315,252
LIABILITIES													
Non Current Liabilities													
Borrowings		31,238	35,072	73,572	99,208	118,782	121,361	122,861	121,361	116,361	116,361	79,855	109,985
ACC Leasehold Liability		10,783	9,201	11,188	10,316	9,453	8,616	7,745	6,867	5,990	5,108	4,198	3,255
Provisions for other liabilities & charges		520	753	520	520	520	520	520	520	520	520	520	520
Total Non Current Liabilities		42,541	45,026	85,280	110,044	128,755	130,497	131,126	128,748	122,871	121,989	84,573	113,760
Current Liabilities													
Trade & other payables		12,313	9,620	12,381	11,162	11,162	11,162	11,162	11,162	11,162	11,162	11,162	11,162
Borrowings		3,650	6,235	6,259	4,867	1,087	453	(0)	1,500	5,000	(0)	36,506	(0)
ACC Leasehold Liability		0	896	53	52	44	18	52	59	58	63	91	124
Provisions for other liabilities & charges		2,625	997	1,582	1,582	1,582	1,582	1,582	1,582	1,582	1,582	1,582	1,582
Total Current Liabilities		18,588	17,748	20,275	17,663	13,874	13,214	12,796	14,302	17,801	12,806	49,340	12,868
Total Liabilities		61,129	62,774	105,555	127,707	142,630	143,712	143,922	143,050	140,672	134,796	133,914	126,628
TOTAL NET ASSETS / EQUITY AND LIABILITIES		896,411	817,916	1,009,880	1,067,702	1,107,564	1,144,821	1,191,544	1,232,205	1,282,960	1,338,787	1,391,032	1,441,880

Prospective Cash Flow Statement

	Note	Annual Report (\$'000)	Annual Plan (\$'000)	Year 1 LTP (\$'000)	Year 2 LTP (\$'000)	Year 3 LTP (\$'000)	Year 4 LTP (\$'000)	Year 5 LTP (\$'000)	Year 6 LTP (\$'000)	Year 7 LTP (\$'000)	Year 8 LTP (\$'000)	Year 9 LTP (\$'000)	Year 10 LTP (\$'000)
CASH FLOW FROM OPERATING ACTIVITIES													
Cash to be provided from:													
Receipts from Customers													
Rates		25,154	24,640	29,448	33,865	38,768	42,640	47,501	50,925	54,447	57,134	59,381	61,398
Receipts from customers		13,257	12,474	18,799	20,926	11,141	13,063	13,077	13,362	13,707	14,471	14,819	15,114
Dividends Received		46,474	3,000	10,103	10,497	10,905	11,248	11,689	12,148	12,624	13,119	13,633	14,167
Interest Received		404	5,891	6,018	6,139	6,261	6,387	6,656	6,665	6,809	6,956	7,107	7,260
Grants		4,796	3,933	7,044	6,445	4,978	5,069	5,241	5,413	5,624	5,870	6,089	6,460
GST		0	699	(4,311)	(680)	1,925	3,067	0	0	0	0	0	0
Total Cash flow provided from Operating		90,085	50,637	67,100	77,191	73,977	81,472	84,164	88,514	93,212	97,550	101,029	104,399
Cash applied to:													
Payments to Suppliers													
Payments to Suppliers		32,045	28,277	39,875	40,001	41,706	41,685	43,452	45,278	45,934	45,690	48,072	50,933
Payments to Employees		22,355	24,028	24,930	26,600	27,080	27,576	28,009	28,628	29,259	29,907	30,568	31,245
Finance Expense		2,120	2,529	1,573	2,136	2,589	2,757	2,763	2,761	2,761	2,742	2,667	3,044
		56,520	54,834	66,379	68,736	71,374	72,018	74,224	76,667	77,953	78,340	81,307	85,221
Net Cash Flows from Operating Activities		33,565	(4,197)	722	8,454	2,603	9,454	9,939	11,847	15,258	19,211	19,722	19,178
CASH FLOW FROM INVESTING ACTIVITIES													
Cash to be provided from:													
Disposal of property, plant & equipment		123	454	788	891	717	987	672	811	811	811	811	811
Disposal of investment properties		2,103	0	0	0	0	0	0	0	0	0	0	0
Disposal of financial assets		256	0	2,484	2,944	3,360	3,383	3,284	3,192	3,095	3,076	2,966	2,500
Receipts from sale of investments		0	0	0	0	0	0	0	0	0	0	0	0
Disposal of forestry assets		0	485	761	0	1,313	268	0	1,950	0	0	2,689	0
Disposal of Napier/Gisborne Rail Lease		0	0	0	0	0	0	1,486	0	0	0	0	0
Repayments from Investment Company		6,500	0	0	0	0	0	0	0	0	0	0	0
Total		8,982	939	4,033	3,835	5,390	4,638	5,442	5,953	3,906	3,887	6,466	3,311
Cash applied to:													
Purchase of property, plant & equipment		3,431	6,331	4,935	3,652	2,668	3,222	2,042	2,322	3,033	2,675	2,772	2,479
Purchase of intangible assets		2,547	1,680	2,132	2,402	2,676	2,963	3,265	3,577	3,907	4,256	4,621	4,997
Construction of infrastructure assets		2,238	4,640	19,624	19,243	6,450	6,858	5,743	5,398	4,849	4,871	11,905	3,709
Community lending		0	953	5,846	6,935	7,579	0	0	0	0	0	0	0
Purchase of financial assets		50,376	0	2,840	3,424	3,497	2,673	2,731	2,790	3,860	4,503	5,004	7,223
Forestry asset development		0	250	0	0	0	0	0	0	0	0	0	0
Leasehold Liability		0	0	819	873	871	863	837	872	878	877	882	910
Advance to Napier/Gisborne Rail		1,250	0	0	0	0	0	0	0	0	0	0	0
Total		59,842	13,854	36,197	36,528	23,742	16,579	14,618	14,960	16,528	17,182	25,184	19,318
Net Cash Flows from Investing Activities		(50,860)	(12,915)	(32,164)	(32,692)	(18,352)	(11,942)	(9,176)	(9,007)	(12,622)	(13,295)	(18,717)	(16,007)
CASH FLOW FROM FINANCING ACTIVITIES													
Cash to be provided from:													
Loans Drawn		500	19,029	36,506	30,503	20,661	3,032	1,500	0	0	0	0	30,130
Cash applied to:													
Loans repaid		3,860	4,883	5,709	6,259	4,867	1,087	453	0	1,500	5,000	0	36,506
Leasehold freeholding proceeds paid to ACC		1,259	1,279	0	0	0	0	0	0	0	0	0	0
Net Cash Flows from Financing Activities		(4,619)	12,867	30,797	24,244	15,794	1,945	1,047	0	(1,500)	(5,000)	0	(6,376)
Net Increase / (Decrease) in Cash & Cash Equivalents		(21,914)	(4,245)	(646)	6	45	(542)	1,810	2,840	1,137	916	1,005	(3,205)
Opening Cash & Cash Equivalents		28,436	12,524	2,988	2,342	2,348	2,393	1,851	3,661	6,501	7,638	8,554	9,559
Closing Cash & Cash Equivalents		6,522	8,279	2,342	2,348	2,393	1,851	3,661	6,501	7,638	8,554	9,559	6,354

Hawkes Bay Regional Council: Funding Impact Statement for 2021-2031 (Whole of Council)

	2019/20Actuals	2020/21Budget	2021/22Budget	2022/23Budget	2023/24Budget	2024/25Budget	2025/26Budget	2026/27Budget	2027/28Budget	2028/29Budget	2029/30Budget	2030/31Budget
Sources of Operating Funding												
General rates & uniform annual general charges, rates penal	8,824	8,427	11,347	13,834	15,776	17,796	21,907	24,581	27,255	29,000	30,351	31,460
Targeted Rates	16,330	16,213	18,101	20,031	22,992	24,844	25,594	26,344	27,192	28,133	29,030	29,938
Subsidies & grants for operating purposes	4,678	3,933	7,044	6,445	4,978	5,069	5,241	5,413	5,624	5,870	6,089	6,460
Fees & charges	12,363	10,131	9,883	10,577	10,873	11,688	11,285	13,445	11,734	12,249	15,149	12,665
Interest & dividends from investments	47,572	8,891	16,121	16,635	17,167	17,634	18,345	18,813	19,433	20,075	20,739	21,427
Local authorities fuel tax, fines, infringement fees & other re	2,637	3,042	1,517	1,515	1,580	1,642	1,792	1,868	1,973	2,222	2,359	2,449
Total operating funding	92,404	50,637	64,013	69,037	73,365	78,673	84,164	90,464	93,212	97,550	103,718	104,399
Applications of Operating Funding												
Payments to staff & suppliers	54,753	52,873	62,241	64,041	66,060	66,555	68,563	71,022	72,326	72,748	75,808	79,365
Finance costs	2,120	2,529	1,573	2,136	2,589	2,757	2,763	2,761	2,761	2,742	2,667	3,044
Other operating funding applications	0	0	2,565	2,559	2,726	2,706	2,898	2,884	2,867	2,850	2,831	2,813
Total applications of operating funding	56,873	55,402	66,379	68,736	71,374	72,018	74,224	76,667	77,953	78,340	81,307	85,221
Surplus / (Deficit) of operating funding	35,531	(4,765)	(2,366)	301	1,991	6,655	9,939	13,797	15,258	19,211	22,411	19,178
Sources of Capital Funding												
Subsidies & grants for capital expenditure	118	-	8,160	8,834	-	-	-	-	-	-	-	-
Development & financial contributions	-	-	-	-	-	-	-	-	-	-	-	-
Increase / (decrease) in debt	13,307	13,193	30,797	24,244	15,794	1,945	1,047	-	(1,500)	(5,000)	-	(6,376)
Gross proceeds from sale of assets	2,226	454	788	891	717	987	672	811	811	811	811	811
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-	-
	15,651	13,647	39,744	33,969	16,511	2,932	1,719	811	(689)	(4,189)	811	(5,565)
Applications of Capital Funding												
Capital Expenditure:												
- to meet additional demand	400	2,627	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	3,173	2,090	12,669	10,977	5,619	6,325	5,424	5,790	6,177	6,307	6,664	7,093
- to replace existing assets	4,643	7,934	14,022	14,319	6,175	6,718	5,627	5,508	5,613	5,496	12,634	4,092
	8,216	12,651	26,691	25,296	11,794	13,043	11,050	11,298	11,789	11,803	19,298	11,185
Increase / (Decrease) in Reserves	39,213	(4,004)	6,817	3,938	1,418	(72)	3,893	6,502	5,875	6,295	6,891	4,928
Increase / (Decrease) in Investments	3,753	235	3,870	5,035	5,289	(3,383)	(3,284)	(3,192)	(3,095)	(3,076)	(2,966)	(2,500)
	51,182	8,882	37,379	34,270	18,502	9,588	11,659	14,608	14,569	15,022	23,222	13,613
Surplus / (Deficit) of capital funding	(35,531)	4,765	2,366	(301)	(1,991)	(6,655)	(9,939)	(13,797)	(15,258)	(19,211)	(22,411)	(19,178)
Funding Balance	0	0	(0)	(0)	0	0	0	0	0	(0)	(0)	(0)
Reconciliation from Funding Impact Statement to Statement of Comprehensive Revenue and Expenditure												
Surplus / (deficit) of operating funding (above)	35,531	(4,765)	(2,366)	301	1,991	6,655	9,939	13,797	15,258	19,211	22,411	19,178
Depreciation and amortisation expense	(3,333)	(3,639)	(3,423)	(4,188)	(4,909)	(5,463)	(5,568)	(5,739)	(6,163)	(6,833)	(7,450)	(8,117)
Reduction in ACC Leasehold Liability	(1,001)	917	0	0	0	0	0	0	0	0	0	0
Provision for Doubtful Debts	0	0	(19)	(20)	(20)	(21)	(21)	(22)	(22)	(23)	(23)	(24)
Fair Value Gains	10,327	3,118	3,270	1,156	1,179	1,803	2,900	3,037	3,181	3,332	3,489	3,655
Add Capital Grants and Subsidies	118	0	8,160	8,834	0	0	0	0	0	0	0	0
Gain on Sale of Assets	17	0	788	891	717	987	672	811	811	811	811	811
Other	(874)	0	0	0	0	0	0	0	0	0	0	0
Operating Surplus After Income Tax per Statement of Comprehensive Revenue and Expenditure	40,785	(4,370)	6,410	6,973	(1,043)	3,962	7,922	11,885	13,065	16,497	19,239	15,502

Significant Forecasting Assumptions 2021-31

Significant Forecasting Assumptions 2021-31

Forecasting Assumption\Issue for 2021-31 LTP	Risk	Level of Risk	Comment on the potential impact of any uncertainty\risk																																																																																				
<p>Financial Presentation</p> <p>The main purpose of prospective financial statements in a Long Term Plan is to provide users with information about the core services that Council intends to provide to ratepayers and the expected cost of those services and consequentially how much Council needs by way of rates to fund the intended levels of service. The level of rates funding required is not affected by any Council subsidiary entities such as HBRIC, which manages Council's 55% shareholding in the Port of Napier, except to the extent that Council obtains distributions from, or further invests in, those subsidiaries.</p> <p>Council has not presented group prospective financial statements because it believes that parent prospective financial statements are more relevant to users.</p>	The presentation of financial statements for the parent entity only will not provide readers with a sufficient level of information	Low	Parent only financial statements are more meaningful for most ratepayers. In addition, neither Council nor HBRIC is not able to access detailed 10- year financial projections for Napier Port as the company is listed on the stock exchange.																																																																																				
<p>Population</p> <p>HBRC has taken into account forecast changes in population and rateable properties. The regional projection reflects the combined projections from the main territorial authorities in the region (Hastings District, Napier City, Central Hawke's Bay District and Wairoa District).</p> <p>The projections, for growth in population and households, are set out in the following table:</p>	The forecast change in the HB population will be greater or lower than forecast.	Low	No significant programmes, expenditure or revenue changes are being driven by changes in population.																																																																																				
<p>Table 1 Hawkes Bay Population Projections</p> <table border="1"> <thead> <tr> <th></th> <th>2021</th> <th>2022</th> <th>2023</th> <th>2024</th> <th>2025</th> <th>2026</th> <th>2027</th> <th>2028</th> <th>2029</th> <th>2030</th> <th>2031</th> </tr> </thead> <tbody> <tr> <td>HB Population</td> <td>176,694</td> <td>178,042</td> <td>179,397</td> <td>180,696</td> <td>182,001</td> <td>183,313</td> <td>184,632</td> <td>185,938</td> <td>187,239</td> <td>188,527</td> <td>189,672</td> </tr> <tr> <td>Change</td> <td></td> <td>1,348</td> <td>1,355</td> <td>1,299</td> <td>1,305</td> <td>1,312</td> <td>1,319</td> <td>1,326</td> <td>1,281</td> <td>1,288</td> <td>1,145</td> </tr> <tr> <td>%age change</td> <td></td> <td>0.76%</td> <td>0.76%</td> <td>0.72%</td> <td>0.72%</td> <td>0.72%</td> <td>0.72%</td> <td>0.72%</td> <td>0.69%</td> <td>0.69%</td> <td>0.61%</td> </tr> <tr> <td>No of Households</td> <td>66,838</td> <td>67,367</td> <td>67,906</td> <td>68,415</td> <td>68,934</td> <td>69,473</td> <td>70,002</td> <td>70,521</td> <td>71,029</td> <td>71,527</td> <td>72,065</td> </tr> <tr> <td>Change</td> <td></td> <td>529</td> <td>539</td> <td>509</td> <td>519</td> <td>539</td> <td>529</td> <td>519</td> <td>508</td> <td>498</td> <td>538</td> </tr> <tr> <td>%age Change</td> <td></td> <td>0.79%</td> <td>0.80%</td> <td>0.75%</td> <td>0.76%</td> <td>0.78%</td> <td>0.76%</td> <td>0.74%</td> <td>0.72%</td> <td>0.70%</td> <td>0.75%</td> </tr> </tbody> </table>					2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	HB Population	176,694	178,042	179,397	180,696	182,001	183,313	184,632	185,938	187,239	188,527	189,672	Change		1,348	1,355	1,299	1,305	1,312	1,319	1,326	1,281	1,288	1,145	%age change		0.76%	0.76%	0.72%	0.72%	0.72%	0.72%	0.72%	0.69%	0.69%	0.61%	No of Households	66,838	67,367	67,906	68,415	68,934	69,473	70,002	70,521	71,029	71,527	72,065	Change		529	539	509	519	539	529	519	508	498	538	%age Change		0.79%	0.80%	0.75%	0.76%	0.78%	0.76%	0.74%	0.72%	0.70%	0.75%
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031																																																																												
HB Population	176,694	178,042	179,397	180,696	182,001	183,313	184,632	185,938	187,239	188,527	189,672																																																																												
Change		1,348	1,355	1,299	1,305	1,312	1,319	1,326	1,281	1,288	1,145																																																																												
%age change		0.76%	0.76%	0.72%	0.72%	0.72%	0.72%	0.72%	0.69%	0.69%	0.61%																																																																												
No of Households	66,838	67,367	67,906	68,415	68,934	69,473	70,002	70,521	71,029	71,527	72,065																																																																												
Change		529	539	509	519	539	529	519	508	498	538																																																																												
%age Change		0.79%	0.80%	0.75%	0.76%	0.78%	0.76%	0.74%	0.72%	0.70%	0.75%																																																																												
<p>Covid-19 Economic Impact</p> <p>The Covid-19 pandemic that swept the world in 2020 has had a significant impact on the New Zealand and Hawke's Bay economy.</p> <p>Different sectors of the Hawke's Bay community have been affected by a downturn in tourism and business confidence and demand. Council responded quickly to the pandemic by deferring the proposed rate increase for 2020-21.</p> <p>As well as the HB community HBRC has been directly impacted through a reduction in the amount of investment income it has to offset the amount required from rates. A combination of the deferral of the proposed rate increase and reduced income from other sources meant that Council used its strong financial position to borrow \$7.5m in 2020-21 to bridge the funding gap.</p> <p>The Covid-19 pandemic will have an enduring impact on the pace of the NZ and of the Hawke's Bay economy will have a major bearing on the 2021-31 Long-term Plan.</p>	HBRC will underestimate the extent economic impact of Covid-19.	Medium	If the impact on the HB economy is greater than anticipated HBRC's forecast financial position may be worse and the forecast revenues may be lower than those forecast in this plan. <p>In addition, if the ability of the ratepayers in the region to absorb increases in HBRC rates is affected to a greater degree than anticipated Council may respond by modifying its revenue and expenditure plans during the period of this LTP. Any significant change will be consulted on as part of an annual plan or LTP amendment.</p>																																																																																				
<p>Environment</p> <p>Increased expectations for better environmental outcomes, particularly related to freshwater, are bringing a stronger focus and attention on Council's functions. The Government's Essential Freshwater package introduced new rules and regulations to:</p> <ul style="list-style-type: none"> stop further degradation of New Zealand's freshwater resources and improve water quality within five years reverse past damage and bring New Zealand's freshwater resources, waterways and ecosystems to a healthy state within a generation. <p>Adequate resources to implement the Essential Freshwater policies and regulations that come into force on 3 September 2020 are difficult to estimate. The NPSFM 2020 requires Regional Councils to give effect to Te Mana o te Wai. In doing so the Council must develop a plan for maintaining and improving the state of freshwater in the region. Te Mana o Te Wai is the fundamental concept which underpins the NPSFM 2020 and the Council must:</p> <ul style="list-style-type: none"> set a long term vision for water informed by the aspirations of tāngata whenua and communities actively involve tāngata whenua in freshwater management such as the preparation of policy statements and plans; and investigate options for tāngata whenua involvement in other RMA processes. 	There could be new environmental or resource management issues requiring work that cannot be resourced and funded out of normal budgetary provisions.	Low	The potential effect of any new environmental or resource management issues is dependent on the scale, type, location, and impact on the environment. Each issue will be addressed on its merits and any resourcing or funding requirement will be addressed and if necessary, consulted on as part of an annual plan or LTP amendment.																																																																																				

Forecasting Assumption\Issue for 2021-31 LTP	Risk	Level of Risk	Comment on the potential impact of any uncertainty\risk
<p>By 31 December 2024 Councils must notify changes to policy statements and plans to give effect to the NPSFM 2020. Alongside the development of the freshwater catchment plans both the Hawkes Bay Regional Resource Management Plan and the Regional Coastal Environment Plan are due for review (commencing in 2021). In order to deliver on all of these elements of the Policy & Planning work programme it is proposed to combine the RRMP and RCEP, as well as the NPSFM freshwater catchment polices into one plan 'Kotahi'.</p> <p>Increased funding has been included in the Policy and Planning and Maori Partnerships teams project planning to ensure that Kotahi will meet the statutory obligations. However, it is unclear what, if any financial assistance will be provided to Council by Central Government to meet these new and challenging timeframes. Nor is it clear what funding or resourcing will be made available to tāngata whenua to support their active involvement in these planning processes.</p>			
<p>Land Use Changes</p> <p>HBRC assumes that the current use of land will not change significantly over the course of this LTP. Hawke's Bay's economy is largely a rural economy dominated by export orientated primary production including value added processing and is therefore exposed to significant environmental (e.g. climatic) and international market fluctuations.</p> <p>In general, changes to higher value land are limited in Hawke's Bay due to the availability of water to irrigate. One area of anticipated land use change is from hill country pasture to afforestation. In this plan, council is continuing to invest in a significant tree planting programme targeting the worst eroding land in the region. This complements a central government initiative to plant 1 billion trees a year. This initiative will have positive impacts on water quality, carbon sequestration and soil health.</p>	Changes in land use impact on HBRC's programmes and on the environment.	Low	We would expect that any changes in land use will be gradual with any significant changes being very obvious giving Council time to review and alter programmes and consult with the community if required.
<p>Natural Disasters</p> <p>A significant disaster event, particularly a flood, may have a major impact on the work programmes set out in this Long-Term Plan. As these events cannot be predicted they have been excluded from the Plan. Following such an event, HBRC will focus on response to community needs and recovery. Any major issues would be included in subsequent Annual Plans or Long-Term Plan Amendments.</p>	A significant natural disaster occurs during the period covered by this LTP.	Low	A major event is unlikely however the potential impact if one does occur could be significant.
<p>Climate Change</p> <p>The Regional Council announced a climate emergency for the Hawke's Bay region on 26 June 2019, recognising that we have a small window of time to act to avoid the most damaging effects of the climate crisis in the longer term. In declaring a climate emergency, the Regional Council is making climate change a focus in all its decision-making and relevant work programmes.</p> <p>The climate emergency declaration recognises that the climate crisis is an urgent and pervasive threat to human and ecological wellbeing. A build-up of too many 'greenhouse gases' like carbon dioxide and methane leads to too much heat being trapped in turn causing the climate to change.</p> <p>Local government has responsibilities for adaptation to and mitigation of the effects of climate change under the Resource Management Act and Local Government Act, whereas central government leads policy to mitigate (reduce) greenhouse gas emissions. As such climate change adaptation and mitigation is a key component of the Regional Council's proposed work programme in this LTP. HBRC has allowed for a response to climate change throughout its work programmes and levels of service.</p> <p>In November 2020, the most comprehensive and wide-ranging assessment of climate change impacts on the region to date was released. The report was commissioned by HBRC, Gisborne District Council and Envirolink, and conducted by the National Institute for Water and Atmosphere (NIWA). NIWA used modelling from the Intergovernmental Panel on Climate Change (IPCC), including a mid-range emission and high emission scenario, to describe changes that could occur over the 21st Century. This report provides the best information to hand and the findings justify our approach to managing for climate change impacts.</p> <p>The report projects direct impacts of:</p> <ul style="list-style-type: none"> • annual average temperatures are projected to go up between 0.5 °C and 1 °C by 2040, and between 1.5 °C and 3 °C by 2090. This comes on top of the 1°C increase over the last century. • coastal areas could have five fewer frosty days and inland areas 20 fewer frosty days by 2040. This could increase to 50 fewer frosty days for inland areas by 2090. • heat waves, defined as three or more days above 25°C, will become increasingly common, with increases of between 10-20 days by 2040, and 20-60 days by 2090. • annual rainfall is projected to drop up to 5% by 2040, and up to 15% in parts of Hawke's Bay by 2090. • more intense storms • sea level rise of up to 0.4m in 40 years and worsening coastal erosion (under the extreme worst-case scenario). 	Climate change causes impacts on land, sea and/or the environment.	Low	<p>Most of Council's proposed actions around climate change are linked to possible impacts on land and water rather than on Council assets.</p> <p>We do not anticipate any significant impacts from Climate change, on key Council assets, over the next 10 years.</p> <p>If events occur that require any significant change to Council's response Council will consult with the community through an annual plan or LTP amendment process.</p>

Forecasting Assumption\Issue for 2021-31 LTP	Risk	Level of Risk	Comment on the potential impact of any uncertainty\risk																																																											
<p>Broader impacts on the community include:</p> <ul style="list-style-type: none"> increasing temperatures will impact the primary sector through a growth in pests and diseases, which will impact the quality and quantity of fruit and vegetable crops, as well as the productivity of forestry and pasture. more droughts will likely decrease our agricultural production and the health of our rivers, which will also affect our drinking water supplies. less rainfall will impact rivers in the region, resulting in a projected 20% decrease in flow by 2090. sea level rise plus storm surges will inundate orchards, vineyards and other crops, roads, buildings with a significant financial impact. positive impacts including increased pasture and plant productivity of select plants, less frost damage, and longer summers for tourists. <p>Several projects in this LTP are in direct response to climate change including accelerating upgrades to the Heretaunga Plains Flood Protection Scheme and gravel extraction in the Upper Tukituki to keep communities safe from floods, the continuance of the Coastal Hazards Strategy 2120 which takes a Joint Committee approach to apply solutions to coastal hazards and sea level rise and the Regional Water Security Programme.</p> <p>The Council's Regional Water Security Programme has an ambition to deliver freshwater supply and demand solutions/interventions to ensure the sustainable management of this most critical resource. Council is also working to mitigate climate change through its regional planting programme and on-demand transport.</p>																																																														
<p>Cost Adjusters</p> <p>All expenditure projections in the financial statements for year 1 (2021-22) of the Long-Term Plan are stated without cost adjusters. From year 2 (2022-23) cost adjusters have been used to allow for the effect of inflationary pressures. These cost adjuster assumptions are set out in the table 2 below:</p> <p>The rates have been provided by BERL economic forecasts in September 2020.</p> <table border="1" data-bbox="195 982 795 1646"> <caption>Table 2: Cost Adjusters</caption> <thead> <tr> <th rowspan="2">Year</th> <th colspan="2">Salary Related Costs</th> <th colspan="2">External Expenditure</th> </tr> <tr> <th>Annual (%)</th> <th>Cumulative (%)</th> <th>Annual (%)</th> <th>Cumulative (%)</th> </tr> </thead> <tbody> <tr><td>2021-22</td><td>1.60</td><td>1.60</td><td>1.50</td><td>1.50</td></tr> <tr><td>2022-23</td><td>2.50</td><td>4.14</td><td>2.90</td><td>4.44</td></tr> <tr><td>2023-24</td><td>2.30</td><td>6.54</td><td>2.50</td><td>7.05</td></tr> <tr><td>2024-25</td><td>2.20</td><td>8.88</td><td>2.50</td><td>9.73</td></tr> <tr><td>2025-26</td><td>2.20</td><td>11.27</td><td>2.50</td><td>12.47</td></tr> <tr><td>2026-27</td><td>2.20</td><td>13.72</td><td>2.50</td><td>15.29</td></tr> <tr><td>2027-28</td><td>2.20</td><td>16.22</td><td>2.60</td><td>18.28</td></tr> <tr><td>2028-29</td><td>2.20</td><td>18.78</td><td>2.70</td><td>21.48</td></tr> <tr><td>2029-30</td><td>2.20</td><td>21.39</td><td>2.70</td><td>24.76</td></tr> <tr><td>2030-31</td><td>2.20</td><td>24.07</td><td>2.60</td><td>28.00</td></tr> </tbody> </table>	Year	Salary Related Costs		External Expenditure		Annual (%)	Cumulative (%)	Annual (%)	Cumulative (%)	2021-22	1.60	1.60	1.50	1.50	2022-23	2.50	4.14	2.90	4.44	2023-24	2.30	6.54	2.50	7.05	2024-25	2.20	8.88	2.50	9.73	2025-26	2.20	11.27	2.50	12.47	2026-27	2.20	13.72	2.50	15.29	2027-28	2.20	16.22	2.60	18.28	2028-29	2.20	18.78	2.70	21.48	2029-30	2.20	21.39	2.70	24.76	2030-31	2.20	24.07	2.60	28.00	Changes in HBRC costs are greater or less than predicted	Medium	<p>Changes to the cost adjusters (inflation) will impact on Council's costs and revenues and on the projected future rate increases.</p> <p>The difference between the assumptions in the 3 BERL scenarios would result in cumulative cost increases being 5.6% lower over 10 years under the "Stalled Recovery" scenario or 3.3% higher under the "Faster Recovery" scenario.</p> <p>Based on the total external expenditure of \$93m in 2021-22 the potential impact, for every 0.1% movement in the cost index is \$93,000.</p> <p>Budgets are modified each year as part of the Annual Plan and any significant changes will result in consultation with the community on the proposed budget and rates requirement.</p>
Year		Salary Related Costs		External Expenditure																																																										
	Annual (%)	Cumulative (%)	Annual (%)	Cumulative (%)																																																										
2021-22	1.60	1.60	1.50	1.50																																																										
2022-23	2.50	4.14	2.90	4.44																																																										
2023-24	2.30	6.54	2.50	7.05																																																										
2024-25	2.20	8.88	2.50	9.73																																																										
2025-26	2.20	11.27	2.50	12.47																																																										
2026-27	2.20	13.72	2.50	15.29																																																										
2027-28	2.20	16.22	2.60	18.28																																																										
2028-29	2.20	18.78	2.70	21.48																																																										
2029-30	2.20	21.39	2.70	24.76																																																										
2030-31	2.20	24.07	2.60	28.00																																																										
<p>Asset Value Adjusters</p> <p>All applicable assets are revalued at various stages during the LTP. Table 3 below sets out the asset value adjusters used in the Long-Term Plan.</p>	The changes in HBRC asset values are greater or lower than anticipated.	Low	<p>Changes to the cost adjusters (inflation) will impact on the replacement cost or market value of Council's assets.</p> <p>Valuation changes do not result in a significant change to Council's operating costs and revenues.</p>																																																											

Forecasting Assumption\Issue for 2021-31 LTP							Risk	Level of Risk	Comment on the potential impact of any uncertainty\risk																																																																													
Table 3: Asset Value Adjusters <table border="1"> <thead> <tr> <th>Year</th> <th>Land & Buildings (%)</th> <th>Forestry Assets (%)</th> <th>Investment Property (%)</th> <th>Infrastructure Assets (%)</th> <th>Hydro Assets (%)</th> <th>HBRIC Ltd Shares (%)</th> </tr> </thead> <tbody> <tr><td>2021-22</td><td>6.00</td><td>3.00</td><td>6.00</td><td>4.00</td><td>6.00</td><td>5.00</td></tr> <tr><td>2022-23</td><td>2.00</td><td>3.00</td><td>2.00</td><td>3.00</td><td>3.50</td><td>5.00</td></tr> <tr><td>2023-24</td><td>2.00</td><td>3.00</td><td>2.00</td><td>2.60</td><td>2.60</td><td>5.00</td></tr> <tr><td>2024-25</td><td>3.00</td><td>3.00</td><td>3.00</td><td>2.60</td><td>2.70</td><td>5.00</td></tr> <tr><td>2025-26</td><td>5.00</td><td>3.00</td><td>4.50</td><td>2.70</td><td>2.90</td><td>5.00</td></tr> <tr><td>2026-27</td><td>5.00</td><td>3.00</td><td>4.50</td><td>2.60</td><td>2.80</td><td>5.00</td></tr> <tr><td>2027-28</td><td>5.00</td><td>3.00</td><td>4.50</td><td>2.80</td><td>3.20</td><td>5.00</td></tr> <tr><td>2028-29</td><td>5.00</td><td>3.00</td><td>4.50</td><td>2.80</td><td>3.30</td><td>5.00</td></tr> <tr><td>2029-30</td><td>5.00</td><td>3.00</td><td>4.50</td><td>2.90</td><td>3.40</td><td>5.00</td></tr> <tr><td>2030-31</td><td>5.00</td><td>3.00</td><td>4.50</td><td>2.70</td><td>3.10</td><td>5.00</td></tr> </tbody> </table>							Year	Land & Buildings (%)	Forestry Assets (%)	Investment Property (%)	Infrastructure Assets (%)	Hydro Assets (%)	HBRIC Ltd Shares (%)	2021-22	6.00	3.00	6.00	4.00	6.00	5.00	2022-23	2.00	3.00	2.00	3.00	3.50	5.00	2023-24	2.00	3.00	2.00	2.60	2.60	5.00	2024-25	3.00	3.00	3.00	2.60	2.70	5.00	2025-26	5.00	3.00	4.50	2.70	2.90	5.00	2026-27	5.00	3.00	4.50	2.60	2.80	5.00	2027-28	5.00	3.00	4.50	2.80	3.20	5.00	2028-29	5.00	3.00	4.50	2.80	3.30	5.00	2029-30	5.00	3.00	4.50	2.90	3.40	5.00	2030-31	5.00	3.00	4.50	2.70	3.10	5.00			<p>An increase in the value of assets such as land and buildings and Infrastructure assets will result in an increase in the depreciation expense that forms part of the annual budget.</p> <p>An increase in the value of investment assets does not result in a change in the budgeted revenue from the investments as the revenue, used for budgeting purpose, reflects the expected dividends received or actual rentals or proceeds from forest harvesting that are received each year.</p>
Year	Land & Buildings (%)	Forestry Assets (%)	Investment Property (%)	Infrastructure Assets (%)	Hydro Assets (%)	HBRIC Ltd Shares (%)																																																																																
2021-22	6.00	3.00	6.00	4.00	6.00	5.00																																																																																
2022-23	2.00	3.00	2.00	3.00	3.50	5.00																																																																																
2023-24	2.00	3.00	2.00	2.60	2.60	5.00																																																																																
2024-25	3.00	3.00	3.00	2.60	2.70	5.00																																																																																
2025-26	5.00	3.00	4.50	2.70	2.90	5.00																																																																																
2026-27	5.00	3.00	4.50	2.60	2.80	5.00																																																																																
2027-28	5.00	3.00	4.50	2.80	3.20	5.00																																																																																
2028-29	5.00	3.00	4.50	2.80	3.30	5.00																																																																																
2029-30	5.00	3.00	4.50	2.90	3.40	5.00																																																																																
2030-31	5.00	3.00	4.50	2.70	3.10	5.00																																																																																
<p>The above rates for Infrastructure Assets and Hydrological Assets are based on the capex inflation indices provided by BERL economic forecasts in September 2020.</p> <p>The rates used for Land & Buildings, Investment Property and HBRIC Ltd Shares were provided by Council's investment advisors (PWC).</p> <p>The rate for forestry assets is a conservative estimate of an average growth in value which is similar to the growth in Hydro and Infrastructure assets.</p> <ul style="list-style-type: none"> Property and Forestry Crops are revalued every year HBRIC Ltd shares are revalued every year (market to market) Operational Land and Buildings and Hydrological Assets are revalued every three years starting in the 2021-22 year. Infrastructure Assets are revalued every three years starting in the 2022-23 year. 																																																																																						
Capital Programme Delivery Programmes and projects are assumed to be delivered within budget and on time. The plan includes a significant increase in capital expenditure, particularly in the first two years as this is supported by the availability of Government funding.							The risk is that the capital programme is not able to be delivered on time and within the budget available.	Medium	Council will be working proactively to plan for the delivery of major projects proposed in the plan. A greater lead time will improve the chances of delivery on time and on budget. Council does have an in-house civil works capability that will be utilised to deliver projects wherever possible. Where projects are not able to be completed as scheduled within any given year Council will carry forward the budget and funding. The implication of any shortfall in project delivery are: <ul style="list-style-type: none"> Projects may cost more than planned due to inflation Less funds will need to be borrowed in the short term. Delaying new borrowing will impact on the timing of financing costs Delays in proposed improvements to services 																																																																													
Contractor Availability That Council will be able to find skilled contractors to undertake the work programmed in this plan. Currently there is very little surplus capacity in the contracting market due to the housing boom and the increased level of capital works proposed my many local authorities. This may provide Council with challenges in procuring services to deliver on time and to budget.							The risk is that there is not sufficient contractor capacity to deliver the capital programme on time or that contract prices	Medium	Council will proactively work with the local contractor community to procure major works. Where projects are not able to be completed as scheduled within any given year Council will carry forward the budget and funding. The implication of any shortfall in project delivery are:																																																																													

Forecasting Assumption\Issue for 2021-31 LTP	Risk	Level of Risk	Comment on the potential impact of any uncertainty\risk
	increase significantly so that works cannot be delivered within the budget available.		<ul style="list-style-type: none"> Projects may cost more than planned due to inflation Less funds will need to be borrowed in the short term. Delaying new borrowing will impact on the timing of financing costs Delays in proposed improvements to services
<p>Interest Rates We are currently experiencing historic lows in the financial markets due to the impact of covid-19 on world economies. These low interest rates are expected to continue for some time.</p> <p>External Borrowing The interest rate assumptions for external borrowing for inclusion in the plan are set out below:</p> <ul style="list-style-type: none"> For the 2021-22 financial year 1.5% For the 2022-23 financial year 2.0% For the 2023-24 financial year 2.5% For the remainder of the plan until 30 June 2031 2.5% <p>Interest on Deposits The interest rate assumptions for interest on deposits for inclusion in the plan are set out below:</p> <ul style="list-style-type: none"> For the 2021-22 financial year 1.0% For the 2022-23 financial year 1.0% For the 2023-24 financial year 1.5% For the remainder of the plan until 30 June 2031 1.5% 	<p>Borrowing costs are higher than expected</p> <p>Interest received on deposits is lower than expected.</p>	<p>Low</p> <p>Low</p>	<p>Council's external borrowings are managed in accordance with Council's treasury policy. This ensures that only a portion of existing debt will need to be refinanced in any one year.</p> <p>Each 1% change in interest rates could add \$10,000 to HBRC costs for every \$1m borrowed. This could potentially add \$1.2m to costs when external debt is expected to peak at \$122m in 2025/26.</p> <p>Only a small proportion of investment revenues is driven by returns on cash deposits. Most revenue is linked to returns on managed funds which are discussed separately.</p>
<p>Managed Funds Council has allocated funds from the proceeds of the sell down of the HBRIC shareholding in the Napier Port and funds previously set aside for investment in RWSS to be placed into managed funds so that these assets should work harder and provide more returns.</p> <p>The total estimated managed funds are \$165m as at June 2021. These are held by HBRIC (\$48m) and HBRC (\$117m)</p> <p>Based on advice from Council's advisors this LTP assumes an average annual return of 5.16%. This is based in averaging the historical returns and the future 20 years projected returns provided by the fund managers. On average 2% of the total returns will be added to the funds balance to ensure that the funds, and the annual revenues available to offset rates grow in line with forecast growth in costs. Each year a budget assumption of 3.16% on the funds balance will be used to offset the general rates requirement.</p> <p>Any income over the combined revenue projections for managed funds and HBRIC dividends are to be transferred to an Investment Income Equalisation reserve and will earn interest in line with interest on deposits stated above to cover market fluctuation risks.</p> <p>These investments may include any of the investment classes included in the investment policy.</p>	Returns from Council's investments in managed funds are lower than expected	High	<p>HBRC has traditionally relied on combined investment income of at least \$13m per annum for the portfolio of managed funds and HBRIC Dividends to subsidise the cost of its activities and reduce the amount required to be collected from rates.</p> <p>Each 0.6% reduction or increase in the projected return on managed funds equates to \$1 million in revenue that would be lost or gained.</p> <p>Council is able to use its' borrowing facilities or the Investment equalisation reserve to smooth the impact of any short-term shortfall in revenues.</p> <p>If the average return, over time, is lower than projected each 0.6% change in the average return will represent \$10 million in additional or reduced income over the life of this LTP.</p> <p>Every \$260,000 in reduced income from investments would result in a 1% increase in the amount needed from rates or other sources.</p>
<p>HBRIC Ltd HBRIC Ltd, the Council's investment company, commenced activities in February 2012. Its principal investment is 55% ownership of Napier Port Holdings Ltd which in turn owns Port of Napier Limited (PONL), which owns and operates Napier Port. In addition HBRIC maintains a portfolio of managed funds (estimated to be \$48m as at June 2021).</p>	Returns from Council's investment in HBRIC (Napier Port) are lower than expected	High	HBRC has traditionally relied on combined investment income of at least \$13m per annum for the portfolio of managed funds and HBRIC Dividends to subsidise the cost of its activities and reduce the amount required to be collected from rates.

Forecasting Assumption\Issue for 2021-31 LTP	Risk	Level of Risk	Comment on the potential impact of any uncertainty\risk								
<p>Dividends payable to HBRC will derived from a combination of PONL dividends plus returns on managed funds.</p> <p>The annual HBRIC dividend comprises the dividends from the HBRC's 55% share of PONL) after costs of administering HBRIC. Based on advice from Council's investment advisors, PWC, the projected dividend revenues from PONL to HBRIC are grow by between 4% and 5% per annum.</p> <p>For the LTP budgets we have assumed growth of 4% per annum.</p> <p>Estimated PONL Dividends to HBRIC</p> <table border="1" data-bbox="195 512 581 747"> <thead> <tr> <th>Year</th> <th>\$'000</th> </tr> </thead> <tbody> <tr> <td>2021-22</td> <td>9,100</td> </tr> <tr> <td>2022/23</td> <td>9,464</td> </tr> <tr> <td>2023/24</td> <td>9,843</td> </tr> </tbody> </table> <p>From 2024-2031 dividends grow by 4% per annum</p> <p>Any income over the combined revenue projections for managed funds and HBRIC dividends is to be transferred to an Investment Income Equalisation reserve and this will earn interest in line with interest on deposits stated above to cover market fluctuation risks associated with the investment portfolio.</p>	Year	\$'000	2021-22	9,100	2022/23	9,464	2023/24	9,843			<p>Every \$260,000 in reduced income from investments would result in a 1% increase in the amount needed from rates or other sources.</p>
Year	\$'000										
2021-22	9,100										
2022/23	9,464										
2023/24	9,843										
<p>Leasehold Properties</p> <p>Napier</p> <p>HBRC owns leasehold endowment property within and around Napier City. Ground rents paid by lessors have been predominantly set at 5% of current land value, or "fair annual ground rental" and reviewed every 21 years.</p> <p>From 1 July 2013, HBRC sold the annual rentals due from this portfolio over the next 50 years (i.e. until July 2063) to ACC for a lump sum of \$37.8 million. As the annual rents have been sold this LTP assumes that the income received will be paid out as an expense with a small margin to be kept by HBRC as an administration fee.</p> <p>The underlying properties continue to be owned by HBRC and sales to lessors have continued, and may continue in the future, in the same way as they have done in the past. HBRC has invested these funds in investments specified in HBRC investment policy and will continue to do so in respect of net proceeds, (after disbursements to ACC), of sales of freehold interests to lessors.</p> <p>Wellington</p> <p>HBRC holds a portfolio of 12 leasehold properties in Wellington which were purchased from the historic proceeds of the sale of Napier leasehold properties. These leases currently provide a return of \$840,000 per annum with leases renewed every 14 years.</p>	<p>Returns from Council's investments in leasehold properties are lower than expected.</p>	<p>Low</p>	<p>The annual value of budgeted revenues from leasehold property is \$1,400,000 .</p> <p>Leasehold revenues are primarily linked to long-term leases, so the revenue streams are reasonably stable.</p>								
<p>Forestry</p> <p>HBRC has an existing forestry portfolio consisting off:</p> <table border="1" data-bbox="195 1703 1056 1829"> <thead> <tr> <th>Site Name</th> <th>Area (ha)</th> <th>Assumptions</th> </tr> </thead> <tbody> <tr> <td>CHB</td> <td>168</td> <td>No material investment, maintenance only, no harvesting in LTP period</td> </tr> </tbody> </table>	Site Name	Area (ha)	Assumptions	CHB	168	No material investment, maintenance only, no harvesting in LTP period	<p>Returns from Council's investments in forestry are lower than expected or the harvesting dates are later than expected.</p>	<p>Medium</p>	<p>Forestry returns are subject to market fluctuations driven by international demand for wood products. The actual impacts from any market fluctuations will not be known until such time as Council's areas of forest are harvested. Harvest can be delayed to some extent in an attempt to align with high log prices, but particularly in the Covid 19 environment doing so is very speculative and not sure to be successful, and there are limits in the ability to delay due to the need to stage harvest over time to manage environmental risk.</p>		
Site Name	Area (ha)	Assumptions									
CHB	168	No material investment, maintenance only, no harvesting in LTP period									

Forecasting Assumption\Issue for 2021-31 LTP			Risk	Level of Risk	Comment on the potential impact of any uncertainty\risk
Mahia	36	No material investment, maintenance only, no harvesting in LTP period			
Waihapua	213	No material investment, maintenance only, no harvesting in LTP period			
Tutira	114	Harvesting proposed over the period from 2021 to 2027. Replanting after Harvest			
Tutira Manuka Honey	90	Maintenance continues with yearly honey income of \$7,000 assumed			
Tangoio	330	Second tranche of harvesting proposed in 2023 (first tranche was in 2020-21) Replanting after Harvest			
<p>Return on the forestry investments are determined by the harvest revenue received.</p> <p>Tangoio forestry is treated differently from all the other forestry investment as HBRC does not own the land but does have responsibility for the management and control of the forest. Any income received from harvest is kept in a reserve to fund the continuing maintenance programme and is not available for the funding of general HBRC operations.</p>					
<p>Carbon</p> <p>Carbon credits accrued on areas Council of forestry will continue to have a value based on an active market. Prices are expected to continue to hold at similar levels to the June 2020 value of \$31.90 per tonne.</p>			That the pricing of carbon changes significantly or the market disappears entirely.	Low	It is probable that the value of carbon will continue to be strong as governments and the community continue to put an increasing emphasis on the environment and climate change. The total value of carbon held was \$3.7m on 30 June 2020.
<p>Assets</p> <p>Infrastructure Assets</p> <p>All infrastructure assets (river, flood control and drainage schemes) will be operated, maintained and improved as set out in the asset management plans that have been prepared for each of the river, flood control and drainage schemes. Schemes are funded to a level that ensures levels of service set for each scheme in the relevant asset management plan are achieved and maintained over the life of the assets.</p> <p>For the purposes of projecting annual movement in the values of this asset category to fair value, the property price adjusters covering projected movement in asset construction (Local Government cost index, capex) as set out by BERL have been used. Refer to the Infrastructure Strategy for further details on the lifecycle of infrastructure assets and funding of the replacement of significant assets.</p> <p>The useful life of each category of asset is shown in the Statement of Significant Accounting Policies included in this plan.</p>			That the funding in the LTP is not sufficient to adequately maintain Council's infrastructure assets	Low	The budgets are based on the funding requirements set out in the various Asset Management Plans (AMPs). If additional funding is needed this will impact on balance of reserves held and potentially on the level of the various targeted rates charged for Council's flood control schemes.
<p>Plant, Property and Equipment including Intangible Assets</p> <p>It is assumed that HBRC's other fixed assets continue to be provided at the level required to carry out its activities.</p> <p>The useful life of each category of asset is shown in the Statement of Significant Accounting Policies included in this plan.</p> <p>For the purposes of projecting annual movement in the values of this asset category to fair value, the Local Government cost index, capex as set out by BERL have been used.</p>			That Council does not set aside or expend the funds required to maintain or improve Councils Plant, Property and Equipment to the level needed for Council to fulfil its functions.	Low	The budgets are based on the estimated costs to maintain and improve assets. If necessary some assets may be able to be operated longer or on a reduced scale without an immediate impact on the organisation's ability to deliver services.

Forecasting Assumption\Issue for 2021-31 LTP	Risk	Level of Risk	Comment on the potential impact of any uncertainty\risk
<p>Insurance of Infrastructure Assets</p> <p>HBRC currently provides cover for its infrastructure assets through a hierarchy of insurance and other available funding as follows.</p> <p>HBRC uses a commercial insurer to cover 40% of infrastructure value base on a total claim amount of up to \$65 million, with an excess of \$1.5 million. This means HBRC would receive up \$26m (40%) with an excess of \$0.6m from an insurer with the balance (60%) expected to be paid by the Government. The insurance will cover up to 2 events in any one year.</p> <p>Central Government, under the National Civil Defence Recovery Plan, will meet 60% of the value of infrastructure assets critical to the functioning of the community, above 0.002% of regional capital value and provided HBRC has taken demonstrable steps to meet the remainder of the cost.</p> <p>Each flood control and drainage scheme has access to a disaster reserve account. The scheme disaster reserves are designed to meet the costs of damage that may occur in any relatively minor flood event.</p> <p>A Regional Disaster Damage Reserve which has been set up to provide “last resort” funding for:</p> <ul style="list-style-type: none"> • Cost of responding to and managing an event • Any difference between the deductible (excess on insurance) and the threshold for eligibility for Central Government assistance • Cost of reinstatement of any uninsured assets (e.g. pathways on top of stopbanks) • Contribution towards the cost of reinstatement of infrastructure assets to an equivalent standard to that in place before the damage was incurred • The possibility of contributing to the cost of reinstating the level of service provided by an asset being considerably more than the optimised replacement value. <p>The Regional Disaster Reserve has a target of maintaining a balance of between \$2.75M and \$3.75M of investments.</p>	<p>That Council does not have sufficient insurance or reserves to recover\rebuild after a major adverse event.</p>	<p>Low</p>	<p>Council believes it has sufficient insurance cover to fund the costs of any major event.</p> <p>In addition, Council does have the ability to call upon its significant investment portfolio is required. There would be an impact on future rate funding requirements if Council needs funds beyond what it can recover from insurance or the regional disaster reserve.</p>
<p>Subsidy Rates</p> <p>Funding assistance will be provided by Crown agencies, primarily the New Zealand Transport Agency</p> <p>NZTA - Operations funding assistance rates</p> <p>NZTA provide various subsidies for the following services:</p> <ul style="list-style-type: none"> • Bus services 51% of costs • Total Mobility scheme 60% of costs • Road Safe Community Programmes 74% of costs • Regional Land Transport Planning 74% of costs • Super Gold Cards. Up to \$240,000 per year 	<p>NZTA changes the subsidy rate applicable to HBRC</p>	<p>Medium</p>	<p>If any significant change is made to the NZTA subsidy rate HBRC may need to review the level of service for this activity. If any significant change is made to the NZTA subsidy rate HBRC may need to review the level of service for this activity. This would be consulted on as part of an annual plan or LTP amendment.</p>

Fees and Charges Schedule 2021-22



TE KAUNIHERA Ā-ROHE O TE MATAU-A-MĀUI

Fees and Charges Schedule

Resource Management Charges

Section 36 of the Resource Management Act (RMA) enables local authorities to allocate fixed charges for various administrative and monitoring activities to specific resource users. These fixed charges can either be specific amounts or determined by charging scales.

There are four types of resource management charges and they relate to:

- consent applications
- compliance monitoring
- freshwater science research and monitoring
- contaminated sites

There is also a charging regime for gravel that is taken under the HBRC global resource consents that apply to the Tutaekuri, Ngaruroro and Tukituki river catchments. This is not a resource management charge but is established to identify how the Asset Management Group will recover the costs of managing the abstraction of gravel resources from these rivers while maintaining and managing the river and flood control schemes.

These charges will reflect actual and reasonable costs agreed as adopted in the LTP 2021 – 2031, following consultation, and applied in the year 2021/22.

1. Charges Relating to Resource Consent Applications

Charges for receiving, processing, and deciding on applications for:

- resource consents
- certificates of compliance
- changes to, cancellation of, or review of resource consent conditions
- transfers of resource consent

are comprised of an initial fixed fee payable in advance (a deposit) and an additional charge payable once the application has been decided. An additional fixed charge will be required before notification, and the start of a hearing, if the application requires these processes.

Initial fixed fees for Processing Resource Consent Applications

Tables 1.1 and 1.2 set out the initial fixed charges payable for processing resource consent applications. These fees are charged in accordance with Section 36(1)b of the RMA.

Section 36(7) of the RMA specifies that where a fixed charge has not been paid, Hawke’s Bay Regional Council HBRC need not perform the action to which the charge relates until it has been paid in full. HBRC can suspend processing an application until a fixed charge has been paid.

Item	Initial Fixed Fee - Payable upon Lodgment (Excl GST)	Additional Charge - Payable subsequent to processing
– Land use application for bore permit	\$500	Based on actual and reasonable costs
– Land use for bore field where 3 or more bores are to be drilled for the same purpose on the same site (or in close proximity)	\$1,000	
– Land use consent for gravel extraction	\$1,000	
– Other consent applications	\$2,000	
Other changes or cancellations of consent conditions	\$750	Based on actual and reasonable costs
Review of conditions as per RMA s128 1a, 1c or 2.	\$1,500	Based on actual and reasonable costs
Transfer a consent to another site	\$1,000	Based on actual and reasonable costs
Extensions to lapse dates	\$1,000	Based on actual and reasonable costs
Transfer of resource consent (1 only, with transfer form completed and signed) to a new owner/occupier	\$200	Based on actual and reasonable costs for non-standard process
Transfer of resource consent (2 or more, with transfer form completed and signed) to a new owner/occupier, or change of name	\$250	Based on actual and reasonable costs for non-standard process

Item	Initial Fixed Fee - Payable upon Lodgment (Excl GST)	Additional Charge - Payable subsequent to processing
Certificate of compliance/ Deemed Permitted Activity:		
- Bore sealing	- no charge	- N/A
- Confirmation of domestic on-site wastewater Permitted Activity status	- \$750	- Based on actual & reasonable costs ¹
- Issuing a notice under s87BA or BB stating whether an activity is a permitted activity	- \$1,500	Based on actual and reasonable (likely to be lodged as a consent)
- Other	- \$1,500	

Application Type	Type of Fixed Fee (Excl GST)			Additional Charge – Payable subsequent to processing
	Initial Fixed Fee: Payable upon application	Fixed Fee: Payable upon notification	Fixed fee: Payable 5 days before hearing	
Individual resource consent application (including applications for ancillary activities)	(per table 1.1)	\$5,000	\$7,500	Based on actual and reasonable costs ¹
Application processed as part of a catchment wide replacement process	(per table 1.1)	\$1,500	\$2,000	Based on actual and reasonable costs ²
Request for Independent Commissioner under s 100A	Fixed fee payable on requesting a Commissioner (Excl GST)			Additional Charge - Payable subsequent to processing
Fixed fee payable on requesting an independent commissioner	\$3,000 per commissioner			Based on actual and reasonable costs ¹ of additional cost incurred as a result of using an independent commissioner

Note 1: Actual and Reasonable Costs include time spent by staff in receiving, processing, and deciding on the applications, hearing costs and any external disbursements (which shall include any external expert advice from consultants at cost). Staff costs shall be calculated by multiplying the actual hours involved in receiving, processing and granting a consent by the hourly rates for the staff involved and adding any actual disbursements (as in Table 9); and adding any hearing costs and any costs of consultants and commissioned reports; and then subtracting the fixed charge that was paid in advance. The total calculated amount shall then, if necessary, be adjusted to reflect HBRC's actual and reasonable costs having regard to the factors referred to in section 36(4) of the RMA and any relevant discounts. (This does not apply to applications which are not subject to additional charges or refunds).

Note 2: Where an activity requires multiple ancillary consents, and the application will be processed in a bundle, HBRC may require payment of only one initial fixed fee (deposit). The deposit shall be equal to the highest deposit required for any of the applications required, as per Table 1.1

Additional Resource Consent Charges

In addition to these fixed charges, in most cases additional charges will be payable subsequent to processing, in accordance with Section 36(3) of the RMA.

Refunds

Except for applications for bore permits, minor administrative changes or cancellations, a portion of the charge as set out in Tables 1.1 and 1.2 will be remitted if the actual cost of receiving, processing and deciding on the application is less than that already paid.

Hearings

HBRC is conscious of the cost that can be incurred by applicants when a resource consent application goes to a hearing. Therefore, the HBRC Hearings Committee will carefully assess the number of members who will participate in each hearing. Also, they may appoint independent commissioners if there is a need to ensure that areas of expertise are covered, to avoid conflicts of interest or to expedite the process. The numbers involved in a hearing panel will usually range from three to a maximum of five. Where a hearing is required, the following charges shall be payable by the applicant, except for those costs incurred under s100A of the RMA:

- actual meeting fee allowances at the rate approved for elected members by the Remuneration Authority, which is currently \$80.00 an hour for each hearing panel member other than the chairman who is paid \$100.00 an hour;
- actual mileage for hearing panel members travelling to and from the hearing at the rate approved by the Remuneration Authority which is currently 79¢ a kilometre;
- actual accommodation costs for a hearing panel member to stay overnight rather than return home;
- actual meeting fee allowances for each of the hearing panel members attending and participating in a formal site inspection, or any meeting subsequent to the hearing for formal deliberations;
- mileage and accommodation costs associated with any formal site inspection or deliberation meetings;
- actual costs (including disbursements) of any commissioner appointed by the Minister of Conservation's representative;

- the actual cost of staff attendance at a hearing (typically the Reporting Officer, hearings administrator, decision writer, relevant technical officers, and the Manager Consents or the Group Manager Policy and Regulation);
- the costs associated with the use of an independent hearing commissioner where the use of a commissioner has been occasioned by the application. The apportionment of costs when an independent hearing commissioner is requested by an applicant and/or submitters is noted below. Independent hearing commissioner costs will be calculated on an actual and reasonable basis and include fees for disbursements, reading the application material, site visit, hearing attendance, deliberations and drafting the decision.
- the costs for photocopying, hall hire, catering (for the Panel and Decision Writer), and any administration services relating to hearings and deliberations will be recovered from the applicant on a case-by-case basis.

Independent Hearing Commissioners (s100A)

Applicants and/or submitters have the ability to request that independent commissioners hear and decide publicly or limited notified applications. If an applicant makes the request, he or she is responsible for paying all costs associated with the use of the independent commissioner (as noted above). In accordance with s36 (1) (ab), if one or more submitters requests an independent commissioner (and the applicant does not), those submitters are responsible for paying the extra costs incurred as a result of an independent commissioner being used (compared with the cost of using an elected member).

If a request is made for an independent commissioner, a fixed charge of \$3000 a commissioner shall be paid at the time of the request. The actual and reasonable costs of the commissioner will also be charged as an additional charge in accordance with Section 36(3) of the RMA. HBRC decides which accredited independent commissioner(s) will be appointed to the hearing panel.

Hearing Decision Writers

The following charges shall be payable by the applicant except for those costs incurred under s 100A of the RMA:

- The cost of the decision writer to attend the hearing and deliberations, and the decision writing time.
 - Where the decision writer is an independent commissioner sitting as a panel member, the commissioner's time to attend the hearing, deliberate and write the decision will be charged at actual cost.
- Where an independent consultant is engaged as the decision writer their time to attend the hearing and deliberations, and to write the decision will be charged at actual cost.

Charging for Consultants

Where the use of consultants is required to provide particular technical input to the consent process the applicant will be responsible for the actual costs charged by the consultant.

Contribution to the costs of Commissioning Reports in accordance with Section 92(2)

HBRC may, from time to time, commission reports in accordance with Section 92(2) of the RMA, to determine the cumulative effects of an activity or activities. Where the activity meets the following criteria, the HBRC may contribute to the costs of preparing the report to a maximum of 25%, up to a maximum of \$5,000.

The HBRC's contribution is at the discretion of the Group Manager, Policy and Regulation, and the following criteria must be met for a discount to be considered:

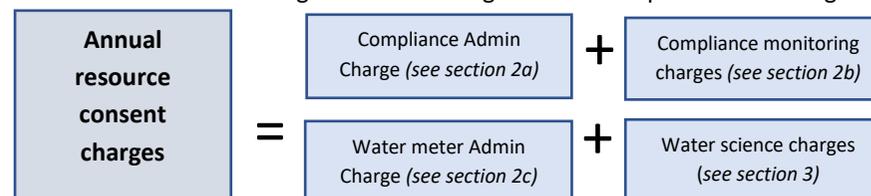
- The commissioned report must directly inform a plan change that the HBRC has committed to in the applicable Long-Term Council Community Plan; and/or
- The commissioned report must develop a method, or provide information that is applicable to sites beyond the immediate scope of the application; and

- The commissioned report must contain information that is of benefit to the regional community as a whole.

2. Charges to Holders of Resource Consents for Compliance and Impact Monitoring

Charges for the monitoring, administration and supervision of resource consents have been determined based on an estimate of the time for carrying out the inspection/s, assessment, reporting, and administration associated with that monitoring.

Annual consent monitoring and admin charges are made up of the following:



Not all the charges in the diagram above are applicable to all resource consents. Refer to the relevant section below for further detail.

2a. Compliance Administration Charges

Holders of consents that require ongoing monitoring, will be charged a new annual administration fee (as set out in table 2.1). This annual charge covers routine administration costs such as consent computer database and file system maintenance, compiling and monitoring accounts, correspondence to consent holders (e.g. around expiring consents) and general administration and enquiries.

Exemptions to the annual compliance administration charge include the following consent types; water takes, residential domestic effluent systems (permitted activity and accredited/non-accredited systems), bore permits, forestry permitted activities, land use permitted activities, and consents that no longer require monitoring.

2b. Compliance Monitoring Charges

Consent holders whose consents require annual inspection, and/or information return, and/or a sampling undertaken by HBRC staff will be charged based on the actual and reasonable costs to undertake the total annual monitoring activity. This shall be calculated by multiplying the actual hours involved in undertaking monitoring of the consent by the hourly rate for the staff involved and adding any actual disbursements (as in Table 9). The total calculated shall then, if necessary, be adjusted to reflect HBRC's actual and reasonable costs having regard to the factors referred to in section 36(4) of the RMA.

These charges are invoiced after inspections or invoiced quarterly for the consents that either have more than one inspection or ongoing monitoring throughout the year.

Consent holders should check the conditions of the consent to determine whether sampling, water use or other information is required. For new consents, the consent holder will be advised of the likely annual monitoring requirements when the consent is issued; thereafter the previous year's monitoring costs will act as an indication of monitoring costs.

Monitoring of National Environmental Standards for Plantation Forestry (NES-PF) Permitted Activities

Charges for monitoring of NES-PF permitted activities will be for actual and reasonable costs as permitted by the regulations, including:

- Site inspection (where required)
- Reporting
- Associated administration; and
- Non-compliance follow ups.

Monitoring of all other permitted activities will be undertaken in accordance with the relevant National Environment Standards or relevant legislation for the activity. Those undertaking the activity may be charged based on the actual and reasonable

costs to Council for monitoring the activity, where charges are permitted to be made by the relevant regulations.

Monitoring of Domestic On-site Wastewater Treatment Systems Charges

Consent holders with a domestic on-site wastewater treatment system type that is not on the HBRC's Accredited Manufacturer list, and who do not have that system installed and serviced by a person or company on the Accredited Installer and Service Agent list will be subject to an annual monitoring cost as set out in table 2.1.

Consent holders with an on-site wastewater treatment system type that is on the HBRC's accredited list and is installed and maintained by an accredited installer/service person or company, and is compliant with all conditions of consent, will not be subject to routine compliance inspection fees.

Charges to holders of Resource Consents for Low Flow Monitoring

For holders of consents to take water where the abstraction is subject to low flow limits (directly or via gallery intake or wells), the cost of monitoring the low flows will be recovered for each water take subject to low flow restrictions (excluding frost consents that are from the same take point as an irrigation consent, held in the same name). Consent holders will be charged an annual fixed charge (as set out in table 2.1). Should the fixed charges not cover the actual and reasonable costs associated with the low flow monitoring programme, an additional charge shall be made against all consents subject to the low flow condition monitoring, to recover the actual and reasonable costs incurred.

Charges for non-compliance

Additional monitoring charges will be made to consent holders where extra compliance monitoring is required as a result of non-compliance with consent conditions or where extra time is spent following up suspected non-compliance where a consent holder has not supplied sufficient information to demonstrate compliance. The additional charge will be based on actual and reasonable costs to undertake the monitoring.

Consent holders will be charged an enforcement fee for instances when an abatement notice is issued, and an additional administration fee for late submission of records and monitoring reports required to be supplied under the conditions of the consent. These fees are set out in table 2.1.

	Charge (Excl GST)
Annual consent administration fee	\$75
On-site wastewater treatment - non-accredited - annual monitoring fee	\$385
Low flows annual monitoring fee	\$250
Issuing of abatement notice	\$180
Late submission of data and information returns	\$180
Monitoring of consents which require annual inspection, and/or information return, and/or sampling undertaken	Actual and reasonable costs of staff time incurred
Monitoring of National Environmental Standards for Plantation Forestry permitted activities	Actual and reasonable costs of staff time incurred
Additional monitoring as a result of non-compliance with consent conditions	Actual and reasonable costs of staff time incurred

2c. Water Measuring Device Admin Charges

Holders of resource consents to take water which require a water measuring device, will be charged an annual administration fee for:

- administration and checking of the records for the installation and verification of the water meters; and
- the retrieval, checking and processing of water meter data.

The fixed charges are set according to the number of meters required per consent, as outlined in table 2.2.

	Annual Charge (Excl GST)
Annual water measuring device admin charge (for first meter) PLUS, each additional water measuring device	\$210 \$ 40
Non-exercised consent	\$40

Where water measuring devices do not meet HBRC's approved devices criteria or are not installed by an approved installer, a full compliance audit will be undertaken and charged on an actual and reasonable basis.

3. Charges to holders of Resource Consents for Freshwater Management Research, Investigations and Monitoring (Freshwater Science charges)

Discharges to water or land, and water take consent holders are charged for the costs of performing science investigations and monitoring to manage and inform on effects, or potential effects, on the Region’s freshwater resources. These charges are authorised by Section 36 of the Resource Management Act 1991. Benefits to consent holders of this science include the protection of the resource through its management on a sustainable basis and early warning of changes in resources. Consent holders pay for only for a part of the costs of this science. The Regional community pays for the rest as the wider community also benefits from the information gained. The proportion of the freshwater science costs recovered from consent holders is set in the Revenue and Finance policy. Costs related to water quantity science and monitoring are allocated to water take consent holders, and costs related to water quality science and monitoring are allocated to discharge to land or water consent holders.

As part of the 2021/31 LTP development, HBRC consulted with all current consent holders of water take or discharge to water or land resource consents, on the proposed change to the methodology for water science charges.

Allocation of Charges

Costs related to water quantity science and monitoring are allocated to water take consent holders. Costs related to water quality science and monitoring are allocated to consent holders of discharge to water consents, and consents to discharge to land, in a manner that may enter water.

Water take consents – basis for charges

Charges are levied against consented weekly volume of take (m3/week), with a tiered charged rate for different volume ranges, and a minimum charge as set out in table 3.1. Charges for ground water, surface water and stream depletor takes are calculated using the same charge rate structure. Charges are levied against consented volumes, not actual use. Non-exercised/partially exercised consents are not discounted. Consents that share a defined volume of water will cumulatively attract a water science charge that recognizes (but does not duplicate) this total entitlement.

Where a maximum weekly take condition is not specified in the consent, a deemed weekly volume will be calculated by conversion of the consented maximum daily / 28 day / monthly take rate or maximum annual take.

Charges for water take consents for dam fill for irrigation with low flow conditions, will be levied against consented weekly volume (m3/week), modified by a differential reduction of 25%, due to these activities occurring for short periods during the year, at times where water resources are less stressed.

Charges for water take consents for shingle washing, will be levied against consented volume (m3/week), modified by a differential reduction of 80% due to the non-consumptive nature of this activity.

Charges for water take consents for hydro power generation will be levied against consented weekly volume (m3/week), modified by a differential reduction of 99.25% due to the large volumes and non-consumptive nature of this activity.

Table 3.1: Charges to consent holders for Freshwater Management Research/Investigations & Monitoring: WATER TAKES		
	Annual Variable charge rate (Excl GST)	
	\$	Units
Minimum charge	\$205	Per consent
Volume up to 100,000 m3	\$0.065	Per m3 deemed weekly volume
Volume from 100,000 to 1,000,000 m3	\$0.045	Per m3 deemed weekly volume
Volume from 1 million to 2 million m3	\$0.022	Per m3 deemed weekly volume
Volume above 2 million m3	\$0.006	Per m3 deemed weekly volume

Discharges to land or water consents – basis for charges

Consents to discharge to freshwater, or to discharge to land in a manner that may enter water, are included in the annual water science charges, as set out in table 3.2. Charges are levied against each consent based on:

- The receiving body of the discharge (land or water), and
- the scale of activity as defined in table 3.3.

Some activities are not scaled, though HBRC may apply a scale factor to charges if outliers become apparent. Non-exercised/partially exercised consents are not discounted.

Table 3.2: Annual fixed charge to consent holders for Freshwater Management Research/Investigations & Monitoring: DISCHARGE CONSENTS (Excl GST)					
Primary purpose of discharge	Small Scale	Medium Scale	Large Scale	Extra-Large Scale	Not Scaled
Discharge to Water (per consent)					
Drainage, Sewage, Stormwater & Wastewater	\$1,538	\$3,075	\$6,150	\$7,688	NA
Solid Waste	NA	NA	NA	NA	\$3,075
Other	NA	NA	NA	NA	\$1,538
Discharge to Land (per consent)					
Drainage, Sewage, Stormwater & Wastewater	\$769	\$1,538	\$3,075	\$3,844	NA
Solid waste	NA	NA	NA	NA	\$1,538
Other	NA	NA	NA	NA	\$769

Table 3.3: Discharge consent category scale definitions				
Primary purpose of discharge	Small Scale	Medium Scale	Large Scale	Extra-Large Scale
Drainage	Max discharge rate: < 100 l/s	Max discharge rate: 100 to 1,000 l/s	Max discharge rate: 1,001 to 10,000 l/s	Max discharge rate: > 10,000 l/s
Sewage	Max discharge: < 50 m3/day	Max discharge: 50 to 200 m3/day	Max discharge: 201 to 1,000 m3/day	Max discharge: > 1,000 m3/day
Stormwater	Catchment area: < 5 Ha	Catchment area: 5 to 10 Ha	Catchment area: 11 to 50 Ha	Catchment area: > 50 Ha
Wastewater	<i>Dairy & Piggery operations:</i> Herd size < 400 cow equiv. <i>All other operations:</i> Max discharge < 100 m3/day	<i>Dairy & Piggery operations:</i> Herd size 400 to 1,000 cow equiv. <i>All other operations:</i> Max discharge 100 to 2,000 m3/day	<i>Dairy & Piggery operations:</i> Herd size 1,001 to 3,000 cow equiv. <i>All other operations:</i> Max discharge 2,001 to 4,000 m3/day	<i>Dairy & Piggery operations:</i> Herd size >3,000 cow equiv. <i>All other operations:</i> Max discharge > 4,000 m3/day
Solid waste and other	No scale applied. HBRC may apply scale factor to "non-scaled" discharge consents if outliers become apparent.			

Note: Sheep, goat and pigs are converted to cow equivalents using the following conversions; 6.5 sheep = 1 cow equiv, 8.13 goats = 1 cow equiv, 3.75 pigs = 1 cow equiv.

Exemptions

The following consent activities are excluded from the water science charges:

- Discharges to land or water or watertakes exercised once or intermittently for a short period (less than 6 months), and which have a negligible environmental impact.
- Discharges or watertakes exercised for activities with the objective of improving the environment, as assessed by Council Consents staff.

- Discharges to water for the primary purpose of generating hydroelectricity (due to this being a consequential activity of a water take consent, which will still attract a water science charge).
- Discharge to land consents for domestic effluent from a single domestic dwelling, or where the maximum daily discharge is less than or equal to 2m³ (excluded based on the minor nature of this activity).
- Discharges to coastal waters are exempt from freshwater science charges, as Council has determined under the Revenue & Financing policy that Marine Science costs are funded 100% from General Rates. The majority of consent holders discharging to coastal water are mandated under their consent conditions to undertake considerable environment monitoring in the location around their discharges and submit these results to the Regional Council annually.
- Water take consents for the purpose of frost protection only are exempt, based on the short period of use, and that typically the consent holder also has another water take consent at the same location for irrigation purposes. Note that if frost protection activities are included in a water take consent for irrigation or other purposes, the charges will be calculated on the main purpose water take volume conditions.
- Where there are two or more discharge to land consents relating to the same activity at the same location, only the largest scaled discharge consent will attract the freshwater science charge.
- Where there are two or more discharge to water consents relating to the same activity at the same location, only the largest scaled discharge consent will attract the freshwater science charge.

Invoicing

Invoices will be raised during the third quarter (Feb/Mar)) for an annual charge amount, with due date for payment by the 20th of the following month. In June, any new eligible consents issued since the first invoice round of the year will be invoiced. New consents issued during the year will only be charged for the portion of the year beginning from the date the consent was granted.

During the financial year, if a consent is surrendered, or expires and is not replaced by a subsequent consent, then the water science charges only apply to the period that the consent was operative. The consent holder can request a refund of water science charges for the period from the date of the surrender/expiry to the end of the financial year. HBRC may not accept a surrender of consent unless the water science charges owed have been paid. Consents that have expired but are able to be exercised due to S.124 protection, will not qualify for this refund, and will be charged as if the consent is still current.

Charges are levied against current consent holders at the time of invoicing. If a consent has not been transferred prior to invoicing, or if the consent is transferred partway through the year (after the invoice has been issued), the annual charge will stand with the consent holder at the time of invoicing. Any apportionment of water science charges after a consent transfer has taken place remains the responsibility of the respective owners.

Some consents have been authorised by HBRC but can only be utilised on the surrender of another consent. The former consents only become subject to the water science charging regime upon the surrender of the latter consent.

4. Charges Relating to Contaminated Site Management

These charges outlined in table 4, are set in accordance with section 150 of the Local Government Act 2002. Actual and reasonable costs of staff time will be calculated using the relevant hourly rate for the staff involved (table 9).

	Charge (Excl GST)
Where a party requests information about the 'contaminated site' status of a property	Actual and reasonable costs of staff time incurred
Where a party requests HBRC review and comment on contaminated site investigation and remediation reports	Actual and reasonable costs of staff time incurred
Where a party requests more extensive involvement of HBRC staff	Actual and reasonable costs of staff time incurred

5. Charges for Gravel Extraction

5a. Charges for gravel taken under HBRC resource consents

Charges will be levied for gravel taken under the HBRC resource consents AUTH-123467-01, AUTH-123469-01 (Ngaruroro River), AUTH-123447-01, AUTH-123453-01 (Tukituki River) and AUTH-123452-01, AUTH-123458-01 (Tutaekuri River).

Permissions, Compliance Monitoring and Administration Charges

The Regional Council is required to monitor each river to determine gravel availability and the effects of gravel abstraction on flood carrying capacity and on the integrity of flood control schemes, on the environment and on the community. It is also required to ensure that parties taking gravel under the HBRC global consents are compliant with the conditions of those resource consents. Each party taking gravel under the HBRC consent will be required to obtain a permission from the Asset Management Group and pay compliance monitoring and administration charges based on the volume of gravel extracted, the source of the gravel, and its

quality, as set out in table 5.1. The charges include the provision of infrastructure to access the resource (i.e. roading and stock pile areas).

The categories are:

- inferior grade material (as determined by HBRC staff)
- material extracted from above the confluence of the Tukipo and Mangaonuku River tributaries of the Tukituki and Waipawa rivers (Upper Tukituki catchment)
- material from Heretaunga Plains Flood Control Scheme (HPFCS) rivers including lower & middle Tukituki.

Charges for receiving, processing, and issuing permissions to extract gravel under the HBRC Resource Consents, are payable to HBRC in advance. Charges for gravel extraction are due and payable to HBRC monthly, on the same day as extraction declarations.

Permissions to extract gravel under HBRC resource consents:	Charge (Excl GST)
0-50 cubic metres	\$80
Greater than 50 cubic metres	\$120
Extraction charge for compliance monitoring, environmental mitigation and administration:	Charge per cubic metre extracted (Excl GST)
Upper Tukituki	\$0.80
HPFCS rivers including lower & middle Tukituki	\$1.20
Inferior grade	\$0.40

5b. Charges for Gravel Extraction taken via individual resource consents

Resource Consent applications

The charge for receiving and processing a consent application for extraction of gravel from rivers are as set out in Table 1.1. Additional costs may be charged if the processing costs exceed the initial fixed fee (deposit).

Compliance Monitoring, Administration Charges and Financial Contributions for gravel extraction

The Regional Council is required to monitor each river to determine gravel availability and the effects of gravel abstraction on flood carrying capacity, on the environment and on the community, and to ensure that parties taking gravel are compliant with the conditions of the resource consents. Each party taking gravel will be required to pay compliance monitoring and administration charges based on the volume of gravel extracted, the source of the gravel, and its quality, as set out in table 5.2. The categories include:

- inferior grade material (as determined by HBRC staff)
- all other material, other than that extracted from Tukituki, Ngaruroro, Tutaekuri Rivers and their tributaries.

Charges for gravel extraction are due and payable monthly on the same day as extraction declarations.

Table 5.2: Charges for Gravel Extraction via individual resource consents based on \$ per Cubic Metre Extracted per annum

	State of Environment Monitoring Charge (\$35 of RMA)	Compliance / Allocation Charge (\$36 of RMA)	Financial Contribution (\$108 of RMA)	Total (Excl GST)
All rivers (other than Tukituki, Ngaruroro, Tutaekuri Rivers, and their tributaries)	\$0.20	\$0.60	\$0.08	\$0.80
Inferior grade	\$0.20	NA	\$0.08	\$0.20

Building Act Charges for Dams

The processing of building consents for dams, issuing of project information memoranda (PIMs) for dams and administering dam safety regulations are statutory functions for the HBRC under the Building Act (2004) and its amendments. Dam safety regulations become operative on 1 July 2010. Amounts stated for Building Act charges below are exclusive of GST.

Note that PIMS can be requested from Local Authorities under the Building Act for any property (other than dams). HBRC will recover costs of providing information on a property to the local authority requesting that information, based on actual costs.

Building Consent Costs

The function for consenting dams under the Building Act (2004) has been transferred to Waikato Regional Council. The transfer agreement specifies that Building Consent costs will be recovered on an actual and reasonable basis, with hourly rates and fixed charges as set and recovered directly by Waikato Regional Council.

Any HBRC processing costs not associated with the Building Act will be charged as specified in Table 1.1 under Resource Management Charges.

PIM costs

A fixed charge (deposit) listed in Table 6 is payable in advance and an additional charge may be payable once the PIM has been provided, based on actual costs.

Certificate of Acceptance Costs

This function is retained by HBRC, but Waikato Regional Council will provide technical advice into the process. A fixed charge (deposit) is payable in advance, and an additional charge may be payable once the application has been decided. The fixed charge for this is listed in Table 6.

Ministry of Building, Innovation & Employment and Building Research Authority of New Zealand Levies

Ministry of Building, Innovation & Employment (MBIE) and Building Research Authority of New Zealand (BRANZ) levies are required by the Building (Levy) Regulations 2019, and the Building Research Levy Act 1969. These levies may change

in accordance with amendments made to regulations. The Hawke's Bay Regional Council (HBRC) is required to collect and pay MBIE and BRANZ levies as regulated for all Building Consent Applications and Certificate of Acceptance applications.

The following fees apply to all building work with an estimated value greater than \$20,444:

- MBIE levy – \$1.75 inc GST for every \$1000 (or part of \$1000) of the estimated value of the building work.
- BRANZ levy – 0.1% of the contract value (above \$20,000) of the estimated value of the building work.

Additional Building Act Charges

Where an additional charge is to be made, the charge will be recovered on an actual and reasonable basis. This shall be calculated by multiplying the actual hours involved in undertaking monitoring of the application by the hourly rate for the staff involved and adding any actual disbursements (as in Table 9).

An additional charge will apply to:

- all PIMs, applications for a Certificate of Acceptance, and applications for an Amendment to a Compliance Schedule, when the fixed charge (deposit) does not cover the costs of processing.
- all other unspecified Building Act duties that deal with its application, processing, or compliance, and are attributable directly to a dam. These charges are payable by the owner of a dam.

Activity	Deposit (Excl GST)
Building consent for dams – Project Information Memorandum (PIM)	\$500
Certificate of acceptance	
- Dam valued up to \$20,000	\$500
- Dam valued between \$20,000 and \$100,000	\$2,000
- Dam valued over \$100,000	\$4,000
Amendment to compliance schedule	\$1,000

Maritime Transport & Navigation Charges

Standard Charges under the Maritime Transport Act 1994 - Marine Tier 1 Oil Transfer Sites

Maritime Rule Part 130B requires that the operator of an oil transfer site obtain the approval for a site marine oil spill contingency plan from the Director of Maritime New Zealand. The power to approve these plans has been delegated by the Director to the Chief Executive (sub-delegated to HBRC regional On Scene Commanders) of HBRC in an Instrument of Delegation pursuant to Section 444(2) of the Maritime Transport Act 1994. Section 444(12) of the Maritime Transport Act 1994 allows HBRC to charge a person a reasonable fee for:

- Approving Tier 1 site marine oil spill contingency plans and any subsequent amendments
- Inspecting Tier 1 sites and any subsequent action taken thereafter in respect of preparation of inspection reports or reporting on non-conformance issues.

Approval of contingency plans, inspecting Tier 1 sites, auditing response exercises and subsequent follow up reports and corrective actions shall be charged the actual and reasonable cost of the required work. Actual and reasonable charges shall be calculated using the hourly rates listed in Table 7.1.

Table 7.1: Tier 1 Marine Oil Response Charges	
	Charge (Excl GST)
Review or approval of a Tier 1 marine oil spill response plan, including an initial audit.	\$130 per hour
Attendance at Tier 1 plan site visit, exercise, or audit	\$130 per hour

Navigation and Safety By-laws Charges

The Local Government Act enables HBRC to charge for various functions it undertakes in accordance with the Navigation and Safety By-laws.

Internal and external costs incurred responding to breaches of Navigation and Safety By-laws, securing of vessels, responding to unseaworthy vessels or sinking vessels, and other tasks required to be undertaken to ensure safe navigation can be maintained, shall be charged actual and reasonable costs to the master, owner or person who caused the cost to be incurred.

Other navigation and safety charges are as outlined in table 7.2.

Table 7.2: Navigation and Safety Charges	
	Charge (Excl GST)
Passenger Vessel Licence (annual)	
– Passenger Vessel Owner’s Licence	\$70
– Passenger Vessel Licence (per vessel)	\$40
Hire boat Licence (annual)	
– Hire boat Owner’s licence	\$70
Hire boat Licence (annual per craft)	
– Kayak	\$6
– Windsurfer	\$7
– Rowing boat	\$10
– Sailboat	\$20
– Jet ski	\$20
– Powerboat	\$40
Pilot-exemption Recommendations/Revalidation	\$300
Pilotage assessment fee	\$250
Fee for issuing hot work permit	\$145
Applications for Suspension or Exemptions under Bylaw 5.1	
– Public Notification	\$100 plus Actual Advertising Costs
Jet Ski licensing and registration (per craft)	
- Individual licensing	\$43.47
- Registration sticker	\$17.39

Charges for Napier Port

Charges will be levied to Napier Port Limited for all vessels over 1,000 gross tonnage using the Napier Pilotage area, for the management of navigational safety at the rate set out in table 7.3.

Table 7.3: Charges to Napier Port for vessels using Breakwater Harbour	
	Charge per gross tonnage (Excl GST)
For each vessel exceeding 1,000 gross tonnage, for each use of Breakwater Harbour	\$0.03 per gross tonnage

Charges for the Preparation of, or Change to a Regional Plan

Applications for the preparation of, or change to, any regional plan will be subject to a fixed charge deposit, payable in advance as set out in table 8.

Table 8: Charges for preparation or changes to a regional plan	
	Deposit (Excl GST)
Application for the preparation of, or change to, a regional plan	\$40,000

If the actual costs incurred by HBRC in preparing, varying, or changing the regional plan exceed the charge payable in advance, then these costs may be recovered by way of an additional charge. The additional charge shall be based on actual costs as calculated by multiplying the actual hours involved in preparing or changing the regional plan by the hourly rates for staff involved and adding any actual disbursements (see Table 9) and subtracting the charge

referred to above. The total calculated amount shall then, if necessary, be adjusted having regard to the factors referred to section 36 of the Resource Management Act.

Charges for the Provision of Information

The Regional Council (HBRC) shall charge for the provision of information as follows.

- The first hour of time spent actioning a request for information on each or any occasion relating to the same general matter or issue arising from the Regional Policy Statement, regional plans or resource consents shall be provided free of charge.
- HBRC reserves its rights under section 13 of the Local Government Official Information and Meetings Act 1987 (LGOIMA) to charge for the provision of information above one hour. HBRC delegates the decision for treating requests made by the same person and in quick succession as one request, to the Chief Executive.
- In accordance with the LGOIMA, HBRC does not consider requests for explanations in its definition of information requests.
- Staff time spent actioning any request over and above the time provided free of charge shall be charged at the rates set out in Table 9 HBRC may also choose to require payment in advance.
- The first 20 pages of black and white photocopying on standard A4 or A3 paper shall be provided free of charge.
- Where the total number of pages of photocopying is more than 20, then the rates set out in Table 9 will apply.

Table 9: Charge rates for the purpose of calculating actual costs per hour (2021/22)	
Item	Per Hour (Excl GST)
Executive	\$170
Corporate Services	\$ 70
Emergency Management	\$ 93
Transport	\$ 79
Governance & Partnerships	\$ 87
Policy & Planning	\$ 94
Asset Management	\$140
Integrated Catchment Management	
- Environmental Science	\$140
- Environmental Information	\$ 78
- Water Information Services	\$ 76
- Catchment Management	\$ 84
- Biodiversity & biosecurity	\$ 86
Consents and Compliance	
- Resource consent processing	\$155
- Resource consent administration	\$ 90
- Compliance/impact monitoring of consents	\$130
- Harbourmaster	\$106
Disbursement costs shall be charged at the rates set out below:	
- Accommodation	- Actual cost but not exceeding \$200 per night
- Public notification	- Actual advertising costs
- Photocopying	- 20c per A4 page B&W
	- 40c per A4 page colour
	- 30c per A3 page B&W
	- 70c per A2 page B&W
- External laboratory testing	- Actual cost
- Consultant fees	- Actual cost

Other Charges Related Information

Charges by the Crown

HBRC is responsible for collecting the following Crown fees, rents, and royalties in addition to its charges:

In the Coastal Marine Area:

- Restricted coastal activity application fees as specified;
- Extraction of sand and gravel - \$1.51 excluding GST per cubic metre royalty;
- Rent for the occupation of land from the Crown;
- Geothermal royalties.

Due Dates for Payment

- Charges payable in advance for consent applications are due on the filing of an application.
- Charges payable for photocopying of less than \$20 are due on collection of the copies.
- All other charges will be due and payable on the 20th of the month following date of the invoice.

Cost of Debt Recovery

All debt collection costs incurred by HBRC in relation to the activities covered in this section shall be borne as a debt by the party whose actions caused the initial charge.

Policies on Rates Remission and Postponement

Māori Freehold Land

Introduction

Māori freehold land is defined in the Local Government (Rating) Act 2002 as land whose beneficial ownership has been determined by a freehold order issued by the Māori Land Court. Only land that is the subject of such an order may qualify for remission or postponement under this policy. Whether rates are remitted or postponed in any individual case will depend on the individual circumstances of each application.

This policy has been formulated for the purpose of:

- Ensuring the fair and equitable collection of rates from all sectors of the community by recognising that certain Māori owned lands have particular conditions, features, ownership structures or other circumstances that make it appropriate to provide relief from rates
- Meeting the requirements of Sections 102 and 108 and the matters in Schedule 11 of the Local Government Act 2002 to have a policy on the remission and postponement of rates on Māori freehold land.

Objectives

The objectives of this policy are:

- To recognise situations where there is no occupier or person gaining an economic or financial benefit from the land
- To set aside land for conservation purposes because of its natural features
- To recognise and take account of the presence of waahi tapu (sacred areas) that may affect the use of the land for other purposes
- Where part only of a block is occupied, to grant remission for the portion of land not occupied.

Conditions and criteria

1. Application for a remission or postponement under this policy must be made by the person(s) liable for rates for the land (e.g. owners or trustees), or a person appointed by the Māori Land Court, or other authorised agent of the owners of the land.
2. The application is to be made in writing before 30 days of the due date of payment. Applications made after this cut-off date will apply from the beginning of the following rating year. Hawke's Bay Regional Council (HBRC) will review the appropriateness of remissions on occasion.
3. The applicant must include the following information in their applications:
 - Details of the rating unit or units involved
 - Documentation that shows that the land qualifies as land whose beneficial ownership has been determined by a freehold order issued by the Māori Land Court
 - Details supporting the applicant's eligibility under clause 5 below.
4. Relief and the extent thereof, is at the sole discretion of Council and may be cancelled or reduced at any time.
5. HBRC may grant a remission on Māori freehold land of up to 100% of all rates for the year to which the application applies, based on the following criteria.

The land is in multiple ownership:

- Where the level of gross income derived from the land is not sufficient to cover the cost of rates levied on that land
- Where it is not possible to identify or locate the owners, or those liable to pay rates on the land
- The support for the use of the land by the owners for traditional purposes
- The support for the relationship of Māori and their culture and traditions with their ancestral lands
- Recognition of the presence of sacred areas (waahi tapu) that may affect the use of the land for other purposes

- Recognition of the importance of the land for community goals relating to:
 - the preservation of the natural character of the coastal environment
 - the protection of outstanding natural features
 - the protection of significant indigenous vegetation and significant habitats of indigenous fauna.
- 6. No application under this policy will be automatically backdated; however, having granted a remission on a property under the criteria laid down in clause 5 (above), Council may remit (write-off) outstanding arrears owing on that same property.

Delegated Authority

Decisions on the remission and postponement of rates on Māori freehold land are delegated to the Group Manager Corporate Services or the Chief Executive.

Review of Policy

This policy will be reviewed at least every 3 years to ensure that the conditions and criteria on which the policy is based continue to be relevant and appropriate.

Remission in Special Circumstances

Introduction

In order to allow rate relief where it is considered fair and reasonable to do so, Hawke's Bay Regional Council (HBRC) has resolved to adopt policies under Sections 102 (5) (a) and 109 of the Local Government Act 2002 specifying the circumstances under which rates will be considered for remission. There are various types of remission, and circumstances under which a remission will be considered. A remission will not be granted where an entity has qualified under the Local Government (Rating) Act 2002 (LGRA) for partial non rating under Part 2 of Schedule 1.

The conditions and criteria relating to remission in special circumstances are set out following.

1. Remission of Rates in Special Circumstances

Policy objective

To provide for the possibility of a rates remission in circumstances that have not been specifically addressed in other parts of HBRC's rating policy.

Conditions and criteria

- 1.1 HBRC may remit all or part of the rates assessed in relation to a particular rating unit in special or unforeseen circumstances where it considers it just and equitable to do so.
- 1.2 The approval of the remission must not set a precedent that unfairly disadvantages other ratepayers.
- 1.3 A remission under this policy will apply for one year only. Applicants must reapply annually.
- 1.4 No application under this policy will be backdated. Rates arrears on the land as at 1 July 2004 will remain outstanding until such time as HBRC is no longer legally able to pursue the collection of rates.
- 1.5 All applications must be received in writing detailing the rating unit(s) involved and any other relevant information supporting the applicant's eligibility for the remission.
- 1.6 The application for a rates remission must be made before 7 days of the due date of payment.

Delegation

Decisions relating to the remission of rates special circumstances are retained by HBRC.

Review of Policy

This policy will be reviewed at least every 3 years, to ensure that the conditions and criteria on which the policy is based, continue to be relevant and appropriate.

2. Remission of Penalties on Rates

Objective

To enable HBRC to act fairly and reasonably when a rates payment has not been received by the due date.

Conditions and criteria

Upon receipt of an application from the ratepayer either in written or email format, or if identified by Council, a penalty may be remitted where at least one of the conditions listed below are met:

- 2.1 A full payment of outstanding rates due (excluding a penalty amount) has been made prior to the application being received by the Council, and if the ratepayer has previously paid all rates by the due date within the last three years.
- 2.2 Where a ratepayer has rate arrears, that on entering and adhering to a payment plan, the additional penalties will be remitted at an agreed time.
- 2.3 Where payment has been late due to an unforeseen disruption to the normal activities or business of the ratepayer, i.e. serious illness, case of death, injury, accident of family member, or family circumstances.
- 2.4 The late payment was caused by matters outside of the ratepayer's control.
- 2.5 It is demonstrated that the penalty has been levied because of an error by Council.
- 2.6 Where it is considered just and equitable to do so. Each application will be considered on its merits.

Matters that will be taken into consideration by Council under above include:

- 2.7 The ratepayer's payment history
- 2.8 The ratepayer entering into an agreement with Council for the payment of rates.
- 2.9 Matters controlled by the ratepayer may include: electronic payment errors, late posting of payment, failure to update mailing or direct debit arrangement.
- 2.10 Matters out of the control of the ratepayer may include: payments missing in transit, change of ownership, bank errors.

Where there is a deliberate non-payment, remission will not be granted. Council reserves the right to impose conditions on the remission of penalties.

Delegation

Decisions relating to the remission of penalties on rates are delegated to the Group Manager Corporate Services or Chief Executive.

Review of Policy

This policy will be reviewed at least every 3 years to ensure that the conditions and criteria on which the policy is based, continue to be relevant and appropriate.

3. Remission of Rates on Properties Affected by Natural Calamity

Objective

To help ratepayers experiencing extreme financial hardship due to natural calamity which affects their ability to pay rates.

Conditions and Criteria

- 3.1 Applicable where erosion, subsidence, submersion, or other natural calamity has affected the use or occupation of any rating unit. Does not apply to erosion, subsidence, submersion, etc that may have occurred without a recognised major event.
- 3.2 HBRC may, at its discretion, remit all or part of any rate assessed on any rating unit so affected by natural calamity.
- 3.3 HBRC will set the criteria for remission with each event. Criteria may change depending on the severity of the event and available funding at the time.
- 3.4 HBRC may require financial or other records to be provided as part of the remission approval process.
- 3.5 Remissions approved under this policy do not set a precedent and will be applied only for each specific event and only to properties affected by the event.

Delegation

Decisions relating to the remission of rates on property affected by natural calamity are delegated to the Group Manager Corporate Services or the Chief Executive.

Review of Policy

This policy will be reviewed at the least every 3 years, to ensure that the conditions and criteria under which the policy is based, continue to be relevant and appropriate.

Remission for Uniform Annual General Charges (UAGC)

Introduction

In order to allow rate relief where it is considered fair and reasonable to do so, Hawke's Bay Regional Council (HBRC) is required to adopt policies to specify the circumstances under which rates will be considered for remission. This policy is prepared under Sections 102 (5) (a) and 109 of the Local Government Act 2002.

Policy Objectives

- To provide relief to ratepayers who occupy several near adjacent rating units, but which do not meet the criteria for continuity under section 20 of the Local Government Act (Rating) 2002.
- To provide relief for developers in the instances of sub-division development in urban areas.

Remissions under the Local Government (Rating) Act 2002

Section 20 of the Local Government (Rating) Act 2002, stipulates that there shall be one property for the purposes of levying the UAGC, where two or more separately rateable properties are:

- Occupied by the same ratepayer (owner or person with right to occupy by virtue of lease for more than 12 months); and
- Used jointly as a single property (for the same purpose); and

- Contiguous but separated only by a road, railway-line, drain, water race, river or stream, they shall be deemed to be one property for the purposes of any Uniform Annual General Charges.

Where not already reflected on Council's rating information database, HBRC will allow, without further enquiry except for clarification, applications made by ratepayers in the form of a statutory declaration to the effect that two or more separately rated properties are occupied by the same ratepayer and used jointly for the same purpose, the Uniform Annual General Charge levied on the second and subsequent assessments will be cancelled.

Conditions and Criteria to achieve Policy Objectives

1. Where farming or horticultural operations conducted on separate blocks of land are so far apart so as to indicate that there is no possible continuity between them, all charges may be levied on each; however, factors such as distance, stock rotation, stock driving, etc., property size and the number of properties affected, will be taken into account in determining whether remission should apply.

1.1 Without dwellings

Where a single operation is operated over a number of separate rating units, or blocks of separate rating units within close proximity the 'flagship' (major rating) may be levied a full charge and the associated rating units may receive a 100% reduction.

1.2 With dwellings

Where a single operation is operated over a number of separate rating units, or blocks of separate rating units within close proximity a charge may be levied against each rating unit with a habitable dwelling and the associated units may receive a 100% reduction.

Where a single operation is operated over a number of separate blocks of contiguous rating units that contain dwellings, one full charge may apply to each block of such rating units.

2. Miscellaneous

If a rating unit is of a size which would not enable a dwelling to be erected and where no dwelling exists, a 100% reduction in charge may apply.

Remission of the charge may apply to a subdivision for the period if the individual lots continue to be in the ownership of the developer.

3. The application is to be made in writing 30 days before the due date of payment.
4. All applications must be received in writing, detailing the rating unit/units involved and any other relevant information supporting the applicant's eligibility for the remission.

Delegation

Decisions relating to the remission of Uniform Annual General Charges are delegated to the Group Manager Corporate Services and Financial Accountant.

Review of Policy

This policy will be reviewed at least every 3 years to ensure the conditions and criteria on which the policy is based, continue to be relevant and appropriate.

Postponement in Cases of Financial Hardship or Natural Disaster

Introduction

This policy is prepared under Sections 102(5)(b) and 110 of the Local Government Act 2002.

Objective

- To assist ratepayers experiencing short term extreme financial hardship that affects their ability to pay rates.
- To assist ratepayers whose property has been subject to a natural disaster to the extent that ratepayer is unable to pay rates.

Conditions and Criteria

The financial hardship must be caused by circumstances beyond the ratepayer's control. The postponement of rates in cases of financial hardship is a last resort to assist residents who own the property to which the postponement application applies.

Criteria for the postponement of rates for ratepayers in cases of hardship are:

1. The applicant can illustrate a postponement of rates will help them overcome their short term extreme financial hardship
2. The applicant has no access to other funds to pay the rates due.

Criteria for the postponement of rates for ratepayers in cases of natural disaster are:

1. The applicant is unable to pay their rates bill because of a natural disaster or severe weather event that has severely impacted on their ability to pay rates but a postponement will help enable them to pay in the future.

Other Conditions

Approval of rates postponement is for one year only. The applicant must reapply annually for the continuation of a rates postponement.

Delegation

Decisions relating to the postponement of rates in cases of financial hardship are delegated to the Chief Executive.

Decisions related to the postponement of rates in cases of natural disaster are retained by Council.

Review of Policy

This policy will be reviewed at least every 3 years, to ensure that the conditions and criteria on which the policy is based, continue to be relevant and appropriate.



2021 – 2024

Our Corporate Plan

Mahere rangatōpū

DRAFT



Introduction

He kupu whakataki



We work hard to improve our environment, at the same time supporting regional growth and employment.

This Corporate Plan is one component of the 2021-31 Long Term Plan. It forms part of an Integrated planning and performance measurement process that integrates long-term strategies and policy directions, strategy and activity plans, financial planning and performance monitoring.

The Plan plays an important role in our holistic planning cycle, designed to ensure that public funding in the Regional Council's corporate functions and staff are allocated to top priorities, invested effectively and spent efficiently. It serves the important function of helping staff focus on key priorities and to understand how their work fits into the larger picture of the organisation's overall long-term goals.

This plan outlines who our corporate team are, what we are here to do, where we are heading and how we will get there. It provides direction for all our activities over the next 3 years. The pressing issue of climate change is already sighted across many of our projects. The rate of change we're seeing means we have to work smarter and faster to tackle the work that needs to get done.

It's not just the work. The way we work and communicate with our community and with our own staff will be a big part of how far and how fast we can make progress.

There is much we need to do in the coming years to support the twenty-four outcomes in our 2020 Strategic Plan.

This is our first corporate plan and our aim is to use it to better serve our own organisation of 300+ people as well as our communities in Wairoa, Hastings, Napier and Central HB.

As an example, the quality of customer service our community can and should expect from us is backed by a plan of continuous improvement. The same plan will steer us toward a mature operating model to cater for the requirements of a still-growing and diverse organisation.

This document sets out the internal governance direction for our corporate plan. It is purposely a high-level, living document that will help to inform our support for long-term planning.

We will refresh this plan as often as we need to, but no less than every three years.

With the help of this corporate plan, we will:

- **Maintain** a change-ready, change-capable and resilient organisation
- **Support** our staff through a new people strategy that underpins our agile culture
- **Adopt** a technology approach that strives to get the right information to the right people at the right time – we'll be adequately resourced, appropriately ambitious and fit for the future
- **Move** from a focus on outputs to a stronger outcome focus, with clearly-defined measures for performance and success
- **Adopt** a risk, quality and assurance framework to drive continuous improvement and deliver operational excellence.

With this corporate plan, we'll deliver new and better ways of working with our community.

Drivers for change

Ngā tohu urungi



This corporate plan was developed to explain how the Regional Council's internal support functions are responding to organisational growth and diversity.

The plan itself presents a balance between competing priorities, a need to consolidate rapid growth over the past three years and to move toward a more mature operating model while managing the pace and cost of change for our people and our community.

We're building on the recent significant upgrade to our core financial systems, a new telephony system, a new approach to customer experience and a focus on our people and their capabilities.

We have right-sized our finance area with dedicated corporate, treasury and management accountants supporting the organisation. We're increasing our maturity in the areas of technology, procurement, systems and processes, with tools to enable the efficient and effective delivery of our long term and strategic objectives for the region and our community.



At the heart of our approach to support the organisation, we aim to:

Inspire

We have grown our People and Capability team to help us recruit and retain the high-calibre of our people. We will support our people and culture with a stronger focus on the right tools for each role, be it equipment, technology and applications, systems and processes.

Collaborate

We have a strong customer and community focus through our internal support functions. We promote working together to deliver solutions, with consideration for and value to our treaty partners, residents and ratepayers.

Prioritise

We will be more agile with our planning and our response to change, organisationally and in the face of central government and community expectations. We will realise the benefits for our people, systems and processes that come from our risk, quality and assurance team's work.

Invest

We are investing additional people and spending into technology, and into the contact centre to support our capability, improve efficiency and to better track our progress. The training and development of our people is part of our focus.

Monitor, Learn and Adapt

We're supporting our people to accommodate continuous change and focusing on the ability of our internal support teams to deliver this.

Innovate

We're learning from the delivery of the first corporate plan to set the organisation on a path to innovation and enable continuous business improvement. This first step supports the introduction of new technology, systems, processes and promotes innovation.

Framework for change

Te pou tarāwaho



Our corporate plan framework helps us to optimise the delivery of our internal and external projects.

It's about aligning our focus, organising our workstreams and prioritising our corporate initiatives to refine our performance as an organisation.

It's about delivering on our mission, vision and values, and demonstrating our customer promise.

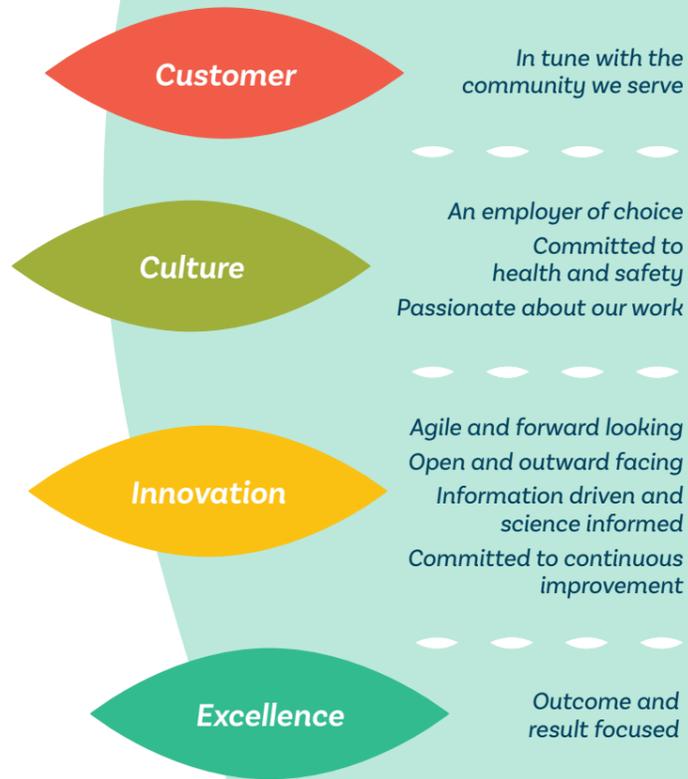
And, it's about empowering our people to be their best in our aim to be an employer of choice.

Our values are Partnership and Collaboration, Accountability, Transparency and Excellence.

Our plan introduces a more structured, integrated and process-driven approach, enabling our organisation to be more responsive, consistent and professional.

There is no room for ambiguity - using this plan, we will define what success or progress looks like to measure and report back against each project and activity.

Our approach will be supported by sufficient budget to deliver change programmes at the scale and pace the organisation has asked for. We also rely on the leadership of the organisation to commit to this plan. While we know that priorities may and will change over time, we have now set a clearer direction to make and measure progress.



Our plan in context

Te horopaki



Our corporate plan helps us deliver on our 5-year strategy through the internal services we provide.

It's also guided by the way we work and sets out how we will grow as an organisation over the next three years.

Our programmes of work stem from our commitment to the customer. The elements below help to build our internal capability to work to the external priorities in our 5-year strategy. Our framework of Customer, Culture, Innovation and Excellence also relies on a disciplined approach to Assurance and Governance.



How we'll deliver

Te ara tutuki



Our initiatives and their projects

INITIATIVES THAT HELP DELIVER THE STRATEGIC PLAN				
In tune with our community	Employer of choice	Continuous improvement	Agile and open	Information driven
Customer experience Sustainability	Internal customer experience Modern workspace People strategy	Business improvement Financial maturity Innovation	Investing in change Managing risk Technology approach	Decision support Quality data Performance reporting
CORPORATE PROJECTS THAT HELP DELIVER THE INITIATIVES				
<p>Develop and implement customer engagement strategy in Year 1 to improve customer experience rating by 2022.</p> <p>Develop corporate sustainability action plan in Year 1 to complement the Council's carbon footprint reduction targets.</p>	<p>Develop people and capability strategy in Years 1-2 to encompass health, safety and wellbeing, workforce planning, recruitment, selection, induction and retention.</p> <p>Develop corporate operations plan including workspace planning, asset and facilities management in Year 2.</p> <p>Create a learning and development model supported by a centralised training framework in Year 1.</p> <p>Review organisational values and behaviours in Year 1.</p>	<p>Develop a Council-approved assurance framework in Year 1 to drive an holistic, proactive approach. Implement the framework across the organisation in Year 2.</p> <p>Perform risk analysis to scope and inform the delivery of a Quality Management System in Year 1. Deliver the QMS in Year 2 to support process maturity.</p> <p>Review the financial services delivery in Year 1 to optimise Finance's internal business partner approach.</p> <p>Review and evolve project management tools, templates, training and reporting in Year 1.</p> <p>Develop a map of finance business processes in Year 1.</p>	<p>Apply a change management lens to corporate functions and extend across the organisation in Years 1-2.</p> <p>Develop a Council-approved risk appetite in Year 1. Embed the methodology and practices in Years 2-3.</p> <p>Develop implementation plan in Year 1 for the ICT capital work programme and deliver to priorities in Years 1-3.</p> <p>Review and redesign ICT infrastructure in Year 1 to manage operating costs and ensure a future-fit technology backbone, implementing the recommendations in Years 2-3.</p>	<p>Embed and support financial systems reporting in Year 1 to improve budgeting and forecasting.</p> <p>Perform a stocktake of information management and security needs in Year 1 to uncover process weaknesses and risk or compliance issues. Improve document management system in Years 1-2 and identify other controls needed in Years 2-3.</p> <p>Perform a stocktake of data cleansing needs in Year 1 to support system enhancements in Years 2-3.</p> <p>Develop real-time business intelligence in Year 1 to assist organisational performance.</p>

Our initiatives are the way we group our major projects, business as usual activities and emerging programmes to align with our corporate goals. Below are the initiatives we will focus on over the next three years. The projects each support the delivery of these initiatives, often contributing value across more than one initiative. A formal work plan supports each project.

Our organisational approach

On the following pages are a summary of resources and costs across individual corporate functions and how they will be allocated over the next three years.

Our resources



This is the cumulative spread of the resources we need to support organisational growth and service delivery.

Additional resourcing in the areas of Information and Communication Technology, and People and Capability is based on a new support staffing ratio aligned to the size of the organisation. For example, an ICT support staff ratio of 1 : 100 and a People and Capability support staff ratio of 1 : 200.

	Year 1	Year 2	Year 3
Information and Communications Technology	+2	+2	
Finance	+1.5		
Communications			+1
Corporate Operations	1		
Risk and Assurance			
People and Capability	+1	+1	
Governance	+2		
Total (cumulative)	7.50	10.50	11.50

Corporate Support



We bring a strong focus to the customer experience for ratepayers, the regional community and staff.

The team work ethic commits to efficient and effective organisational support. The work of this team includes fleet, facilities and accommodation management, customer contact centre and reception services and corporate support.

A structured plan of maintenance, changes and upgrades to corporate assets, such as properties and vehicles, is key to supporting the Council's regional delivery of work. The newly-established Contact Centre sits literally at the heart of the organisation and connects into all operational areas. This will positively change how we interact with the community and ratepayers. We'll increase our responsiveness and reporting with structure, professionalism and consistency, and provide ongoing internal feedback to improve business operations.

Some of the challenges and opportunities ahead:

- Improve the customer experience for the community and staff
- Deliver organisational and region-wide accommodation and corporate support standards that enable growth and change
- Be well-supported to deliver successful, positive outcomes
- Realistic levels of resourcing to ensure effective project prioritisation, scoping, delivery, training and support
- Deliver a corporate response to climate change, such as meeting facilities and technology solutions that counteract the need to travel
- Champion sustainability and business-efficiency measures
- Reduce operational emissions and making the business carbon neutral.



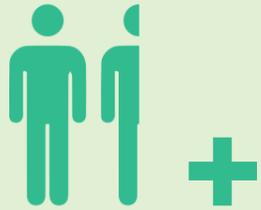
CORPORATE SUPPORT

*New resource and / or funding requested
Retain the Corporation Operations
Lead role - currently fixed term.*

*This position has oversight of all fleet, building and maintenance requirements, and the Radio Telephone project.
There is genuine need for this role given the addition of a new site, and expansion of the Corporation Operations Manager's role to include a fully functioning Contact Centre.*

Two new roles for the Contact Centre are included in the 2020-21 Annual Plan, with no impact on rates as these roles are factored into the current 2020-21 Annual Plan. The Customer Service Team Lead role is currently fixed-term to December 2021.





FINANCE AND PROCUREMENT

New resource and/ or funding requested + \$150,000 operational costs for rating review in year 1.

+1 full-time Debt Management role in year 1. Currently this function is spread across multiple roles. A dedicated resource will focus on all debt management across rates, voluntary targeted rates, science recoveries, etc. Pulling this activity out of existing roles will provide sufficient capacity to absorb organisational growth across sole roles such as Accounts Receivable, Payable and Payroll.

+ 0.5 part-time to full-time Finance Assistant for year 1. This role provides cover in the team and additional processing capacity for the Rates team.

Finance and Procurement

By taking a business partner approach, we support the organisation in making sound decisions by providing the right financial and procurement support and information at the right time.

A new finance system will be implemented in 2021 and will improve the financial capability of the organisation. The work of this team includes financial planning and budgeting, corporate accounting, treasury, rates, payroll, procurement and programme management.

Some of the challenges and opportunities ahead:

- Increase organisational requirements for more in-depth and more frequent financial information
- Deliver on an increased financial and procurement maturity of the organisation for better decision-making across all levels
- Increase the reporting capability of financial and procurement information
- Streamline and automate finance and procurement functions to reduce manual intervention
- Developing best practices for procuring the right product/service at the right price and reducing the risk to the organisation through robust contract management
- Continue development of the new finance system and expand this to other areas, to ensure the integration of all financial information including Procurement and Contract Management.

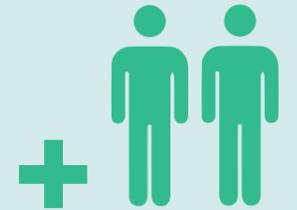
Governance and Strategy

We work with our elected members to set our strategic direction and with teams across the Council to align work programmes and projects to achieve them.

The work of this team includes corporate planning, organisational performance reporting, project management centre of excellence and the governance function that supports the roles of the councillors and the Council.

Some of the challenges and opportunities ahead:

- Building a rhythm to corporate planning and reporting so staff know what is expected of them, when and what the outcomes are
- Using technology to our advantage for near-time reporting, such as data-driven dashboards
- Using the rich information we have from service, programme and project reporting to drive measurable improvement
- Building our project management capability, applying consistency and discipline across the Council
- Evolving our project and change management tools and resources to be fit for purpose and best practice
- Improving the technology solutions that support the Council's decision-making
- Embedding a professional governance advisory service that delivers high-quality, fit for purpose advice to our decision-makers.



GOVERNANCE AND STRATEGY

New resource and/ or funding requested

+ 1 full-time Change Manager from the middle of year 1. This position will be piloted as a fixed-term role with a focus on Corporate projects for 12 months to accelerate organisational readiness for change from December 2020 (funded through the Finance TechOne and Customer Experience projects). The expectation is for this role to transition to be a resource available to work across the organisation.

+ 1 full-time Climate Change Ambassador fixed-term for years 1-3. The ambassador would coordinate and communicate the Council's climate-focused activities to the community, engage with the community to advance adaptation and mitigation strategies, and support getting the Council's house in order. This would be funded by leveraging the Council's carbon credits.



INFORMATION AND COMMUNICATION TECHNOLOGY

New resource and/ or funding requested

+ \$150,000 operating expenditure to deliver an ICT implementation plan for delivery of the ICT a capital work programme at a fast pace, improve resilience and disaster recovery capability, while also ensuring that numerous new and upgraded systems are delivered as a cohesive and integrated digital platform.

+1 Desktop Specialist – year 1 approved for Executive recruitment ahead of the Long Term Plan to support requirements as a result of organisational growth. Further, a commitment is requested from the Executive team for a to 1: 100 ratio as a minimum requirement to adequately support staff.

+1 Business Analyst – year 1 and +1 more in year 2 to provide application support and continuous improvement of new ICT systems as they come online. This is essential to realise the full benefit of significant investment in solution delivery.

+1 Infrastructure Architect – year 2 due to increase in infrastructure and Level 3 support. This is a result of organisational growth, new locations and new ICT systems. This role will implement actions from the review and redesign of ICT infrastructure in year 1.

The IT budgets are complex. Operating costs, particularly around data and storage are showing significant increases based on current use and trends. It is essential to fund detailed strategy work in year 1 to ensure the organisation is in a position to respond to these increasing costs.

Information and Communication Technology

We are developing a comprehensive schedule for ICT delivery, supported by business proposals that will be evaluated and prioritised for implementation.

Some of our prior IT project delivery has relied on institutional knowledge and dedicated individual efforts, without resources at the right level in terms of people, policies and processes. We now have a plan for significant investment to deliver a revised and comprehensive technology approach that strives to get the right information to the right people at the right time. This revised approach relies on being adequately resourced, with a focus on being appropriately ambitious and fit for the future. The work of this team includes operational support to sustain existing digital capabilities, continuous improvement of existing digital capabilities, and the development of new digital capabilities.

- Some of the challenges and opportunities ahead:
- Support enabling organisational growth and complexity
- Support new technology while reducing 'technology debt' in obsolete platforms and infrastructure, unintegrated and disorganised data
- Review and refresh policies, processes, decision rights and technology standards
- Realistic levels of resourcing to ensure effective project scoping, delivery, training and support
- Improve organisation-wide digital literacy
- Close the knowledge gap between what the Regional Council can do with digital technologies and what customers desire
- Grow requirements for data insights that require complex data aggregation, integration and data cleansing.

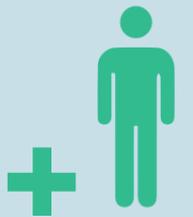
Marketing and Communications

We deliver the public face of the Regional Council's work and through internal communication, supported by a marketing and communications strategy.

We bring the Council's activities, programmes and projects to life in a way that informs, involves or collaborates with our regional community, and critically our staff. The work of this team includes internal and external engagement, communications and campaigns, digital media – websites, social media and design, environmental education, media liaison, sponsorships, events and brand management.

Some of the challenges and opportunities ahead:

- Connecting with our community on the complex work we do, such as water security, freshwater plans for each catchment, planting programmes, river management and transport planning
- Maintaining an integrated programme of delivery across all of the Regional Council's diverse projects and programmes
- Working in close proximity to the developing customer experience team to deliver a high standard of end-to-end customer service and through all customer touch-points
- Working more closely with other Regional Councils as a sector and in combination with assertive change, such as the Essential Freshwater Reforms.



MARKETING AND COMMUNICATIONS

New resource and/ or funding requested

+1 Communications Advisor – a placeholder position for year 3, with expectations of increasing requirements to communicate and engage on core Council projects, such as the coordination, engagement and external communications generated from the climate change ambassador, catchment ambassadors and regulation-education roles.



People and Capability

We strive to be an employer that recruits and retains exceptional individuals who are empowered and supported to achieve their individual, team and organisational goals while simultaneously experiencing job and career satisfaction.

We aim to foster an environment where dignity, respect, helpfulness and kindness are observed and expected. A place where people add value and are valued. The work of this team includes workforce planning, workforce performance and remuneration, employment relations, recruitment and retention, training and development, talent management, succession planning, and the health, safety and welfare of staff.

Some of the challenges and opportunities ahead:

- Improving workflows and efficient service delivery through process improvement – technology solutions are currently not available and will result in on-going manual processes in the interim
- Developing targeted, value-add, training and development
- Developing a people strategy
- Resourcing the People and Capability team
- Relatively new People and Capability team members with varying degrees of knowledge of the organisation and its people, processes and purpose
- Continuing to develop the new role and scope of our Health, Safety & Wellbeing focus across the organisation
- Gaining employee and management perspective during people planning and policy development processes
- Relatively new performance management process and remuneration framework
- Growth of staff teams and the impact of this on staff culture, communication, connectedness, responsiveness and leadership, particularly if teams need to be physically separated due to a lack of floor space.

PEOPLE AND CAPABILITY

New resource and/ or funding requested

+1 People and Capability Coordinator – year 1 to be 50% dedicated or fully dedicated to supporting the delivery of Health, Safety and Wellbeing. This includes training, reporting, development, business change and influence to embed consistency across the organisation, as well as CDEM business unit support.

+1 People and Capability Advisor – year 2 to provide capacity to the Advisor team (based on ratio or specific requirement). This role will be responsible for process improvements, as well as workforce planning, talent management, centralised training, training delivery and employee development.

Risk, Quality and Assurance

We work to understand risk events and causes to ensure the best safeguards are in place and working as designed.

Where we identify gaps or weaknesses in our safeguards or key controls, we will develop business cases to prioritise where and how our resources are used.

The organisation's risk appetite is being developed to support decisions and resource allocation. This will give staff more freedom within a framework to make decisions and take action.

Our evolving risk system and quality maturity will drive integrated risk controls and assurance activities across all operational areas, so that we approach operational risks with common methods, common vocabulary and integrated reporting. The work of this team includes risk analysis and quality assurance for data, systems and processes.

Some of the challenges and opportunities ahead:

- Leadership prioritisation of corporate services initiatives
- Economic impacts
- Playing catch-up so that the corporate process and systems safeguard the organisation especially when funding may be tight – this may limit our ability to bring in fixed-term contractors to get through bulges in the implementation of projects.

RISK, QUALITY AND ASSURANCE

New resource and/ or funding requested

No additional requirements.

