



TIME TO ACT

Kia Rite!

2021 - 2031

Consultation Document

2021 - 2031 Long Term Plan

**Climate
Crisis**

 Act now to
protect our future


HAWKES BAY
REGIONAL COUNCIL

TE KAUNIHERA Ā-ROHE O TE MATAU-A-MĀUI

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**We welcome
your feedback**
on any aspect of this plan.

Action now to protect our future

Me mahi ināianeī hai tiaki i te anamata

Accelerating our work programme comes at a cost.

Hawke's Bay has a legacy of environmental issues and a changing climate. Our natural surroundings have seen too little investment for too long. We need to continue the work we accelerated in 2018.

We propose to spend an extra \$10.5 million in operating costs and \$14.7 million in capital in 2021-22 positioning the Council to act and to take advantage of funding already secured from the Government's COVID-19 stimulus package.

Doing more puts more pressure on rates, which is a primary revenue source. So to reduce the impact on ratepayers, we will continue to borrow for inter-generational and capital projects, and to cover operational costs. This is the approach we took a year ago when the full economic impact of COVID-19 was uncertain, deferring the last financial year's rate increase (7.3% or \$1.8 million) to provide immediate relief to ratepayers.

In this plan we talk about the things we have to do now, to set-up our Council so that existing work programmes can meet our legal obligations and are financially sustainable, after years of under-investment in some areas. We also ask for your feedback on six future-focused proposals where there is real choice on when, what or how future work is delivered.

The pace of environmental change in Hawke's Bay and the scale of what is already degraded and needs restoring means we need your help more than ever. We are on a journey together.

The task before us is huge, and we recognise we can't do it alone. We recognise the value of our partnerships so this plan increases funding for expert advice from our Tangata Whenua partners and offers greater engagement with landowners.

This plan proposes a rate increase of 19.5% for the 2021-22 year, 15% for 2022-23 and 14.5% for 2023-24, noting that rating affects each property differently.

On average per week, that's \$0.94 cents for residential, \$3.60 for commercial and \$4.49 for rural.

See how it affects your property by looking at our online rates calculator at hbrc.govt.nz, search: [#ratescalculator](https://twitter.com/ratescalculator).

Please have your say on how we protect and restore the natural environment of Te Matau-a-Māui. Your opinions matter to us and we encourage you to submit your views.

Forms are online at hbrc.govt.nz along with the financial statements, policies and other supporting documents.



Rex Graham
Chair



James Palmer
Chief Executive

What's new

Ngā mea hou



There is a \$10.5 million increase in our operational spend this year, including 23 new (permanent and fixed-term) staff.

The graph above also shows the major increases in spending for 2021-22 by the biggest contributors. It includes the must-do activities and two of the six consultation topics - which have a financial impact in the coming year.

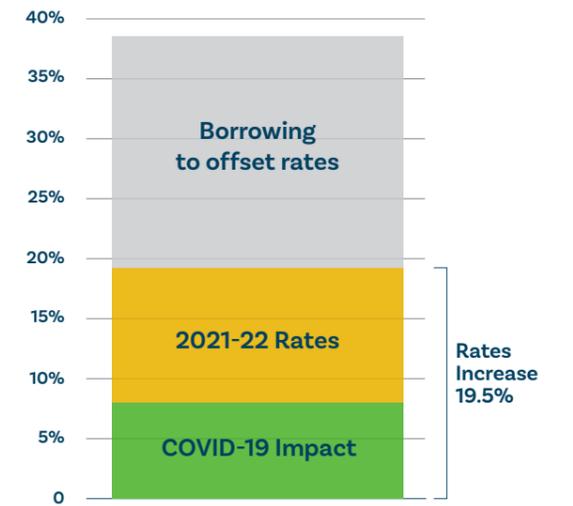
HOW WE ARE FUNDING OUR WORK

Paying for the Regional Council's work comes from a mix of funding sources such as fees and charges for consents, subsidies and grants, investment returns to offset rates requirements, reserves, loan-funding for inter-generational projects, assets, and lastly - rates. There's more information on this in the Finance section on page 31.

The graph (right) shows the proposed rate increase of 19.5% and the borrowing (18.8%) required after all other funding is applied.

This year's total rate increase of 19.5% is the result of deferring last year's rate increase of 7.3% and the cost of borrowing to cover the shortfall in revenue in 2020-21 of 1.2% due to COVID-19 and this year's rate increase of 11%.

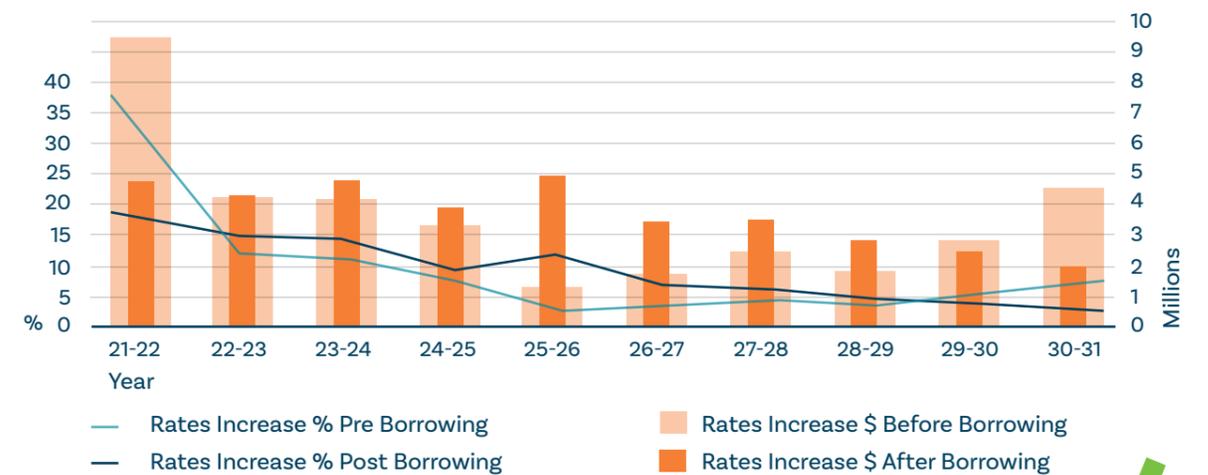
Rate Funding Increase for 2021-22



BALANCING THE RATES INCREASES

We understand that passing on the total rate increase for 2021-22 in one year would put too much pressure on ratepayers. To make it more affordable we have taken a longer-term view and propose to borrow to spread the rates impact across multiple years. This approach takes advantage of low interest rates and headroom on our balance sheet.

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.



Take a look to see how your rates will be affected go to hbrc.govt.nz, search #ratescalculator or call 06 835 9200 or 0800 108 838.

Help us to decide

Āwhinatia mai mātau ki te whakatau

SUPPORTING THE REGIONAL COUNCIL TO ACT NOW

Our role is to protect and enhance Hawke’s Bay’s environment, and most of our functions and activities are prescribed by law.

Our planning has highlighted the need for ‘must do’ new investment and roles to ensure our existing work programmes remain fit-for-purpose.

Tell us what you think about anything in this plan.

Recent law changes and increased community expectations – particularly around freshwater reform – are behind significant cost and activity increases in the 10 year life of the plan. These activities will cost an additional \$9.7 million of the total \$10.5 million in operating costs in the first year of the plan alone. We talk about the activities behind this increase and in the later years of this plan on pages 14 to 15.

CONSULTATION TOPICS TO SHAPE OUR FUTURE

We have six specific consultation proposals that need your feedback.

Each proposal has options to consider, costs, how it will be funded, any impact on rates and debt, and any change to levels of service.

Please tell us which option you support using the submission form online, or in this plan. There is more detail on each of the consultation topics from pages 16 to 23. These proposals will cost an additional \$840,000 in 2021-22 in operational costs, with additional costs falling in later years or being funded in other ways.



Consultation topics – the preferred options	Affected Ratepayers	Page
1. Right Tree Right Place Plant up more of our erodible farmland, to show farmers and other investors an economically viable alternative to whole farm afforestation. Fund the development and pilot of Right Tree Right Place at a cost of \$4.8 million over 3 years.	No impact on rates. Operating costs funded from reserves and any capital costs funded by the recipient.	17
2. Future water use Work with water users to drive more efficient and effective use to complement our focus on water storage. Put aside \$1 million over 3 years.	No impact on rates. Funded from reserves.	18
3. Upper Tukituki gravel Remove the gravel build-up from the upper Tukituki River to keep the community safe from floods. Invest \$2.5 million to unlock a \$4.5 million grant from Government.	Costs loan-funded and repaid by ratepayers with the split of: 82.5% scheme members 17.5% general rates	19
4. Clive River dredging - in 2030 Deepen Clive River as far as Kohupātiki Marae, for recreation and environmental benefits, and deposit the silt to land, instead of the sea. Total rates of \$2.8 million over 9 years.	70% targeted to Napier and Hastings ratepayers (Heretaunga Plains Flood Control Scheme) 30% general rates	20
5. On-demand public transport Pilot a virtual bus-stop, technology-enabled service starting with Hastings, followed by Napier – more convenient and less emissions. 2021-22 Hastings pilot: an extra cost of \$361,000 in 2021 and \$249,000 in 2022, replacing current routes 16A, 16B and 17. 2023-24 Napier: expand service to Napier at a total extra cost of \$582,000 in 2023 and \$447,000 in 2024, replacing current routes 13, 14 and 15.	100% targeted to Napier and Hastings urban ratepayers.	22
6. Ahuriri Regional Park Kick-start improvements to the environment around Ahuriri Estuary, in partnership with Napier City Council and Mana Ahuriri. The Regional Council will loan-fund \$1.2 million in 2023-24 and \$9 million over the course of years 4-10 to develop a Regional Park in the upper Ahuriri Estuary.	100% general rates	23

WE’RE ALSO TALKING TO PEOPLE ABOUT:

- The recovery of costs from consent holders for freshwater management investigations and the monitoring activities we do to protect the region’s resources.
- Our **Significance and Engagement Policy**, which must be reviewed every five years and involve community engagement. We propose to include climate-change factors as a criteria for significance, refer to guidance of the recently established Māori Partnerships Team and we’ve tidied up some of the wording. The Policy and Statement of Proposal outlining the changes is available in full with our supporting information at hbrc.govt.nz.



What we've achieved – the last 3 years

Ā mātau whakatutukinga i ngā tau e 3 kua hori

Over the last 3 years your rates have contributed to a major step-change in the work of your Regional Council.

Our survey of ratepayers told us that you wanted us to do much more to **protect and restore our environment**, particularly our rivers, streams and lakes. You wanted our precious native biodiversity protected, and you wanted us to do more to protect our region from pests and the growing effects of climate change.

The issues we face to reverse the historic damage done to our land, water and biodiversity, and now the added challenge of responding to the climate crisis, are immense. Fortunately we have **practical solutions** to many of these issues and we largely know what needs to be done. It's a case of all of us **working together with sustained effort and investment**, over many years, to protect our region for future generations.

*In the last Long Term Plan (2018) we recognised that to meet these challenges we **needed to act with urgency**. We could not wait to clean up our freshwater – the lifeblood of our region.*

We needed urgent action to reverse the decline of our precious native biodiversity.

The accelerating pace of climate change means there is no time to lose. We've had to 'face our future' head on and increase the Regional Council's capability and capacity to work with our community to urgently meet these challenges.

To fund this vital work we **pulled all our financial levers** by using our funding to secure top-up funding from Government – more than \$50 million worth in the last 3 years. This was alongside getting bigger returns from our investment portfolio, increasing fees, user charges and rates.

We now have **real momentum and we are seeing the results** of your investment and the hard work of our people and the communities we work with, such as **making Lake Tūtira swimmable** again. This work is an important starting point for this new 2021-2031 Long Term Plan because it builds on success to achieve even more.

We have **new policies and rules** on land and water use being rolled out across the region:

- Strong rules in place on farms in the **Tukituki** catchment ensure we reduce nutrients going into the river and we protect river flows.
- New policies and rules in the **Heretaunga** area – to protect rural and urban waterways – are being finalised after the biggest science effort in this region's history.
- Our focus is now to the north where we are working to strengthen the rules for land and water in the **Mohaka** and **Wairoa** catchments.

We have significantly **grown our compliance team** who have access to new technology and tools to ensure the region's environment is being treated with appropriate care. We have markedly increased the number of **prosecutions** over the last 3 years (12 last year and 10 so far this year) as we take a tougher, more proactive approach to non-compliance.

We have more than **doubled our capacity to work with landowners**, supported with a \$30 million grants fund, to so far plant up 1,400 hectares of land to reduce the erosion that damages our rivers, estuaries and coast with excessive sediment. We set up a Hawke's Bay Future Farming Trust to showcase innovative farm management practices.

We are also working with:

- Landowners in the Tukituki catchment to get Farm Environment Management Plans rolled out on every farm, and
- Catchment groups throughout the region determined to clean up waterways and protect biodiversity.

Our work with landowners that surround Tūtira and Whakakī Lakes, and the Ahuriri Estuary, is now surging ahead with major **fencing, planting and erosion control** projects underway.

*Our support for schools and community groups to plant up streams and wetlands with our **Plant thru Winter** campaigns are seeing record numbers of people getting involved. And our **Enviroschools** programme has been growing and is now well established in 67 schools and early childhood centres.*



We have boosted our biodiversity team, with our partners carrying out nationally leading Whakatipu Mahia, Cape to City and Poutiri Ao ō Tāne **predator free** programmes. We've identified the region's 700 top priority sites for biodiversity protection, working with landowners on many of these. And we've set up the **Biodiversity Hawke's Bay Foundation** supporting those in the community wanting to volunteer their time to protect and restore our native plants and animals.

We have continued to build our understanding of the state of our environment and what is causing damage, **with millions of points of environmental data** collected and analysed every month across the region.

In a national first we have completed a major electro-magnetic survey of our precious aquifers giving us a 3D view for better water management. We have increased our coastal science programme and we are learning for the first time about important eco-systems beyond our seashore that need protecting.

Three years ago we expanded our **Sustainable Homes Programme** to include financial assistance for solar hot water, solar electricity, rainwater tanks and septic tank upgrades. This was on top of our already hugely successful Heat Smart programme for clean heat, double-glazing and insulation. More than 16,000 Hawke's Bay homes have been improved through this programme, to a value of \$13 million - greatly reducing winter air pollution.

Our **cycleways** have been further developed with upgraded routes that better connect our region, creating healthy and safe recreational opportunities.

We have continued to develop our popular **regional parks** at Waitangi, Pākōwhai, Hawea, Pekapeka and Tūtira for your enjoyment along with additional planting of the banks of Karamū Stream.

With the unfolding **climate crisis** we have accelerated our work to ensure flood protection infrastructure can meet the challenges of more frequent and heavier rainfall to keep our communities safe. With our partners we are funding the Coastal Hazards Strategy and laying the groundwork to protect our coastal communities from sea level rise and coastal erosion.

Our last Long Term Plan introduced a single regional rate for **Civil Defence and Emergency Management (CDEM)**. This expanded regional CDEM team is working with our communities to increase our readiness and resilience to natural disasters and other emergency events. Our improved regional CDEM capability did a great job in leading the COVID-19 community welfare response.

Our region still has a long way to go before we can all be proud of the way our land, water and biodiversity is managed. We remain vulnerable to more extreme weather events from a changing climate.

Your investment over the last three years means the Regional Council has the capability, tools and resources to put Hawke's Bay firmly on a path to much greater sustainability and resilience. This new Long Term Plan builds on this foundation and working with you it will enable us to achieve even greater results, sooner, together.



Our climate is changing

E panoni haere ana tō tātau āhuarangi

We're lucky to live in a beautiful region known for its warm climate, magnificent landscapes and the top-quality produce that feeds us and consumers, both here and around the world.

Yet the climate crisis is real. The risks to our way of life and the security of our land and water are serious:

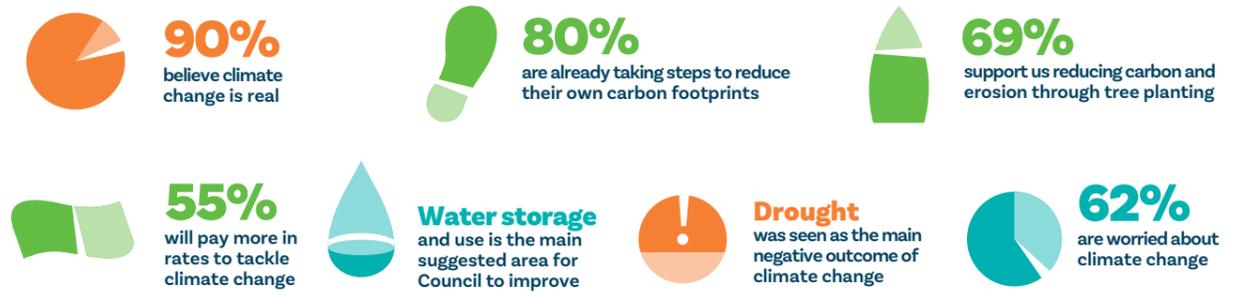
- A primary sector affected by growth in pests and diseases – reflected in the quality and quantity of fruit and vegetable crops, the productivity of forests and pasture
- More droughts – that decrease agricultural production, challenge the health of our rivers and affect our drinking water supplies
- Less overall rainfall leads to a projected 20% decrease in our river flows by 2090
- More heavy rain events put pressure on flood protection schemes
- Sea level rise and storm surges that inundate orchards, vineyards and other crops, roads and buildings with significant financial impact
- Positively – the increased pasture and plant productivity of select plants, less frost damage and longer summers for tourists.

At the Regional Council, climate change is at the heart of everything we do and we are working hard to make the region more resilient to climate change.

We need to do much more as a region to achieve the transformational changes required to reduce our environmental footprint and live more sustainably.

We declared a climate change emergency in June 2019, accepting local and international science that we have a small window of time to act to avoid the most damaging effects of the climate crisis in the long term.

The results from our independent Hawke's Bay survey of 836 people in 2020 told us that Hawke's Bay people do care about climate change and are looking to the Regional Council to take action, and help find meaningful ways to make a difference.



Take a look at our big picture activities and consultation topics on the following pages to see how climate action is hard-wired into our planning for the next ten years, including our plan to introduce a Climate Ambassador in 2021, Right Tree Right Place, future water use and flood protection improvements.

Our councillors

Whakapā atu ki ō kaikaunihera



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Some of the places you see our people in action

Ētahi o ngā wāhi kua kitea ā matau mahi

Take a look at the Regional Council's wide ranging work on this map of Hawke's Bay, from the mountains to the sea – ki uta ki tai.



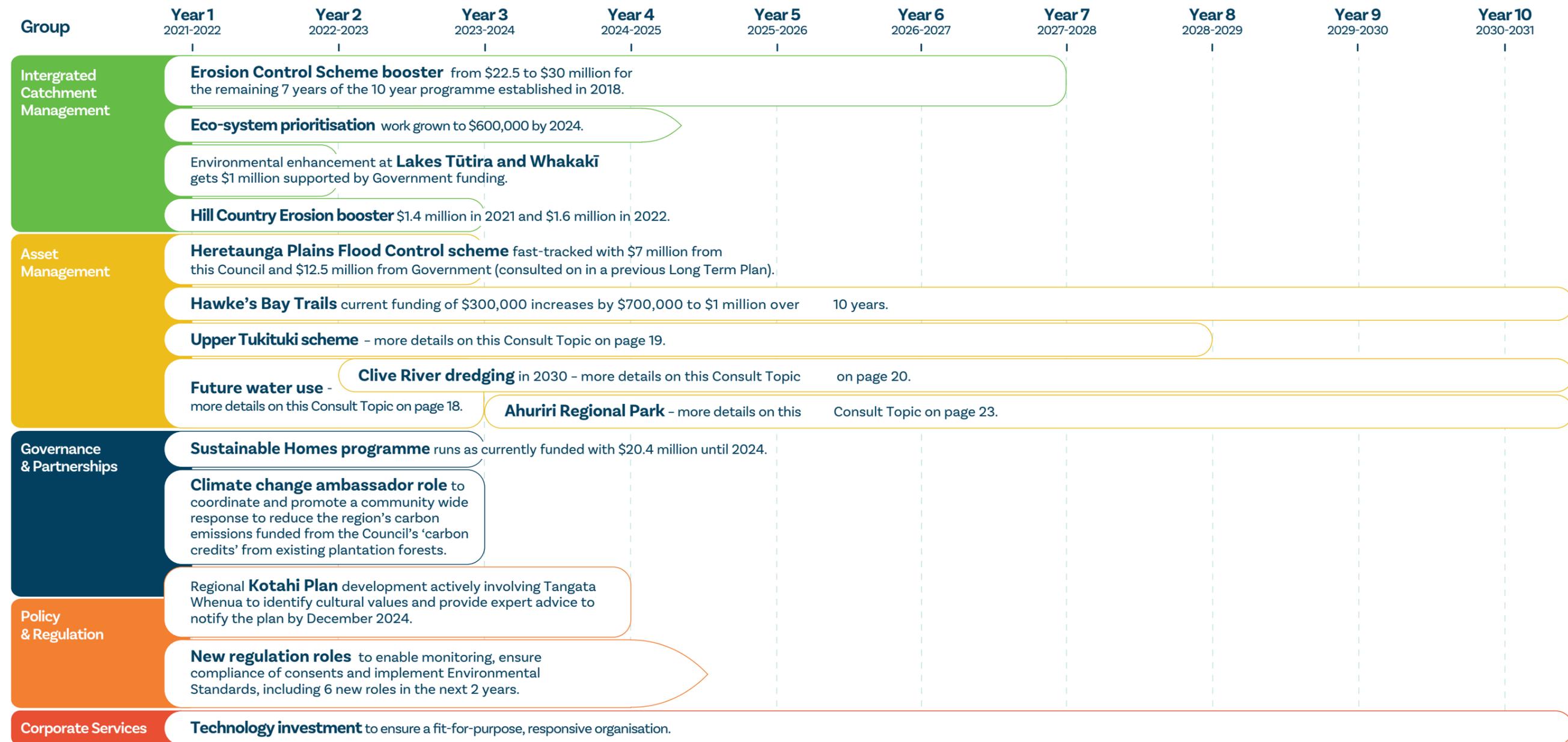
Ten Year View - The Big Picture

Te tirohanga tekau tau - te whakaahua whānui

We have front-loaded the first year of our plan, as you can see from the big increase in operational spending on page 4.

Here is a picture of the other significant work programmes that span the life of this Long Term Plan.

Some of our big projects have been consulted on previously, some are funded for part of this planning cycle, will end during this cycle, or draw on external booster funding to make them go faster or at a larger scale.





Consultation Topics

Ngā take whiriwhiri

We're asking for your feedback on six areas of future work.

These proposals give you a choice on the type of service delivered, when it is delivered or how it is funded. There is a strong focus on climate action and water-related projects.



Tell us what you think.

1. Right Tree Right Place

This pilot programme aims to transform the region over time by cloaking our eroding hillsides, storing carbon and improving water quality.

The Regional Council is on a mission to reduce Hawke's Bay's significant erosion challenges.

Erosion is a natural process, however human activity has accelerated the scale and rate of erosion. Around 250,000 hectares of Hawke's Bay land is highly-erodible and vulnerable. We are already working to reduce erosion through our incentivised Erosion Control Scheme, but it's not enough.

We want to partner with private landowners, investors and forestry companies to offer a tree-planting solution on marginal farmland that also preserves farm viability for the sheep and beef industry. This is to show farmers and other investors an economically viable alternative to whole farm afforestation.

We know that putting the right trees in the right places is the best way to slow erosion, transform freshwater quality and protect our biodiversity.

We propose to pilot this new programme on 3-5 farms to fully understand the details involved in set-up costs, partnership and delivery options.

Under this trial, we would offer a loan to landowners to plant trees on their erodible land. Mānuka, honey and timber are being considered, having the greatest potential to deliver a return and offset loan repayments.

In a sense this project is about returning a cloak or korowai to our eroding hillsides. This does not mean planting pine trees all over our productive farmland. Instead it is about balancing the right actions and outcomes for farmers, rural communities, Tangata Whenua and our region as a whole.

This concept has already attracted significant private investor interest. The Regional Council is in the position to stimulate market investment in this targeted planting programme on erodible land, and this will be critical to achieving our strategic goal of all erodible land being under cover by 2050.

If the pilot is successful, this scheme may expand considerably. As this is a region-wide transformational project, it is our preference to fund the trial through returns from our reserves. If successful, the development costs of the trial will be reimbursed to our reserves.

OPTION 1 (preferred option)	OPTION 2	OPTION 3
<p>Fund the development and pilot of Right Tree Right Place paid for through reserves, to the value of \$2.14 million (operating) and the capital expenses of \$2.62 million (capital) funded by the recipients.</p> <p>Impact on levels of service: Improve water quality through reduced sediment load into waterways.</p> <p>Total cost: \$4.8 million over 3 years.</p>	<p>Fund the development and pilot of Right Tree Right Place paid for through rates, to the value of \$2.14 million (operating) and the capital expenses of \$2.62 million (capital) funded by the recipients.</p> <p>Impact on levels of service: Improve water quality through reduced sediment load into waterways.</p> <p>Total cost: \$4.8 million over 3 years.</p>	<p>Status quo - no pilot of the Right Tree Right Place approach.</p> <p>Impact on levels of service: No change</p> <p>Total cost: Nil</p>
<p>Impact on rates: Nil</p>	<p>Impact on rates: additional to rates increase Year 1 \$474,000 1.9% increase Year 2 \$706,000 2.4% increase Year 3 \$968,000 2.9% increase</p>	<p>Impact on rates: Nil</p>
<p>Impact on debt: \$2.62 million over the first 3 years paid for by recipients.</p>	<p>Impact on debt: \$2.62 million over the first 3 years paid for by recipients.</p>	<p>Impact on debt: No impact</p>

2. Future water use

This proposal aims to improve our resilience to climate change by making better use of the water we have to complement water storage.

Water is absolutely critical in our natural environment. It underpins the health of our people. In Hawke's Bay, we're grappling with the effects of climate change in a dry-and-drying region as we also face more intense and more frequent storms and floods. We have too much water at times of the year we don't need it, and too little at the times of year that we do.

We also need reliable, climate-resilient supplies of freshwater so that our productive sectors of crops, orchards, vineyards and livestock can prosper.

So we need to develop ways to make better use of the water we have. For that reason, we're proposing a focus on water conservation and water use efficiency. The Council will look for other funding partners to share the cost of this work.

Why now?

Many of our freshwater resources are already under pressure and the increasing effects of climate change mean we can't wait to act. We have already mapped the Heretaunga and Central Hawke's Bay aquifers to give an accurate picture of where the water is and a regional water assessment is under way to understand future demand and supply. We need to be ready to take advantage of the findings from the regional water assessment so that water conservation and efficiency measures can occur at the same time as the progress we make on initiatives to store water.

Water that is stored above or below-ground needs to be considered alongside a focus on conservation or efficiency to ensure we make the best choices to ease pressure on our freshwater.

OPTION 1 (preferred option)

Work with water users to drive more efficient and effective use to complement our focus on water storage.

Impact on levels of service: Improve water security through non-storage methods, like water conservation and efficiency measures.

Total cost: \$1.08 million over years 2, 3 and 4, funded from reserves.

Impact on rates: Nil

Impact on debt: No impact

OPTION 2

Status quo - do what we can now without the additional investment, and aim to set aside more funding in 2024 to develop non-storage solutions.

Impact on levels of service: No change

Total cost: Nil

Impact on rates: Nil

Impact on debt: No impact

3. Upper Tukituki gravel

This proposal gets the gravel build-up out of the river system to improve flood protection in Central Hawke's Bay.

Keeping the risk from flooding at a low level relies on our work in flood protection schemes around Hawke's Bay. This is a key piece of the Regional Council's active response to climate change.

Although some flood protection was built in the 1950s, the Upper Tukituki scheme was constructed in the late 1980s. A short stretch of stopbank was raised in 2008.

The scheme protects the productive land of Ruataniwha Plains and the towns of Waipawa and Waipukurau from being flooded by the Upper Tukituki River and four of its tributaries - the Waipawa, Makaretu, Mangaonuku and Tukipo Rivers. With a population increase in the area, many people receive a direct benefit from the flood control scheme.

The flood-carrying capacity of the main rivers were previously balanced with river-gravels being extracted at about the same rate the gravel was carried down from the ranges. Over the past 5 years, less demand for gravel means higher river beds. Removing the gravel from the river beds will help restore the flood carrying capacity of the rivers.

We're talking directly to the community in Central Hawke's Bay most affected by this and there is a strong desire to see this work done so that the Upper Tukituki Flood Control Scheme can continue to provide the level of service desired by the residents.

Why now?

In August 2020, the Government announced funding for four projects in Hawke's Bay, including \$4.51 million for gravel extraction from the upper Tukituki River to counter the effects of climate change. With Government funding secured, the Regional Council needs to add \$2.54 million to cover the full cost of this work (\$8 million over a three year period) which will make the whole Tukituki River system more resilient to climate change and maintain current levels of protection for our community.

OPTION 1 (preferred option)

Go fast - remove the gravel build-up from the Upper Tukituki scheme riverbeds to keep the community safe from floods.

Impact on levels of service: Meet the agreed standard of flood protection for the Upper Tukituki scheme.

Total cost: \$2.54 million of capital for 2021-22 and 2022-23, added to the Government's approved funding of \$4.51 million.

Impact on rates: included in the rates increase
 Year 1 \$ 31,000 0.1% increase
 Year 2 \$108,000 0.4% increase
 Year 3 \$152,000 0.4% increase
 A total of \$1.36 million over 10 years.

Impact on debt: \$2.54 million in years 1 and 2.

OPTION 2

Status quo = go slow - rely only on funding from those who contribute to the Upper Tukituki Scheme and lose the central government funding. Carry out the work at a much slower pace, i.e. over years rather than months. People in the upper and lower Tukituki River areas will remain at greater risk of flooding for longer.

Impact on levels of service: Meet the agreed standard of flood protection for the Upper Tukituki scheme, over a longer period. The rate of progress (gravel extraction) will continue to be subject to market conditions.

Total cost: Nil

Impact on rates: Nil

Impact on debt: Nil

4. Clive River dredging in 2030

This proposal is about deepening the Clive River as far as Kohupātiki Marae to improve river use and flood protection and deposit the silt to land instead of the sea.

Clive River is a popular place for recreation. It's always busy with cyclists and walkers on the river trails. Waka ama paddlers and rowers train every day in the river, with powered boats in the area between Clive bridge and the sea.

At times of heavy rain in the past, the river would flood on land around Hastings and at Clive. To fix this, a massive engineering project diverted the river to a new channel at Pākōwhai in 1969. Now the river's flow comes solely from the catchments feeding the Karamū and Raupare streams. This river system still needs to be managed for flood control, but often there is only a modest flow of water and not enough to flush out the sediment that washes back from the Ngaruroro River mouth at Waitangi.

About once every 10 years we dredge the Clive River channel to remove a build-up of sediment - the sludgy material that creeps in, mostly from the Ngaruroro River. We do this so that river users can continue to enjoy this special place as a part of social and cultural practices. In the past we have dredged up to the rowing club at Farndon Park, but we've been asked to extend this up to Kohupātiki Marae.

What has changed?

Dredging is a very expensive process requiring people and equipment to come into the region each time we do it. In the past we have vacuumed the sediment using a big tube that takes the dredge materials as far as the coast. In our conversations with Tangata Whenua and the community we know that it will not be desirable in the future to dispose of the dredging materials into the sea. It's very expensive to change, but we think it's the right thing to do and we want to shift from ocean disposal, to using nearby land as a more sustainable and long-term option.

Do you agree we should change the way we dredge Clive River?

To do this, we would put aside more money each year. To reduce the impact on ratepayers we will seek Government funding to help with the extra costs. No allowance for central government funding has been included in this proposal. We would buy the required land in 2025 to prepare for the dredging and disposing of the sediment around 2029.

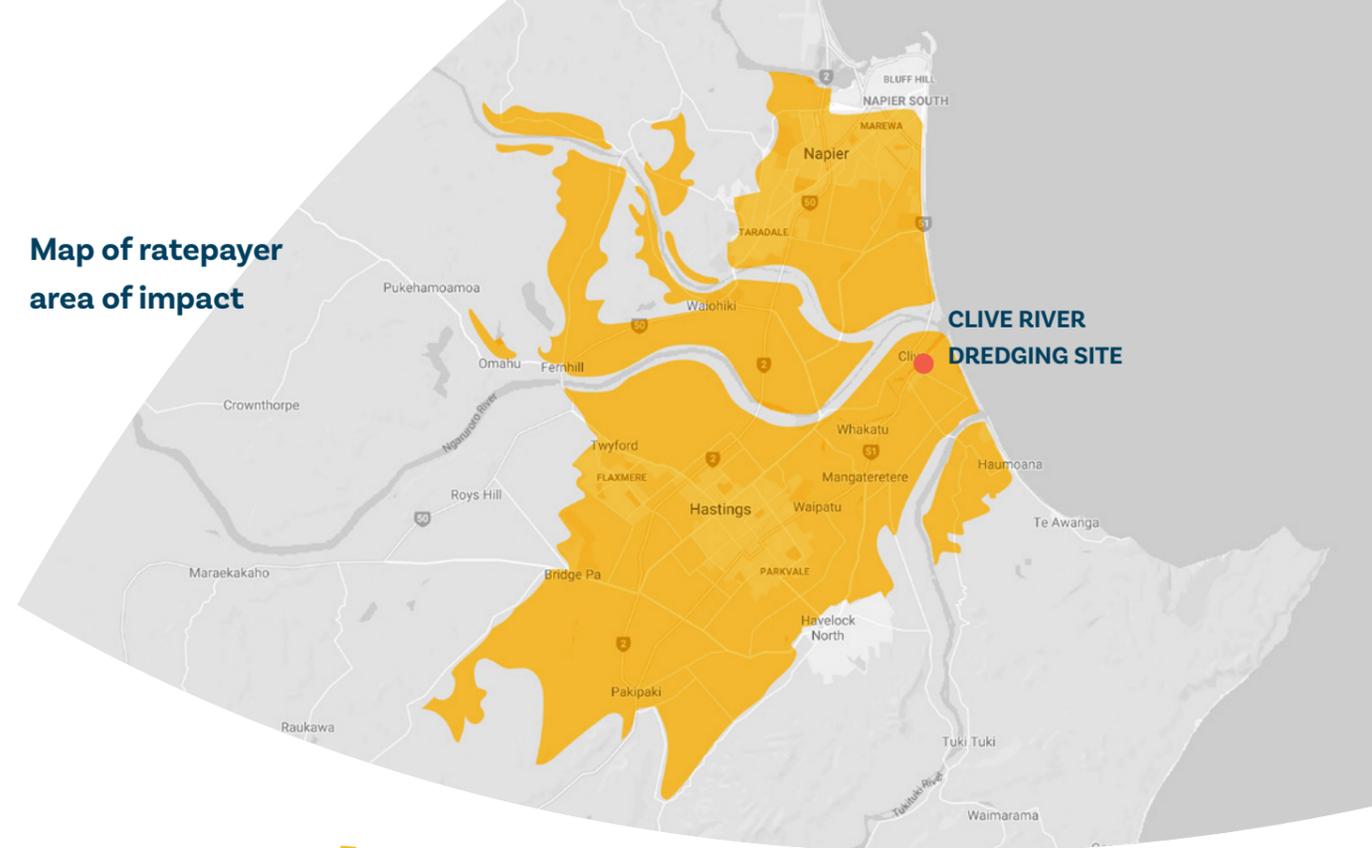
RIVER MANAGEMENT

The Regional Council provides 25 flood control and drainage schemes in Hawke's Bay to reduce the risk of flood and erosion damage while maintaining a high quality river environment. 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.

Many of the stopbanks are now used for cycle trail routes, and Pākōwhai Regional Park is now established on flood and drainage scheme land.



Map of ratepayer area of impact



OPTION 1 (preferred option)	OPTION 2	OPTION 3
<p>Dredge the river in ten years as far up as Kohupātiki Marae (1.6 km) and pump the sediment to nearby land.</p> <p>Impact on levels of service: Improve the dredging solution for a larger section of the river, for users and the marine environment.</p> <p>Total cost: \$5.9 million to be spent in years 5 and 9, of which \$2.5 million is loan funded in year 9.</p>	<p>Dredge the river in ten years as far up as the rowing club (1.2 km) and pump the sediment to nearby land.</p> <p>Impact on levels of service: Improve the dredging solution for the same section of the river, for users and the marine environment.</p> <p>Total cost: \$3.4 million to be spent in years 5 and 9.</p>	<p>Status quo - continue our 10-yearly dredging programme and pump the sediment into the sea.</p> <p>Impact on levels of service: No change</p> <p>Total cost: \$1.2 million to be spent in year 9.</p>
<p>Impact on rates: included in rate increase Year 2 \$240,000 0.8% increase Year 3 \$246,000 0.7% increase Year 4 \$253,000 0.7% increase Totalling \$2.8 million over 9 years.</p> <p>70% funded through the targeted Heretaunga Plains Flood Protection scheme rate; 30% from general rates.</p>	<p>Impact on rates: included in rate increase Year 2 \$240,000 0.8% increase Year 3 \$246,000 0.7% increase Year 4 \$253,000 0.7% increase Totalling \$2.4 million over 9 years.</p> <p>70% funded through the targeted Heretaunga Plains Flood Protection scheme rate; 30% from general rates.</p>	<p>Impact on rates: Nil</p>
<p>Impact on debt: \$2.5m in Year 9</p>	<p>Impact on debt: Nil</p>	<p>Impact on debt: No impact</p>

Options 1 and 2 do not relate to the current dredging cycle.

5. On-demand public transport

This proposal is for a virtual bus-stop, technology-enabled service to increase patronage and reduce emissions.

Public transport provides a needed social, employment, health and recreation link for people, though it has typically focused on people without access to a car.

The age-old public transport model of big diesel buses and fixed timetables is losing popularity. There are now more sustainable ways to deliver this service.

The next generation of public transport can offer better transport options, be more customer-focused, convenient, flexible and is more sustainable, by reducing reliance on private cars.

We propose trialling an ‘Uber’-style on-demand public transport model as an alternative to some current bus routes. The trial would start in Hastings first and then extend to Napier.

Why now?

Technology use and transport habits have changed a lot recently. The cost, convenience and flexibility of transport solutions now available means that we can pilot these changes to the current way we deliver public transport, currently delivered by Go Bus Transport Ltd who operate goBay buses in Napier and Hastings.

If the service proves popular fares could be increased and the cost to ratepayers reduced. It provides a more sustainable transport option that improves connectivity for people and offers better transport choices.

This new service means that everyone in the trial area is close to a bus stop – a maximum of about 200 metres away. The average wait time for a ride is expected to be about 8 minutes. Some bus services at peak times will remain to meet peak demand.

Do you support the Regional Council piloting a more dynamic, more personal public transport service?

OPTION 1 (preferred option)	OPTION 2
<p>Introduce a virtual bus stop, technology-enabled service.</p> <p>This option will cost more than the current bus service but is predicted to double public transport use, to reduce traffic congestion and emissions.</p> <p>Impact on levels of service: Improve the accessibility measure of distance to a bus stop. In 2019, 20% of urban households were in 400m of a regular bus route. The on-demand service will improve this to 100%.</p> <p>Total cost: 2021-22 in Hastings: Pilot in Hastings at an additional cost of \$361,000 in 2021-22 and \$249,000 in 2022-23, replacing the current routes 16A, 16B and 17. 2023-24 in Napier: Introduce in Napier at a total additional cost of \$582,000 in 2023-24 and \$447,000 in 2024-25, replacing the current routes 13, 14 and 15.</p> <p>Impact on rates: included in rates increase Year 1 \$361,000 1.5% increase Year 2 \$249,000 0.8% increase Year 3 \$838,000 2.5% increase Total of \$6.8 million over 10 years assuming the success of the pilot programme.</p> <p>Impact on debt: No impact</p>	<p>Status quo – continue with the current bus service, at the same cost to ratepayers.</p> <p>This option will result in a slow decline of bus use as it delivers an increasingly unpopular transport option.</p> <p>Impact on levels of service: No change</p> <p>Total cost: No additional costs</p> <p>Impact on rates: Nil</p> <p>Impact on debt: No impact</p>

6. Ahuriri Regional Park

Kick-start improvements to the environment in partnership with Napier City Council for recreation, to manage stormwater and improve Ahuriri Estuary.

Ahuriri Estuary is a place of great significance. It is well-used by the community but it’s in a sad state.

Known as Te Whanganui-ā-Orotu, this area is particularly significant to Ngā Hapū o Ahuriri. In spite of its current issues the estuary is popular for recreation, is home to many native and migratory birds, and acts as a nursery for ocean-going fish.

Untreated stormwater drains feed contaminants directly into the estuary, from nearby urban and industrial areas. A build-up of chemicals in the estuary muds is from decades of industrial contamination, where sewage or chemicals occasionally spill into the estuary. Shellfish gathering here is regularly banned after rainfall, due to contamination. Accidental oil spills from boats in the inner harbour are also a risk to water quality and wildlife.

The Regional Council and Napier City Council are committed to working together with Mana Ahuriri for the long-term to create a step change in the life-force or mauri of the estuary.

In addition, both organisations want to establish a park that returns significant biodiversity enhancement and cultural benefits, as well as recreation benefits for the whole community.

So far the Regional Council has been working on an Ahuriri Catchment Land Action Plan with 14 nearby landowners. We are scoping further research into the water and contaminants in the catchment, and we have worked with Mana Ahuriri Trust to remove 219 tonnes of invasive marine tubeworm from the estuary to improve water flow and quality.

Why now?

In sync with Napier City Council’s Long Term Plan, we want to work together to plan, design and manage all the waterways, drain and stormwater networks in the estuary, and to develop a Regional Park.

This proposal looks beyond creating a wetland to simply ‘polish’ stormwater. It will enlarge the inter-tidal zone to give more habitat back to the estuary, potentially through a rezoning of Lagoon Farm land. This project links to the delivery of Napier City’s Ahuriri Estuary and Coastal Edge Masterplan.

OPTION 1 (preferred option)	OPTION 2
<p>Develop a Regional Park with Napier City Council in the upper Ahuriri Estuary.</p> <p>Note – Napier City Council is consulting on similar funding for a total funding pool of \$20 million over 10 years, see napier.govt.nz for more info.</p> <p>Impact on levels of service: Create a new Regional Park and improve recreation elements in Ahuriri Estuary.</p> <p>Total cost: \$1.2 million in 2023-24 and \$9 million over the course of years 4-10.</p> <p>Impact on rates: included in rates increase Year 3 \$37,000 0.1% increase A total of \$2.52 million from year 3-10 paid for through general rates.</p> <p>Impact on debt: : \$10.16 million from years 3-10.</p>	<p>Status quo - do not invest in the development of this regional park now - leave the concept with Napier City Council who may develop it at some future stage. Play a regulatory role with Napier City Council to deliver the Ahuriri Masterplan project elements in their capital programme over ten years, including a feasibility study on the concept of a regional park on Lagoon Farm land to the south of the estuary channel.</p> <p>Impact on levels of service: No change</p> <p>Total cost: No additional costs.</p> <p>Impact on rates: Nil</p> <p>Impact on debt: No impact</p>

Regional updates

Other projects in the pipeline - not budgeted for in this plan

Changes to the way 3 Waters are delivered

Ngā panonitanga e pā ana ki te whakatinanatanga o ngā wai e toru

New legislations is coming from the Government that will drive change to how drinking, waste and storm waters services (3 Waters) are delivered in New Zealand. The Government's starting intention is for publicly-owned multi-regional models for water service delivery, with a preference for local authority ownership.

The five Hawke's Bay councils of Napier, Hastings, Central Hawke's Bay, Wairoa and the Regional Council share responsibility for ensuring safe, reliable, resilient and efficient drinking, waste and storm water services. We also share the challenge of achieving community affordability at the same time as meeting growing demand, developing resilience and improving service performance.

The Regional Council's specific interests are as the region's regulator for natural resource use and management, and the owners of drainage assets.

In December 2018, the five Hawke's Bay councils commissioned an independent review to:

- Review the current and potential 3 Waters (drinking, waste and storm) service delivery options for the region, and
- Develop a recommended approach to ensure sustainable delivery of these critical services over the long term.

The key recommendation of the independent review is to deliver 3 Waters services via an asset-owning council-controlled organisation, similar to the model that the Government prefers. The review considered the benefits and challenges of this model for the communities of Hawke's Bay, so we are well positioned to continue conversations with Government as the pending legislation progresses.

No provision has been made in our Long Term Plan for changes to 3 Waters legislation. We may need to amend our Long Term Plan once binding legislation is passed.

For more information visit hb3waters.nz and dia.govt.nz/Three-Waters-Reform-Programme.

Coastal Hazards Strategy

Te rautaki matepā takutai

Global warming, sea level rise, increases in the intensity of storms and the related waves generated are predicted to impact our coastal areas more severely in the coming decades.

The Clifton to Tangoio Coastal Hazards Strategy 2120 is a collaborative project led by Hawke's Bay Regional Council, Hastings District Council, Maungaharuru-Tangitu Trust, Napier City Council, Mana Ahuriri Incorporated, and Heretaunga Tamatea Settlement Trust.

This Strategy has been in development since 2016. It seeks to ensure that coastal communities, businesses and critical infrastructure from Tangoio to Clifton are resilient to the effects of coastal hazards.

So far the Strategy has mapped coastal hazard areas, identified risks, and collaboratively developed preferred responses to coastal hazards for short, medium and long term horizons, up to 100 years.

Work is now being advanced to refine designs and costs for coastal defence options, investigate the costs and processes of retreating from hazard areas, review the existing regulatory framework and develop a funding model for Strategy implementation.

Due to the significant size, complexity and scale of the Coastal Hazards Strategy, the partner Councils have agreed to consult on the final proposed Strategy outside of the 2021 - 2031 Long Term Plan consultation process. This will ensure that all affected ratepayers have the opportunity to consider the proposal and have their views heard.

Targeted and specific consultation on the Strategy is being planned for later in 2021.

More information can be found on the project website at hbcoast.co.nz.

Economic Development Agency

Te pokapū whakawhanake ōhanga

Councils are currently the primary funders of economic development activities and services in Hawke's Bay. In August 2020, the five Hawke's Bay councils commissioned an independent section 17A review under the Local Government Act 2002 (LG Act), based on the requirement to review the cost effectiveness of council arrangements for delivering services on a periodic basis.

There was a requirement to understand what was working well and how effective funding had been to date, as well as recognition that there might be opportunities to improve regional coherence of economic development and economic wellbeing investments. Councils wanted a clear picture of this to inform future funding.

The review has concluded a strong case for change. In summary these recommendations would see the development of a new regional economic development entity, with increased investment of approximately \$1.6 million.

The next phase commissioned is the development of the new operating model and transition plan, which will be co-designed with regional stakeholders. Once this phase is completed, results will be presented to councils to seek decisions to formally undertake community consultation on the options and preferred recommendations. This is expected later in 2021.

Animal (Possum) and Plant Pest Control

Te ārai kīrearea kararehe (paihamu) me ngā tipu

In 2020, an independent section 17a review under the LG Act, was undertaken for Council's biosecurity and biodiversity functions to assess efficiency and effectiveness. A critical finding was that a lack of adequate resourcing - both staff time and money - is limiting the effective delivery of biosecurity and biodiversity programmes - to the point that key objectives are not being met. This is particularly true for possum control, Chilean Needle grass, rabbits and for the biodiversity programme as a whole.

Analysis done for the section 17A review shows that while HBRC's budgets have grown, so have community expectations of how much work will be done. The starting point of Council's biosecurity and biodiversity budgets was relatively small and budgets remain smaller than similar regional councils.

Council is currently in the process of reviewing some of its biosecurity programmes in detail and will likely result in an amendment to the Long-Term Plan in 2022 or 2023.

30 Year Infrastructure Strategy

Te rautaki hanganga 30-tau

The purpose of the Infrastructure Strategy is to identify 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.

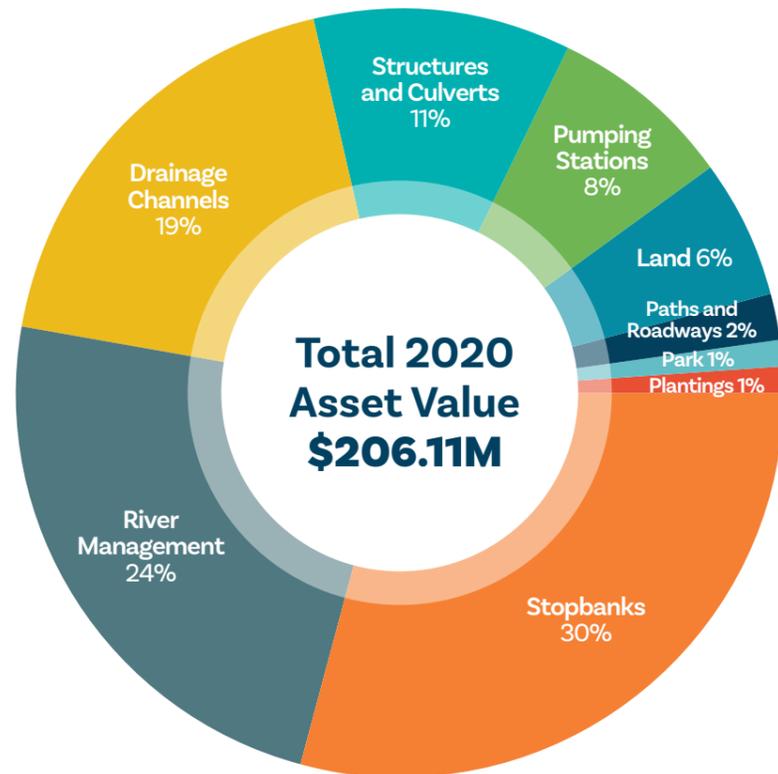
Hawke's Bay Regional Council manages a major portfolio of infrastructure assets, such as rated flood control and drainage schemes, and publicly accessible regional parks and cycleways throughout the region. On your behalf we look after

\$206.1 million worth of assets – flood and drainage control schemes, pump stations and stopbanks, and coastal assets – to protect homes and farms, as well as roads, rail, airport and electricity infrastructure from flooding.

The Asset Management capital programme increases from \$3.3 million to \$19.7 million before 2024 to improve the community's protection from flooding.

2020 Replacement Value by Infrastructure Type

- Stopbanks **\$62.5M**
- River Management **\$49M**
- Drainage Channels **\$38.4M**
- Structures and Culverts **\$22M**
- Pumping Stations **\$16M**
- Land **\$11.5M**
- Paths & Roadways **\$3.2M**
- Park **\$1.8M**
- Plantings **\$1.4M**



2020 Replacement Value By Activity



The following issues have been identified:

- Climate change
- Levels of service (LoS)
- Aging assets
- Growth and development
- Economic conditions
- Land use changes
- Managing risks of natural hazards
- 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. 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 localised climate science as 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 the Council 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 supported by the Council. Provisions to support this work are signalled in this Long Term Plan 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. The Regional Council's consultation with stakeholders will continue and be reflected in future financial and infrastructure planning development.

Community expectation for public access, recreation, cultural and environmental enhancement is increasing. 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 expectations that requires sustainable future funding. The Council recognises the impact of global events like COVID-19 on local economics and has taken on Government funding programmes intended to stimulate regional areas to benefit infrastructure in the 2020-2023 period.

OUR ASSETS

Heretaunga Plains Flood Control and Drainage Scheme

 **157km**
Stopbanks

 **129km**
River channels and edge protection

 **447km**
Drainage channels

 **18**
Pumping stations

 **217**
Structures and culverts

Upper Tukituki Scheme

 **76km**
Stopbanks

 **206km**
River channels and edge protection

 **12km**
Drainage channels

 **44**
Structures and culverts

Small Schemes

 **15km**
Stopbanks

 **31km**
River channels and edge protection

 **85km**
Drainage channels

 **4**
Pumping stations

 **37**
Structures and culverts

DELIVERING THE CAPITAL PROGRAMME

This Long Term Plan projects a total capital expenditure spend of \$153 million across the 10 years which is an increase from the last Long Term Plan, particularly in the first 3 years. This covers renewals of infrastructure, replacement of old assets with new, and our larger projects to increase service levels like the Heretaunga Plains Flood Control Scheme upgrade. There is always an inherent level of risk in delivering a capital programme, particularly one that is substantially increased. Pressure on the contracting market from a boom in construction and other capital works may provide challenges in procuring the services on time and to budget. However we have taken steps to mitigate risks such as increasing the size of our project management team to enable delivery. The planning for these projects is well advanced. Should there be an issue with delivery, the Council will prioritise its renewal work and critically review the capital work programme including operational solutions to enable deferral.

MAJOR WORKS IN THE PIPELINE

Ongoing investment to keep up the standards of our infrastructure is the Regional Council's biggest area of new capital investment in this Long Term Plan.

Take a look at the key capital projects expected to be undertaken with an indication of timing and costs.

Upper Tukituki Flood Control Scheme			
Work Description	Indicative Value	Timing	Delivery
Public use of rivers Development of land in the flood protection area for public use for recreational activity and for planting or productive activity	\$328,000 over 10 years	Funding provided for in the plan	2021-2031
Upper Tukituki - gravel extraction Extraction of gravels for surplus areas	\$7.05 million for 2 years	\$2.54 million funding provided for in the plan with \$4.51 million co-funding	2021-2023

Heretaunga Plains Flood Control Scheme

Work Description	Indicative Value	Timing	Delivery
Level of service review - rivers Increase level of service from current 1 in 100 year protection to 500 year protection	\$19.5 million over 2 years with IRG funding contribution	\$7.02 million funding provided for in the plan with \$12.48 million co-funding	2021-23
Public use of rivers Development of land inside the flood protection areas for the public use for recreational activity and for planting or productive activity	\$765,000 over 10 years	Funding provided in the plan, part of the Level of Service review	2021-2023
Pump station - fish passage Installation of fish passages where practical across stream barriers, i.e. pump stations	\$1 million over 10 years	Funding provided for in the plan	2021-2031
SCADA system for all pump stations Installation of the communication system SCADA for all pump stations	\$1 million over 10 years	Funding provided for in the plan	2021-2031
Capital work for TANK plan change Plan change related activity and work programme implementation	\$938,000 from year 3 to year 10	Funding provided for in the plan	2023-2031
Clive River - land for dredging Dredging Clive River and discharge of silt to land	\$5.9 million in 2025-26 and 2029-30	Funding provided for in the plan	2025-26 and 2029-30
River and lagoon opening Installation of CCTV for better monitoring	\$30,000 in 2021-22 and \$625,000 over the following 10 years	Funding provided for in the plan	2021-2031
Karamū scheme - weed harvesting Investigate and purchase equipment for better operation of weed cutter	\$159,000 in 2023-24	Funding provided for in the plan	2023-2025
Gravel management - processing and new access to rivers Building new access to location where gravel needs to be managed for flood protection	\$1.2 million annually over 10 years	Funding provided for in the plan	2021-2031

Open Spaces			
Work Description	Indicative Value	Timing	Delivery
Hawea Park - stage 3 Further development of Hawea Historical Park consistent with original approved 2017 plan	\$939,000 over 3 years	From 2018-28 Long Term Plan	2021-2024
Waitangi Regional Park - stage 3 Final stage of the Waitangi Regional Park	\$250,000 over 3 years	From 2018-28 Long Term Plan	2021-2024
Ahuriri Regional Park Development of the park	\$10.2 million over 10 years	Funding provided for in the plan	2021-2031
Karamū enhancement Enhancement of the Karamū stream	\$3.6 million over 10 years	Funding provided for in the plan	2021-2031
Regional cycling development Further regional pathway development (contribution to match the funding only)	\$757,000 over 3 years	Funding provided for in the plan	2022-2025
Wairoa Regional Park development Park development along Wairoa River - per consent plan completed in 2017	\$580,000 over 3 years	Funding provided in the plan	2025-2028

Small Schemes			
Work Description	Indicative Value	Timing	Delivery
Opoho - new pump station Upgrade and build new pump station, subject to scheme review	\$261,000 in 2022-23	Funding provided for in the plan	2022-2023
Ohuia - Whakaki - new pump station Upgrade and build new pump station, subject to scheme review	\$305,000 in 2021-22	Funding provided for in the plan	2021-2022

Summary of the Finance Strategy

He whakarāpopotanga o te rautaki arumoni ki pae taiwhiti

This plan for 2021 and beyond consolidates the growth we initiated in 2018.

We continue to push ahead on multiple fronts, particularly to implement freshwater reform, to increase biodiversity restoration and the climate resilience of our flood control infrastructure. This is all to achieve faster results on-the-ground and at a meaningful scale.

The Finance Strategy uses every available means 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.

We support the 'Act Now' philosophy of this plan to accelerate delivery in the next few years to both capitalise on third-party funding and achieve more, sooner.

The impact of this sees significant pressure on rates and a need to borrow heavily in years 2021-2024 to fund inter-generational and capital projects, and to bridge operating expenses until income from rates and investments increases sufficiently from 2025 onwards.

This 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 and 140% of income.

Over ten years this strategy aims to reduce reliance on investment income by lifting the percentage of income from rates from 50% moving towards a target of 60% and build an investment income equalisation fund.

The Council would like to build up reserves 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, rather it aims to protect the organisation against financial and economic shocks, and 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 target return for the Council's investment portfolio and a process to recognise capital gains.

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

The capital expenditure chart demonstrates the accelerated work programme in the coming year, more than double the expenditure in the current financial year.

Capital Expenditure



OPERATIONAL COSTS IN 2021-22

This is the cost breakdown for the coming year by the Regional Council's groups of activities. The total budgeted spend is \$66.5 million.



BORROWING

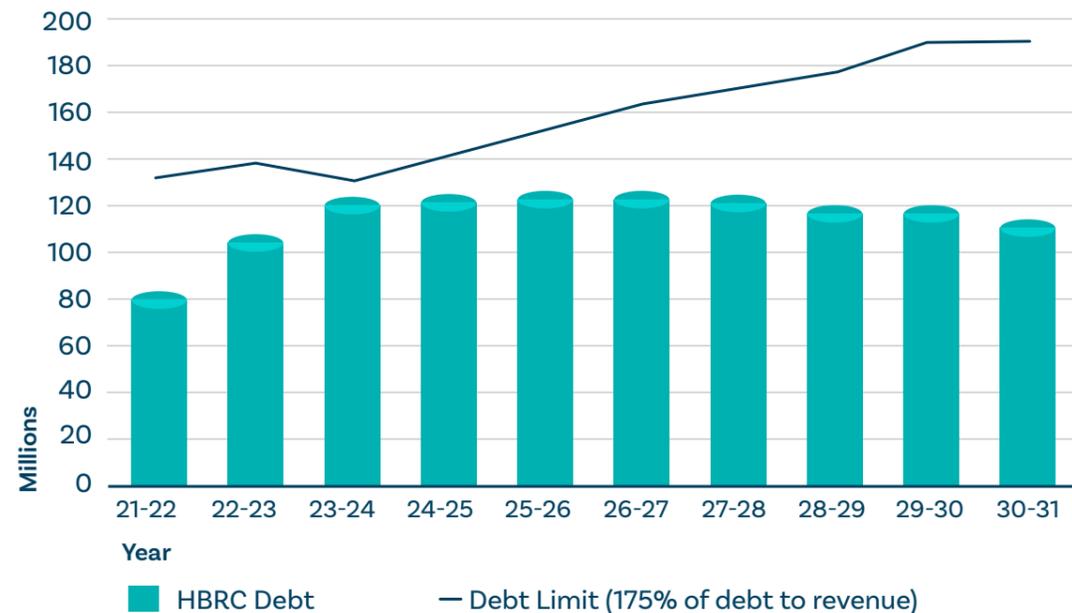
The Regional Council has historically held very low external debt. As in the previous Long Term Plan we have focused on leveraging the balance sheet by borrowing for larger, long-term projects that provide inter-generational benefits.

The Treasury Policy includes the Liability Management Policy and Investment Policy. It is being reviewed as part of a wider Investment Strategy to take a more holistic debt management approach.

This 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.

The Council currently has a debt limit of 150% of debt to revenue and is increasing this to 175% to align with the Local Government Funding Agency and allow for additional headroom over the length of this Long Term Plan. In 2023-24 we reach a high of 159% of debt to revenue including the borrowing for rates smoothing.

Borrowing



WE'RE ALSO TALKING TO PEOPLE ABOUT:

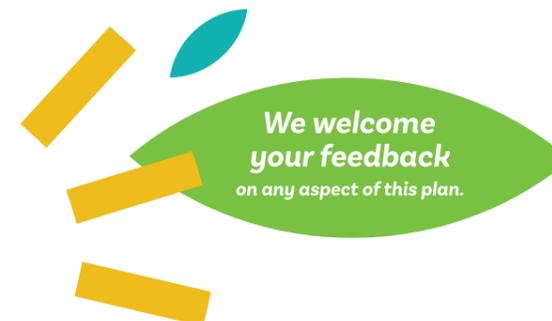
Freshwater science and monitoring cost recovery charges

Over the past year we have looked at the way we break down the charges to consent holders. This is how we recover a portion of the costs of performing science investigations and monitoring to manage and inform on effects on the region's freshwater resources.

We're proposing to make the following changes to these charges:

- We will move to a single region-wide freshwater science charge for each relevant type of consent, to simplify the way charges are calculated and address unequal costs between the zones which have smaller numbers of consent holders.
- We will take a scaled approach for discharge consents, with different fees for small, medium, large or extra-large activities, to introduce fairer proportionality to the annual charges to consent holders.
- We will provide a schedule of the charges at the start of the year, to provide certainty to consent holders around the costs that will be levied.

We'll be writing to all affected resource consent holders to get their feedback on these proposed changes.



Revenue and Financing Policy

Minor changes have been made to our Revenue and Financing Policy. These include rate funding changes for Compliance costs where there is no ability to recover the costs and adjustments to the Groups of Activities structure.

The Policy and Statement of Proposal outlining the changes is available in full with our supporting information at hbrc.govt.nz.

A first principles rating review will be undertaken post adoption of the Long Term Plan which will include a full review of how the services Council provides is funded. This is expected to be consulted on in 2023 and implemented as part of our next Long Term Plan delivery in 2024.

Fees and Charges changes

In addition to the changes to water science charges, some other minor changes are proposed to our Fees and Charges schedule:

- New compliance fees for annual consent administration costs, issuing of abatement notices, and the late submission of data and information returns.
- Increases to some fixed fee deposits for consent applications and applications for regional plan preparation/changes.
- Increases to the annual water meter administration and low flows monitoring charges.
- Separate gravel extraction charges for independent consent holders and those who apply for permissions to extract gravel under Regional Council-held consents.

The full Fees and Charges Schedule is available with our supporting information at hbrc.govt.nz.

How your Rates would change

Nga panonitanga ki āu rēti

These tables give an indication of rating impacts across a sample of properties.

Additional targeted rates may apply depending on where your property is located.

10 YEAR RATES OVERVIEW

This year's total rate increase of 19.5% is the result of deferring last year's rate increase of 7.3% and the cost of borrowing to cover the shortfall in revenue in 2020-21 of 1.2% due to COVID-19 and this year's rate increase of 11%.

21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31
19.5%	15.0%	14.5%	10.0%	11.4%	7.2%	6.9%	4.9%	3.9%	3.4%

LIMITS ON RATES AND RATES INCREASES

Council has set the following limits in relation to its rates revenue:

- Total rates revenue will not exceed 60% of the Council's annual revenue requirements – this peaks in 2031 at 56%
- Increases in the annual rates revenue will not exceed 8% of the Regional Council's annual operating expenditure requirements – the highest year is 2021-22 at 6.9%.



See the full proposed rates for your property at hbrc.govt.nz, search #ratescalculator.

RATES FOR DIFFERENT PROPERTIES

The overall proposed rates increase is 19.5%.

Take a look at the average rate for the three main types of properties. A number of factors influence these rates levels, including the impact of valuations and the Council's policy on how rates are shared across the different types of properties. Individual rating policies are available in the Council's Revenue and Financing Policy and the Funding Impact Statement.

	Sample Properties	Capital Value	Land Value	Proposed Rates 2021-22	% Increase	Increase from 2020-21
Residential	Taradale	\$740,000	\$430,000	\$463.01	14.26%	\$57.80
	Napier Hill	\$1,510,000	\$470,000	\$384.29	20.21%	\$64.62
	Napier South	\$520,000	\$325,000	\$372.97	23.02%	\$69.80
	Flaxmere	\$240,000	\$66,000	\$184.43	16.50%	\$26.12
	Havelock North	\$1,000,000	\$450,000	\$417.39	24.59%	\$82.37
	Hastings	\$630,000	\$300,000	\$412.39	17.91%	\$62.64
	Central HB	\$485,000	\$170,000	\$170.44	18.78%	\$26.95
	Wairoa	\$175,000	\$60,000	\$140.25	16.62%	\$19.98

On average, the increase for residential ratepayers this year will be around \$48.00 per year.

	Sample Properties	Capital Value	Land Value	Proposed Rates 2021-22	% Increase	Increase from 2020-21
Commercial	Napier	\$3,550,000	\$1,630,000	\$2,509.23	2.44%	\$59.66
	Napier	\$2,440,000	\$920,000	\$1,414.18	19.40%	\$229.76
	Hastings	\$6,570,000	\$1,530,000	\$4,029.14	16.61%	\$573.79
	Hastings	\$700,000	\$600,000	\$872.51	19.41%	\$141.85
	Central HB	\$210,000	\$60,000	\$189.13	16.25%	\$26.44
	Wairoa	\$185,000	\$80,000	\$202.57	16.08%	\$28.06

On average, the increase for commercial ratepayers this year will be around \$187.00 per year.

	Sample Properties	Capital Value	Land Value	Proposed Rates 2021-22	% Increase	Increase from 2020-21
Rural > 4 ha	Hastings (436 ha)	\$4,440,000	\$3,540,000	\$2,868.30	16.53%	\$406.84
	Central HB (282 ha)	\$2,720,000	\$2,120,000	\$2,048.41	14.75%	\$263.34
	Wairoa (1,293 ha)	\$5,927,000	\$5,113,000	\$7,114.19	11.92%	\$757.53

On average, the increase for rural ratepayers this year will be around \$233.00 per year.

This table is GST inclusive. It covers the total rates increase in both the general and targeted rates.





Independent Auditor's Report

He ripoata arotake pūtea

To the reader: Independent auditor's report on Hawke's Bay Regional Council's consultation document for its proposed 2021 31 long term plan.

I am the Auditor General's appointed auditor for Hawke's Bay Regional Council (the Council). The Local Government Act 2002 (the Act) requires the Council to prepare a consultation document when developing its long term plan. Section 93C of the Act sets out the content requirements of the consultation document and requires an audit report on the consultation document. I have done the work for this report using the staff and resources of Audit New Zealand. We completed our report on 24 March 2021.

OPINION

In our opinion:

- the consultation document provides an effective basis for public participation in the Council's decisions about the proposed content of its 2021 31 long term plan, because it:
 - fairly represents the matters proposed for inclusion in the long term plan; and
 - identifies and explains the main issues and choices facing the Council and region, and the consequences of those choices; and
- the information and assumptions underlying the information in the consultation document are reasonable.

EMPHASIS OF MATTER – UNCERTAINTY OVER THE DELIVERY OF THE CAPITAL PROGRAMME

Without modifying our opinion, we draw attention to the disclosure on page 28, which outlines that the Council is proposing total capital expenditure of \$153 million over the next 10 years. While the Council has taken steps to mitigate the risk of not delivering aspects of the proposed capital expenditure, there is an inherent risk that the Council will not be able to deliver on the programme, particularly when it has increased substantially from prior years. The Council notes there is pressure on the contracting market, which may result in challenges for the Council in procuring services on time and to budget. If a project is not able to proceed as planned, the Council will prioritise its renewal work and critically review the programme to enable deferral.

BASIS OF OPINION

We carried out our work in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. In meeting the requirements of this standard, we took into account particular elements of the Auditor General's Auditing Standards and the International Standard on Assurance Engagements 3400: The Examination of Prospective Financial Information that were consistent with those requirements.

We assessed the evidence the Council has to support the information and disclosures in the consultation document. To select appropriate procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the consultation document.

We did not evaluate the security and controls over the publication of the consultation document.

RESPONSIBILITIES OF THE COUNCIL AND AUDITOR

The Council is responsible for:

- meeting all legal requirements relating to its procedures, decisions, consultation, disclosures, and other actions associated with preparing and publishing the consultation document and long term plan, whether in printed or electronic form;
- having systems and processes in place to provide the supporting information and analysis the Council needs to be able to prepare a consultation document and long term plan that meet the purposes set out in the Act; and
- ensuring that any forecast financial information being presented has been prepared in accordance with generally accepted accounting practice in New Zealand.

We are responsible for reporting on the consultation document, as required by section 93C of the Act. We do not express an opinion on the merits of any policy content of the consultation document.

INDEPENDENCE AND QUALITY CONTROL

We have complied with the Auditor General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 issued by the New Zealand Auditing and Assurance Standards Board; and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended) issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we have carried out a limited assurance engagement related to the Council's debenture trust deed, which is compatible with those independence requirements. Other than these engagements, we have no relationship with or interests in the Council or any of its subsidiaries and controlled entities.



Karen Young,
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand
24 March 2021

Submission Form

Puka tāpaetanga

First Name: _____ Last Name: _____

Address: _____

Daytime phone number: _____ Email address: _____

Are you submitting as an individual or on behalf of an organisation? Individual Organisation/ Iwi/ Hapu

Which area/s is your property in? Wairoa Napier Hastings Ngaruroro Central Hawke's Bay Out of region

1. Right Tree Right Place - which option do you support?

- Option 1 (Preferred Option):** Fund the development and pilot of Right Tree Right Place paid for through reserves
- Option 2:** Fund the development and pilot of Right Tree Right Place paid for through rates
- Option 3:** Status quo - no pilot of the Right Tree Right Place approach
- I have no opinion on this topic

Please let us know your reason/s here (optional)

► **Need more room? You can attach extra pages, just make sure they include your name and address.**

2. Future water use - which option do you support?

- Option 1 (Preferred Option):** Work with water users to drive more efficient and effective use to complement our focus on water storage
- Option 2:** Status quo - do what we can now without the additional investment
- I have no opinion on this topic

Please let us know your reason/s here (optional)

3. Upper Tukituki gravel - which option do you support?

- Option 1 (Preferred Option):** Go fast - remove the gravel build-up from the Upper Tukituki River to keep the community safe from floods
- Option 2:** Status quo = go slow - rely only on funding from those who contribute to the Upper Tukituki Scheme and lose the central government funding
- I have no opinion on this topic

Please let us know your reason/s here (optional)

4. Clive River dredging in 2030 - which option do you support?

- Option 1 (Preferred Option):** Dredge the river in ten years as far up as Kohupātiki Marae (1.6 km) and pump the sediment to nearby land
- Option 2:** Dredge the river in ten years as far up as the rowing club (1.2 km) and pump the sediment to nearby land
- Option 3:** Status quo - continue our 10-yearly dredging programme and pump the sediment into the sea
- I have no opinion on this topic

Please let us know your reason/s here (optional)

5. On-Demand Public Transport - which option do you support?

- Option 1 (Preferred Option):** Introduce a virtual bus stop, technology-enabled service
- Option 2:** Status quo - continue with the current bus service at the same cost to ratepayers
- I have no opinion on this topic

Please let us know your reason/s here (optional)

6. Ahuriri Regional Park - which option do you support?

- Option 1 (Preferred Option):** Develop a Regional Park with Napier City Council in the upper Ahuriri Estuary
- Option 2:** Status quo - play a regulatory role with Napier City Council to deliver the Ahuriri Masterplan project elements in their capital programme over ten years
- I have no opinion on this topic

Please let us know your reason/s here (optional)

Other matters: Please provide comments here on:

Significance and Engagement Policy (page 7)

Freshwater science and monitoring cost recovery charges (page 33)

Fees and Charges (page 33)

Revenue and Financing Policy (page 33)

General feedback:

Is there anything else regarding the Regional Council's planned work that you would like to comment on?

► **Lastly, please attach any further information you wish to add to your submission. Remember to include your name and address.**

Do you wish to present your submission to Council at a hearing? The hearings will be held on 17 & 18 May 2021. **Please note: COVID-19 may affect the way we hear submissions.**

YES NO

Privacy statement: Submissions are public information. Your name and feedback will be included in public documents as part of the decision-making process. All other personal details will remain private. This information will be held by Hawke's Bay Regional Council but only used for the purpose of this consultation process. One submission per person.

It's important for our councillors to know what you think about the proposals in this consultation document. This is your chance to influence the decisions that are made.



We need your feedback by 8pm on Sunday 2 May 2021.

Scan this QR code to make your submission, or go online at **hbrc.govt.nz**, or email this form to **ourplan@hbrc.govt.nz**, or post it to **Long Term Plan, c/- Hawke's Bay Regional Council, Private Bag 6006, Napier 4142.**

What's happening and when

He aha, kī hea ranei ngā mahi

APRIL

1 April 2021 ◀

Consultation begins
Give us your feedback online, Go to **hbrc.govt.nz**

MAY

2 May 2021 ◀

Consultation ends at 8.00pm
Please make sure your feedback is received by the close-off date.

17-18 May 2021 ◀

Present your feedback to councillors
Meeting details including agendas will be available online at **hbrc.govt.nz**, search: **#meetings**
If you are not presenting, you are welcome to come along or listen to the presentations online.

26 May 2021 ◀

Councillors make their decisions
Councillors will meet to discuss the feedback and make final decision on the 2021-31 Long Term Plan.

JUNE

30 June 2021 ◀

2021-31 Long Term Plan adopted
The final plan will be adopted at the Council meeting.
A copy will then be available online at **hbrc.govt.nz**, search: **#LTP2131**

Tell us what you think
He aha ou whakaaro

Have your say

Tukua mai ō whakaaro

Please get your feedback to us by
8pm on Sunday 2 May 2021.

Have your say on our plan for 2021 and beyond.

Our six proposals combined with extensions to our existing work programmes will help to address climate change and the big issues we're facing with water. Tell us what you think about our Right Tree Right Place pilot programme, future water use, upper Tukituki gravels, Clive River dredging, Ahuriri Regional Park and a trial for on-demand public transport – or comment on any other area of our work.

Meeting Dates:

Central Hawke's Bay – 20 April, 6-8pm
(Upper Tukituki gravel specific meeting 4.30-5.30pm)
CHB Town Hall, Kenilworth Street, Waipawa

Hastings – 22 April, 6-8pm
Karamū High School, Windsor Avenue, Hastings

Wairoa – 27 April, 6-8pm
War Memorial Hall, 97-103 Queen Street, Wairoa

Napier – 28 April, 6-8pm
Council Chamber, 159 Dalton Street, Napier

Or join us on **Facebook Live** – 21 April, 6-8pm
[facebook.com/HBRegionalCouncil](https://www.facebook.com/HBRegionalCouncil)

Can we come to your meeting?

Ask us along to your own events, it might be a Rotary meeting, a community group, or business event – we'll be happy to come and share our plan, talk about our proposals and answer any questions. Call **06 835 9200** and ask for **Rebecca Ashcroft-Cullen**.

Ways to tell us what you think:

Online: Have your say. Give us your feedback instantly by going to **[hbrc.govt.nz](https://www.hbrc.govt.nz)**.

In person: Come and see us at one of our events, or we can come to talk to your group at a time that works for you.

Social media: We will post regularly on Facebook. The comments you make on these posts will be part of our decision-making process. Go to **[facebook.com/HBRegionalCouncil](https://www.facebook.com/HBRegionalCouncil)**.

In writing: Email your paper submission form to **ourplan@hbrc.govt.nz** or post it to
Long Term Plan
c/- Hawke's Bay Regional Council
Private Bag 6006, Napier 4142

Did we leave anything out?

If you have any questions, call **06 835 9200** or drop an email to **ourplan@hbrc.govt.nz**.

Go to **[hbrc.govt.nz](https://www.hbrc.govt.nz)** for everything you need, including our financial and other supporting information, and how to have your say online – **it's easy.**


HAWKES BAY
REGIONAL COUNCIL

TE KAUNIHERA Ā-ROHE O TE MATAU-A-MĀUI