Meeting of the Corporate and Strategic Committee

Date: 18 Aug 2021

Time: 9.00am

Venue: Council Chamber
Hawke's Bay Regional Council
159 Dalton Street
NAPIER

Agenda

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HAWKE'S BAY REGIONAL COUNCIL

CORPORATE AND STRATEGIC COMMITTEE

18 August 2021

Subject: FOLLOW-UPS FROM PREVIOUS CORPORATE AND STRATEGIC COMMITTEE MEETINGS

Reason for Report

1. On the list attached are items raised at previous Corporate and Strategic Committee meetings that staff have followed up on. All items indicate who is responsible for follow up, and a brief status comment. Once the items have been reported to the Committee they will be removed from the list.

Decision Making Process

2. Staff have assessed the requirements of the Local Government Act 2002 in relation to this item and have concluded that, as this report is for information only, the decision-making provisions do not apply.

Recommendation

That the Corporate and Strategic Committee receives and notes the "Follow-up Items from Previous Meetings".

Authored by:

Leeanne Hooper
TEAM LEADER GOVERNANCE

Approved by:

Desiree Cull
STRATEGY & GOVERNANCE MANAGER

Attachment/s

1⇩ Follow-ups from Previous Corporate & Strategic Committee Meetings

Follow-ups from Previous Corporate and Strategic Committee Meetings

Meeting held 19 May 2021

	Agenda Item	Follow-up / Request	Responsible	Status Comment
1	Organisational Performance Report for Period 1 January to 31 March 2021	Investigate opportunities for tangata whenua Committee members to access and use the Organisational Performance dashboard	D Cull/ L Hooper	This will be considered for the next triennium, incorporated into the way Council delivers support for all tangata whenua representatives on Council committees
2	LTP IT Work Programme Delivery	Corporate Plan implementation	J Ellerm A Siddles	To be presented to a future C&S meeting

HAWKE'S BAY REGIONAL COUNCIL

CORPORATE AND STRATEGIC COMMITTEE

18 August 2021

Subject: CALL FOR MINOR ITEMS NOT ON THE AGENDA

Reason for Report

1. This item provides the means for committee members to raise minor matters relating to the general business of the meeting they wish to bring to the attention of the meeting.
2. Hawke's Bay Regional Council standing order 9.13 states:
   2.1. "A meeting may discuss an item that is not on the agenda only if it is a minor matter relating to the general business of the meeting and the Chairperson explains at the beginning of the public part of the meeting that the item will be discussed. However, the meeting may not make a resolution, decision or recommendation about the item, except to refer it to a subsequent meeting for further discussion."

Recommendations

3. That the Corporate and Strategic Committee accepts the following "Minor Items Not on the Agenda" for discussion as Item 13.

Topic	Raised by

Leeanne Hooper
GOVERNANCE TEAM LEADER

James Palmer
CHIEF EXECUTIVE

HAWKE'S BAY REGIONAL COUNCIL

CORPORATE AND STRATEGIC COMMITTEE

18 August 2021

Subject: REPORT & RECOMMENDATIONS FROM THE 4 AUGUST 2021 FINANCE AUDIT AND RISK SUB-COMMITTEE MEETING

Reason for Report

1. The following matters were considered by the Finance, Audit and Risk Sub-committee (FARS) meeting on 4 August 2021 and are now presented for the Committee's consideration alongside recommendations to the Corporate and Strategic Committee and any additional commentary the Sub-committee Chair wishes to offer.

2. The purpose of the Finance, Audit and Risk Sub-committee, in accordance with its Terms of Reference, is to report to the Corporate and Strategic Committee (C&S) to fulfil its responsibilities for:

   2.1. The provision of appropriate controls to safeguard the Council's financial and non-financial assets, the integrity of internal and external reporting and accountability arrangements

   2.2. The review of Council's revenue and expenditure policies and the effectiveness of those policies

   2.3. The independence and adequacy of internal and external audit functions

   2.4. The robustness of risk management systems, processes and practices

   2.5. Compliance with applicable laws, regulations, standards and best practice guidelines

   2.6. Monitor the performance of Council's investment portfolio.

Agenda items

3. The **Risk Management Maturity Update** item provided an update on progress made to implement Council's risk maturity roadmap and requested the Sub-committee consider re-setting the Project Plan baseline due to the initial risk maturity project plan being quite ambitious and the Risk and Compliance Manager role being vacant for four months. The next steps and focus for staff for the first quarter of the 2021-22 financial year are to:

   3.1. Finalise the 'draft' risk appetite statement with councillors

   3.2. Finish the remaining enterprise risk bowties through risk workshops

   3.3. Identify the critical controls for all enterprise risks through workshops, and

   3.4. Reset the baseline of the Risk Management Maturity Project Plan.

4. The Sub-committee agreed to re-set the Project Plan baseline, resolving:

   4.1. Confirms that the management actions undertaken and planned adequately respond to the risk management maturity roadmap as endorsed by Hawke's Bay Regional Council on 24 June 2020

   4.2. Supports the reset of the baseline for the Risk Management Maturity Project with the new deliverable dates of the reset plan to be provided to the next meeting for endorsement.

5. The **Internal Assurance Programme** item provided an update on progress, via two dashboards, to deliver previously reported internal audit 'corrective actions', and the 2021-22 annual internal audit plan, including an overview of progress made to achieve the corrective actions against agreed milestones as impacted by the Risk and Compliance Manager role being vacant for four months.

6. The **Internal Audit Report – Talent Management** item provided the Crowe report on the Talent Management internal audit. The report's findings and recommendations were accepted by staff and timeframes for implementing the recommendations inserted as 'Management Comments'. Each management action from the internal audit will be tracked and reported to FARS through the *Internal Audit Dashboard – Corrective Actions Status Update*. Through discussions, the importance of having a People and Capability Strategy (P&C Strategy) was agreed and proposed that interim measures to track and report risks and priorities over the next 6-12 months be developed. In addition, the P&C Manager, Liana Monteith, will provide a summary of P&C strategic aims, high risk areas and any interim 'retention' measures undertaken. The Sub-committee resolved:

   6.1. That the Finance, Audit and Risk Sub-committee receives and considers Crowe's "Internal Audit Report – Talent Management", including the key management actions added by Staff in response to the report's recommendations.

   6.2. Notes the intention of staff to present a *People and Capability Strategy* to the Finance, Audit and Risk Sub-committee by the end of the 2021 calendar year.

   6.3. Requests that staff provide a summary, to FARS, of interim measures to manage recruitment risks.

7. The **2020-21 Annual Report Audit Plan** item provided an update on the likely timing for the Audit of Council's 2020-21 Annual Report, advising that legislation has extended the statutory deadline for the completion of the audited 2020-21 Annual Report by 2 months, to 31 December 2021. Staff have been given 11 October (6 weeks later than previously scheduled) as the new commencement date for the audit process. As a result, an additional meeting of the FARS will be scheduled in early December to recommend the Annual Report to Council for adoption.

8. The **2020-21 Annual Treasury Report** item reported on the performance of Council's investment portfolio, highlighting:

   8.1. Council's investment returns have exceeded expectations with a strong performance for management funds for the Financial Year ending 30 June 2021

   8.2. Dividends exceeded the revised budget by $2.2m and due to improved returns, the planned borrowing to supplement an expected investment revenue shortfall of $4.6m was not required

   8.3. Apart from a variance in the Jarden's fund allocations against the SIPO Council is compliant with all policy parameters as at 30 June 2021.

9. The **Six Monthly Enterprise Risk Report** item was considered in Public Excluded session, and covered:

   9.1. Council's enterprise risks and risk descriptions

   9.2. the inherent and residual risk ratings for each enterprise risk

   9.3. the overall control assessment and control corrective actions for each enterprise risk

   9.4. supporting risk information that may impact Council's risk profile, including a regulatory/legal update, business incidents, internal audits, material internal change projects and emerging issues or uncertainties.

Decision Making Process

10. Staff have assessed the requirements of the Local Government Act 2002 in relation to this item and have concluded that, as all items were specifically considered at the Sub-committee level this item is for information only and the LGA decision making provisions do not apply.

Recommendations

1. That the Corporate and Strategic Committee receives and notes the report and recommendations from the 4 August 2021 Finance, Audit and Risk Sub-committee, including:

Risk Management Maturity Update

1.1. Reports to the Corporate and Strategic Committee, the Sub-committee's satisfaction that adequate evidence has been provided of progress to implement the maturing risk management system in accordance with the risk maturity roadmap

Internal Assurance Programme

1.2. Reports to the Corporate and Strategic Committee, the Sub-committee's satisfaction that the Internal Assurance Programme Update provides adequate evidence of the adequacy of Council's internal assurance functions and management actions undertaken or planned respond to findings and recommendations from completed internal audits.

Internal Audit Report – Talent Management

1.3. That the Finance, Audit and Risk Sub-committee receives and considers Crowe's "Internal Audit Report – Talent Management", including the key management actions added by Staff in response to the report's recommendations.

1.4. Notes the intention of staff to present a *People and Capability Strategy* to the Finance, Audit and Risk Sub-committee by the end of the 2021 calendar year.

1.5. Requests that staff provide a summary, to FARS, of interim measures to manage recruitment risks.

2020-21 Annual Report Audit Plan

1.6. That the Finance, Audit and Risk Sub-committee receives and considers the "2020-21 *Annual Report Audit Plan*" staff report.

2020-21 Annual Treasury Report

1.7. That the Finance, Audit and Risk Sub-committee receives and notes the "2020-21 Annual Treasury Report".

Six Monthly Enterprise Risk Report

1.8. Reports to the Corporate and Strategic Committee, the Sub-committee's satisfaction that the *Six Monthly Enterprise Risk Report* provides adequate evidence of the robustness of Council's risk management policy and framework and progress to implement the maturing risk management system.

2. The Finance, Audit and Risk Sub-committee recommends that the Corporate & Strategic Committee:

2.1. Agrees that the decisions to be made are not significant under the criteria contained in Council's adopted Significance and Engagement Policy, and that the Committee can exercise its discretion and make decisions on this issue without conferring directly with the community or persons likely to have an interest in the decision.

Risk Management Maturity Update

2.2. Agrees to reset the baseline of the supporting Risk Management Maturity Project Plan to implement the roadmap as proposed.

Authored by:	**Approved by:**
Annelie Roets **GOVERNANCE ADVISOR**	**Helen Marsden** **RISK AND CORPORATE COMPLIANCE MANAGER**

Attachment/s There are no attachments for this report.

HAWKE'S BAY REGIONAL COUNCIL

CORPORATE AND STRATEGIC COMMITTEE

18 August 2021

Subject: TERRITORIAL LOCAL AUTHORITY (TLA) COMPLIANCE PROGRAMMES

Reason for Report

1. This report summarises the compliance programmes in place for engaging and managing consented and permitted activity discharges/land uses by the main Territorial Local Authorities (TLAs) in the Hawke's Bay region, Central Hawke's Bay District Council (CHBDC), Hastings District Council (HDC), Hawke's Bay Regional Council (HBRC), Napier City Council (NCC) and Wairoa District Council (WDC).
2. This report has been prepared to provide Council with confidence that the Compliance Section has a robust and effective strategy in place to ensure TLA compliance with national regulations and regional rules for the protection of our natural and built environments.

Executive Summary

3. The HBRC Strategic Plan 2020-25 and the Regional Resource Management Plan set clear environmental goals and specific actions that will be undertaken to meet them.
4. The HBRC TLA compliance programmes focus on three main methods of achieving compliance with regional and national legislation:
   - 4.1. Compliance promotion
   - 4.2. Resource Consent and Permitted Activity Monitoring, and
   - 4.3. Enforcement Action.
5. The HBRC Compliance group has been provided additional resource through the HBRC 2021-31 long term plan. An additional 6.5 FTE over three years with 2 FTE dedicated to TLA compliance programmes will increase the level of engagement, monitoring, and enforcement action.
6. A review of the Compliance Monitoring Strategy is currently being undertaken to set direction for the next 5 years.

Strategic Fit

7. All activities undertaken as part of the HBRC TLA compliance programmes are in accordance with the Ministry for the Environments 'best practice guidelines for Compliance, Monitoring and Enforcement under the Resource Management Act 1991' (2018).
8. The HBRC Strategic Plan 2020-25 highlights four focus areas including water, land, biodiversity and infrastructure & Services. Our TLA compliance programmes predominantly address the quantity and quality of fresh and marine water.
9. Specifically, the TLA compliance programmes contribute towards achieving the following stated strategic goals:
   - 9.1. By 2030, all popular Hawke's Bay swimming sites are swimmable 80% of the time, and 90% of the time by 2040
   - 9.2. By 2050, there is an increasing trend in the life-supporting capacity of all of the region's degraded rivers and major streams

9.3. By 2050, there are 50% less contaminants from urban and rural environments into receiving waterbodies.

10. To achieve these goals, the Strategic Plan 2020-25 outlines certain actions including:

10.1. Working with stakeholders in high risk areas to design viable solutions

10.2. Invest in systems and infrastructure

10.3. Ensure efficiency of water use.

11. In addition to the Strategic Plan 2020-25, the HBRC Regional Resource Management Plan (RRMP) specifies certain monitoring, enforcement, and educational activities to ensure the strategic goals are achieved. Specifically:

11.1. Policy 56 – Role of Non-Regulatory Methods states that HBRC shall act as a facilitator between territorial authorities, the community, and infrastructure agencies to address and resolve issues that arise from the maintenance and development of infrastructure such as three waters, roading and solid waste

11.2. Section 4.2.4(g) states that HBRC will hold resource user group liaison meetings with key stakeholders on a regular basis

11.3. Section 4.3 – Liaison with Local Authorities, describes the initiatives that HBRC will implement to promote the sustainable management of the environment specifically with regard to joint responsibilities between HBRC and other local authorities. This includes statutory advocacy, joint hearings, communication, transfer of powers, protocols, contacts database, overlap issues, liaison with Tangata Whenua and a contaminated sites database.

12. The TLA compliance programmes incorporate the stated actions from the 2020-25 Strategic Plan and the activities from the Regional Resource Management Plan (RRMP) where relevant to the compliance function. Some functions are undertaken by other sections of Council including catchment management, asset management, consents, planning policy and projects.

Background

13. This report details HBRC's engagement, monitoring and enforcement of national and regional regulations in relation to TLA activities. The report details how HBRC are meeting the obligations of HBRC RRMP Policy 56 as set out above.

14. Annual compliance reports presented to Council have specifically addressed TLA compliance with resource consents, but does not directly address engagement and compliance programmes that are not captured by incident or consent compliance reporting.

Discussion

15. The HBRC TLA compliance programmes focus on three main methods of achieving compliance with regional and national legislation: Compliance promotion, Resource consent and Permitted activity monitoring, and Enforcement action.

16. **Compliance promotion** activities include education, engagement, and enablement. HBRC engage with TLAs through stakeholder meetings, resource user groups, regular meetings between managers and operational staff. Providing a forum for unguarded discussion of resource management issues, sharing of knowledge between TLAs, and communication of expectations. This approach is an essential component of the HBRC compliance framework and is recommended best practice.

17. Regular meetings and engagement occur with the Regional CE's monthly meeting. Regular meetings between the region's group managers have been a recent initiative and has been implemented to increase communication of issues/pressures between HBRC and TLAs at an executive level. Formal submissions on each of the TLA's Long Term Plans and Resource Management Act (RMA) Plans is also a focus for engagement.

18. Drinking water catchment meetings are regularly held as part of the consenting process and all local authorities meet as part of the Hawke's Bay Drinking Water Governance Joint Group and associated Joint Working Group (technical) that was established following the Havelock North event. We have protocols in place for TLA water takes, including notification of spills, discharge consents and other issues within source protection zones.

19. Stormwater working group meetings are held quarterly with both Hastings District Council (HDC) and Central Hawke's Bay District Council (CHBDC) and is open to other teams within Council including asset management, policy and consents. These meetings allow for regional issues, upcoming work programs, and any compliance concerns to be discussed and addressed to ensure compliance is maintained.

20. TLA and HBRC solid waste officers regularly meet at regional waste officers' forums to discuss waste, transfer stations, waste minimisation, issues with landfills, and problematic waste streams. This provides a forum to discuss compliance issues and solutions between operators to reduce incidents. For hazardous substances, there are agreed protocols in between TLAs for the management of asbestos (2018) and collection of household hazardous wastes.

Resource consent and permitted activity monitoring

21. The consented discharges of stormwater, wastewater, solid waste, and takes of drinking water, from towns and cities within the region present the significant environmental risk.

22. Every resource consent is assigned a monitoring priority based on likelihood and consequence of environmental damage; public interest is also taken into account when determining the monitoring priority of a given activity. Historically, consents and permitted activities have been graded 1 (high priority), 2 (medium priority), or 3 (low priority) with priority 1 activities requiring annual visits.

23. A review of the priority system was completed in June 2021. The review identified the need to further prioritise certain regionally significant consents such as municipal wastewater and stormwater or significant commercial operations. These activities are subject to multiple inspections and reporting requirements through the year. The HBRC 2021-31 LTP set level of service measurements for HBRC to monitor 100% of these significant activities and 90% of other consents in recognition of this greater focus. For 2020-21, 100% of these consents were monitored.

24. Some TLAs are required to hold stormwater working groups with users of the network and receiving environments as well as undertake regular community education programs. Regular monitoring of quality and modelling of quantity is required by most stormwater consents and is assessed by internal or external expertise where required. The TLA stormwater consents detail reporting and response protocols for incidents that may lead to stormwater contamination. These include immediate notification, responsibilities, reporting requirements and follow up actions. TLA compliance with stormwater consent conditions is monitored frequently and reported to Council in the annual CME report. Significant events or non-compliance is reported to the executive and Council as required.

25. With regards to wastewater consents, both HDC and Napier City Council (NCC) have established tāngata whenua working groups. All TLAs are experiencing similar issues of ageing systems at or near capacity, with often significant infiltration concerns. Incidents and management of each plant is undertaken in accordance with the consent which includes reporting and liaison requirements.

26. HBRC compliance staff undertake regular visits including in response to incidents within the network. TLA staff have increased their response capacity and scale in recent years, but our compliance work is focussing more on ensuring sufficient preventative action is taken. To increase community awareness and engagement, the consent conditions require the TLAs to hold plant open days for the wider community.

27. Drinking water consents held by TLAs are all telemetered which allows for accurate and timely monitoring of flow and volume limits. Significant progress has been made in relation

to bore security over the past two years with all TLAs bore meeting the requirements or decommissioned. Water quality is not regulated by HBRC with the exception of chlorine concentrations if drinking water is discharged to the environment.

28. Other consents include land use and roading consents which generally have a lower monitoring priority than three waters consents. Earthworks and stormwater discharges during roading projects is monitored before, during, and after works by compliance officers and consents require approval of plans and notification prior to commencement of works.

29. **Enforcement actions** undertaken by monitoring staff for breaches of resource consent conditions, or by our enforcement team for breaches of permitted activity conditions or the resource management act, is used when other methods of gaining compliance have not been successful, or where the offence has resulted in environmental damage.

30. Punitive enforcement actions include formal warnings, infringement notices, and prosecutions depending on the level of offending. Directive enforcement action includes enforcement orders and abatement notices that can be used to require TLAs to take or cease actions in order to protect the environment. HBRC may consider a combination of punitive and directive enforcement actions depending on the situation and the desired outcome. The enforcement action is determined in accordance with the HBRC enforcement policy that ensures proportional and consistent hierarchy of actions.

31. Joint enforcement action is also used for investigations of incidents where both the HBRC compliance team and the TLA are acting as regulators, such as urban stormwater incidents.

32. Table 1 below summarises the number of incidents and formal enforcement action taken by HBRC against TLAs in 2019, 2020, and 2021. Figures are for the 12-month period to 30 June of each year.

Table 1. Temporal summary of incident and enforcement action against TLAs

	Year (Ending 30 June)		
Enforcement Type	**2020**	**2021**	**Year to date**
Incident	19	55*[1]	2
Formal Warning	0	1	0
Infringement Notice	6	13	0
Abatement Notice	7	1	0
Enforcement Order	0	0	0
Prosecution	0	0	0

**[1] 37 of these incidents relate to odour from the WDC and HDC/NCC landfills.*

Next Steps

33. Officers intend to increase our TLA compliance programmes through additional monitoring staff, increasing our collaborative initiatives, non-regulatory engagement and education, and undertaking a review of the Compliance Monitoring Strategy ensuring our resources are being allocated in the most efficient and effective manner.

34. Discussions have been initiated with Napier City Council on how the two organisations Pollution and Enforcement officers might better collaborate. It is possible to create more efficient use of resources particularly in regard to illegal industry discharges to the stormwater and the lack of deterrents available to the TLAs on prosecution under bylaws such as Trade Waste Bylaws. A Memorandum of Understanding is to be developed and agreed between the two organisations that will detail the working relationships and roles and responsibilities in these situations. It is anticipated that similar Memorandum of Understanding (MOU) can also be developed and agreed with HDC, Wairoa District Council (WDC) and CHBDC.

35. Staffing levels will increase by 6.5 FTE within the Compliance section over the next three years. It is anticipated that 2 FTE for compliance monitoring and engagement with TLA

three waters activities. Focus will be on discharges from municipal stormwater and wastewater infrastructure and the capabilities and desire of TLAs to monitor and enforce relevant bylaws.

36. The compliance team will continue to facilitate regional collaboration on regional education programs and encourage the establishment of industry groups for municipal stormwater and wastewater operators within the Hawke's Bay region.

37. We are currently undertaking a review of the Compliance Monitoring Strategy for 2021-2026.

List of Reference Groups/Meetings

38. Table 2 below provides a summary of relevant resource user groups, committees, and working groups that have been established to improve the environmental and cultural outcomes of resource use within the Hawke's Bay region.

Table 2: Hawkes Bay relevant resource user groups, committees, and working groups

Reference Group	Resource Type
Joint Drinking Water Governance Group,	Drinking water
Joint Drinking Water Working Group (technical)	Drinking water
NCC Stormwater Working Group	Stormwater
HDC Stormwater Project Steering Group	Stormwater
CHBDC Stormwater Project Steering Group	Stormwater
Regional Waste Officers Forum	Solid Waste
NCC Tangata Whenua Working Group	Wastewater
HDC Tangata Whenua Wastewater Joint committee	Wastewater

Decision Making Process

39. Staff have assessed the requirements of the Local Government Act 2002 in relation to this item and have concluded that, as this report is for information only, the decision making provisions do not apply.

Recommendation

That the Corporate and Strategic Committee receives and notes the "*Territorial Local Authority (TLA) Compliance Programmes*" staff report.

Authored by:

Jack Blunden
TEAM LEADER COMPLIANCE - URBAN & INDUSTRIAL

Rob Hogan
MANAGER COMPLIANCE

Approved by:

Katrina Brunton
GROUP MANAGER POLICY & REGULATION

Attachment/s

There are no attachments for this report.

HAWKE'S BAY REGIONAL COUNCIL

CORPORATE AND STRATEGIC COMMITTEE

18 August 2021

Subject: 2020-21 ANNUAL INTERIM RESULTS AND CARRY FORWARDS FOR 2020-21

Reason for Report

1. This item provides the Corporate and Strategic Committee with interim financial results for the 2020-21 financial year to 30 June 2021, prior to audit, and requests to carry forward expenditure budgets from 2020-21 to 2021-22.

Officers' Recommendations

2. Council officers recommend that the Committee receives the interim financial results and recommends to Council the approval of the budget allocations for carry forward to the 2021-22 financial year as proposed.

Executive Summary

3. The FY20-21 annual plan budget was revised in response to the Covid-19 pandemic. It includes conservative forecasting for investment income, in particular the uncertainly around the economy and financial markets at the time of preparation and adoption.
4. As reported to the Finance, Audit and Risk Sub-committee (FARS) the audit of the 2020-21 annual report is not expected to commence until October, with adoption scheduled for December 2021 (prior to the new statutory deadline of 31 December).
5. The end-year financial statements presented with this report are likely to change as officers refine information as part of the audit process.
6. Overall 2020-21 produced a pleasing result, with investment returns in particular significantly ahead of the Covid-19 adjusted Annual Plan budget. As usual there are unders and overs across the various Council activities, however, the overall result, based on the interim calculations, is positive.

Comprehensive Revenue and Expense – Schedule A

7. The operating deficit of $8.7m is greater than the forecast deficit of $4.4m due to the inclusion of a new provision of $21.7m provision linked to the ACC agreement signed in 2013.
8. Excluding the provision delivers a $13m operating surplus for the year against a budgeted Annual Plan deficit of $4.4m.
9. Realised and unrealised gains from the managed funds totalled $14.7m compared to a budget of $9.5m and dividends from HBRIC totalled $5.2m compared to a budget of $3m.
10. Fair value gains from investment property, forestry crops, carbon credits returned a gain of $14.2m compared to a budget forecast of $3.1m (see first 2 tables in Schedule C).
11. The valuation of HBRIC decreased by $11.5m due to the drop in the Napier Port Holdings share price compared to a forecast growth of $37.9m (the budget was incorrectly recorded against intangible assets in the 2020-21 Annual Plan).
12. Total other comprehensive revenue and expense showed a deficit of $6.2m compared to a budget surplus of $41.1m due to the changes in valuations referred to in paragraphs 10 and 11.

Other Commentary

13. The balance sheet reflects the capital expenditure and valuation adjustments and the draw down of $16.3m in new debt.
14. Operating expenditure across the groups of activities was $1.1m below the carry forward adjusted budget and operating income was $1.6m above budget. The net funding requirement from general rates and investment income was favourable down by $0.9m.
15. Capital expenditure was $5.3m below the adjusted budget and income was $0.8m ahead of budget. The net funding requirement was favourable down by $0.7m.
16. Shovel ready projects not included in the Annual Plan budgets provided an additional $2.15m capital and $300k operating expenditure with an additional $1.8m in external funding.
17. Group Managers have requested to carry forward $3.1m of budgeted operating expenditure and $9.9m of budgeted capital expenditure.

Background to the Commentary

18. The FY2020-21 annual plan budget was revised in response to the Covid-19 pandemic. It includes conservative forecasting for investment income in-particular the uncertainly around the economy and financial markets at the time of preparation and adoption.
19. All revenue and expenditure accrued (carried forward) at the end of the 2019-20 financial year has been recognised in the 2020-21 actuals.
20. All revenue and expenditure accruals at the end of the 2020-21 financial year are included in the results.

Operating Income and Expenditure to 30 June (Schedule B)

Groups of Activities

21. Expenditure is at 98% ($1m less than budget) across all activities.
    21.1. Transport is 26% ($1.5m) over budget due to the increased costs associated with the operation of the bus service and reduced fee revenue. The increased costs and reduced covid related fee revenues are met by NZTA Waka Kotahi subsidies with the overall result being a minor decrease in the net funding requirement.
22. Income is 5% ($1.6m) above budget due, primarily to the additional funding from NZTA for Transport.

Regional and Other Income

23. Net Income from managed funds is 79% ($4.4m) ahead of budget reflecting returns exceeding the conservative, Covid-19 adjusted plan.
24. HBRIC Dividends for FY20-21 were 73% ($2.2m) ahead of budget due to the improved results and dividends from Napier Port and HBRIC's managed funds.
25. Net revenue (rental income less fees due to ACC) from Endowment Leasehold Rent is $94km ahead of budget. Total rental income was $258k below budget due to the freeholdings since the budget was set.
26. $829k was paid to ACC as their share of the gain in the value of those properties freeholded in 2020-21. When a tenant freehold the property, ACC receives the net present value of the future unpaid rent plus two-thirds of the difference between that amount and the sale price of the freehold (less sales costs).

Fair Value Movements (Schedule C)

27. Investment Property grew by $9.1m ($6.7m ahead of budget) reflecting the performance of the property market and a reduced discount rate.
28. The valuation of the forestry investments comprising both crops and carbon credits grew by $5.1m ($4.4m ahead of budget). The price of carbon credits has increased from $31.90

to $43.45 per unit during the year.

29. The value of financial assets showed a reduction in the value of HBRIC by $11.5m due to the drop in the share price from $3.60 to $3.40 of Napier Port Holdings Limited offset by the performance of the managed funds returning an unrealized gain of $3.9m.

30. The growth in the value of the Endowment Leasehold Properties has triggered the addition of a $21.7m provision to reflect the share of the sale price of these properties that would have to be paid to ACC. This is a new provision to adjust the value of our Napier leasehold land down to the amount HBRC is likely to receive. Our auditors will be reviewing this calculation as part of the 2020-21 audit process.

Capital Expenditure to 30 June (Schedule D)

31. Capital Expenditure across the group of activities is at 78% of budget:

    31.1. IT projects are $1.4m below budget due to delays in recruiting appropriately qualified resources to gather requirements and manage projects.

    31.2. Asset Management is $2.9m below budget due to delays in projects (Clive River dredging awaiting consents), further work on design deferring expenditure, renewal work not being required as the assets were in better condition than anticipated, and resources being prioritized on other work.

    31.3. Integrated Catchment Management expenditure is 13% ($1.3m) ahead of budget due to the continued success of the Sustainable Homes programme which is $3.5m ahead of its budget offsetting reduced expenditure in the Ruataniwha Groundwater Modelling, 3D Aquifer Mapping (SkyTEM) and LiDAR mapping projects caused by delays and unavailability of resource. Carry forward requests have been included for these projects.

    31.4. Regional Income capital expenditure is behind budget by $2.3m. An unbudgeted $600k was spent on bridging and roadworks in the Tutira forestry blocks to permit harvesting. The Regional Water Security Scheme remains underspent due to earlier Covid-19 related impacts and the availability of technical expertise both internally and externally. While solid technical progress is being made on the Central Hawkes Bay Managed Aquifer Recharge pilot project and Heretaunga Water Security upper catchment investigations, attempts to initiate early mana whenua engagement in accordance with HBRC's undertakings to iwi leaders through the Waiwhakaata forum have either failed (Te Tua project) or resulted in delays (Central Hawkes Bay Managed Aquifer Recharge Cultural Impact Assessment).

    31.5. Property, Plant and Equipment purchasing is at 55% of budget ($2.5m under). $1.9m variance relates to the timing of the accommodation project. Building work has begun on the Station Street office and the $2m allocated to this project is expected to be spent by the end of 2021-22 but will be dependent on the availability of architects and builders.

Balance Sheet (Schedule E)

32. Non-Current Assets have decreased by $4.1m from prior year. This comprises increases in Property, Plant and Equipment, Infrastructure Assets and Intangible Assets as a result of the capital work programme, fair value movements affecting Intangible Assets, Investment Property, Forestry Assets and Financial Assets plus an increase in Financial Assets through an additional $3.9m in Community Loans (Clean Heat and Sustainable Homes programme).

33. Current Assets have increased by $1.9m from prior year predominantly due to a $1.6m increase in cash held at year end.

34. Fair value reserves have decreased by $6.2m due to the changes in fair value of the carbon credits, HBRIC shareholding and unrealized gains in managed funds.

35. Accumulated funds have decreased by $7.5m due to the changes in reserves and the forecast operating deficit of $11.6m.

36. Non-current Liabilities have increased by $12.1m following the drawdown of $16.3m in new debt, repayment of $3.1m in existing debt, and reduction in other liabilities (including the ACC rent provision) by $1m.

Other Information (Schedule F)

37. Rates receivables are marginally up from June 2020, but rates payments received in advance has increased by $1.3m as additional ratepayers pay by direct debit (which is collected in advance) and sustainable homes participants pay, on average, 6 months in advance prior to the issuance of the rates demand.

38. Accounts Payable has increased compared to the same period prior year due to the growth in the work programme and the additional costs from the external contractors.

Carry Forward requests to add budgets to 2021-22

39. Carry Forwards is a common practice within Councils and allows for unspent funds against projects to be moved forward so that projects can be completed. These include the funding of final costs of projects and contracts that were unable to be completed by the financial year end and the carry forward of external income received for specific projects. Officers have compared the carry forwards against the spend in 2020-21 and against the 2021-22 budgets to ensure they are required:

40. The funding types are categorized below:

    40.1. General funding is from General Rates which includes investment income

    40.2. Reserve funding is from targeted rates that have flowed through to Reserves and funding from Reserves

    40.3. External is external funding received for specific projects

    40.4. Debt is for debt funding not drawn down this year and is covered by interest and principal repayments that are already included in the LTP.

Operating Expenditure Carry Forward Requests

		Source of Funds			
Project	**Request**	**General**	**Reserve**	**External**	**Debt**
Policy & Regulation					
191 - Regional Coastal Plan	121,925	121,925			
192 - Strategy & Planning	233,007	233,007			
Asset Management					
240 - Makara Flood Control Scheme	44,693		44,693		
322 - Coastal Processes	96,341	96,341			
ICM					
312 - Tukipo Wetland	41,000			41,000	
339 - Land Science Research & Investigations	40,000	26,000		14,000	
354 - Whakaki Lake Protection & Enhancement	269,422	269,422			
379 - Erosion Control Scheme	1,275,511				1,275,511
662 - Biodiversity	374,440			374,440	
Recovery Funding	600,000				600,000
Total	3,096,649	747,005	44,693	429,440	1,875,511

191 Operating - Regional Coastal Plan

41. Policy & Regulation seeks to carry forward $121,925 to fund the delayed review of the Regional Coastal Environmental Plan. This work has been delayed as the Senior Policy Planner has been delivering the Regional Land Transport Plan and TANK (Tūtaekurī, Ahuriri, Ngaruroro and Karamū) hearings, while acting as the Transport Manager until the organisational structure review was completed.

    41.1. Financial Assessment: Project 191 was underspent by $121,925 in general funding which could be carried forward. Policy & Regulation are requesting total carry

forward of $354,932 across their projects against a general funding underspend of $198,993.

41.2. Recommendation: That Council approves the carry forward of $121,925 in general funding.

192 Operating – Strategy & Planning

42. Policy & Regulation seeks to carry forward $233,007 to cover forecast expenditure to complete the TANK (Tūtaekurī, Ahuriri, Ngaruroro and Karamū) hearings. The hearings have not closed, and the work associated with an extra 1-2 hearing days will require additional financial support for the commissioners, legal advice, internal time, potential caucusing and expert advice/input, meeting expenses etc.

42.1. Financial Assessment: Project 192 was underspent by $254,854 in general funding which could be carried forward. Policy & Regulation are requesting total carry forward of $354,932 across their projects against a general funding underspend of $198,993.

42.2. Recommendation: That Council approves the carry forward of $254,854 in general funding.

240 Operating – Makara Flood Control Scheme

43. Asset Management seeks to carry forward $44,693 to cover the cost of the de-siltation of the Makara No. 4 dam.

43.1. Financial Assessment: Project 240 was underspent by $44,693 comprising $42,032 of targeted rates and $2,661 in general funding which could be carried forward. Asset Management underspent its general funding by $215,748.

43.2. Recommendation: That Council approves the carry forward of the budgeted expenditure.

322 Operating – Coastal Processes

44. Asset Management seek to carry forward $96,341 to cover the additional costs forecast for the Coastal Hazards Strategy in relation to project management, iwi engagement and transition planning. This is directly related to the proposal to transfer all responsibility for administration of the Coastal Hazards Strategy to HBRC (currently shared responsibility HBRC/NCC/HDC).

44.1. Financial Assessment: Project 322 was underspent by $96,341 in general funding which could be carried forward. Asset Management underspent its general funding by $215,748.

44.2. Recommendation: That Council approves the carry forward of the budgeted expenditure.

312 Operating – Tukipo Wetland

45. ICM seeks to carry forward $41,000 of external funding received from Fonterra as sponsorship of wetland development work that has not yet been completed. This funding should be carried forward, to satisfy our obligation to our external partner.

45.1. Financial Assessment: Project 312 had an underspend of $5,237 in general funding

45.1.1. Overall ICM underspent its general funding for operational expenditure by $16,497 ($380,000 underspend before a reduction in revenues from s36 charges) but seeks to carry forward a total of $724,422 of operational expenditure across all projects into 2021-22. Carrying forward the $41,000 would change the overall result to an overspend in general funding.

45.2. Recommendation: That Council approves the carry forward of the external funding.

339 Operating – Land Science Research

46. ICM seeks to carry forward $40,000 comprising $26,000 in general funding and $14,000 in external funding. The contractor's camera equipment used for the aerial riparian surveys is broken and the replacement has not arrived from Switzerland delaying the work.

    46.1. Financial Assessment: Project 339 had an underspend of $205,025 in general funding. As per the explanation in 45.1.1 carrying forward the $40,000 would change the overall ICM result to an overspend in general funding.

    46.2. Recommendation: That Council approves the carry forward of the external funding.

354 Operating – Whakaki Lake Protection & Enhancement

47. ICM seeks to carry forward $269,422 in general funding. Note that Council is in Deed with MfE for this project, which is part of the Freshwater Improvement Fund project. Per this Deed, we have committed a total of $1.6m over the life of this 5-year project. If we can't carry this funding forward, we will need to find funds from future budgets to meet our agreement, and to ensure we can still deliver this project.

    47.1. Financial Assessment: Project 354 had an underspend of $269,440 in general funding. As per the explanation in 45.1.1 carrying forward the $269,440 would change the overall result to an overspend in general funding.

    47.2. Recommendation: That Council approves the carry forward of the external funding.

379 Operating – Erosion Control Scheme

48. ICM seeks to carry forward $1,275,511 in debt funding.

    48.1. Financial Assessment: No impact to general funding in 2021-22 as the project is fully debt funded and the debt repayments have been included in future budgets.

    48.2. Recommendation: That Council approves the carry forward of the planned debt funding.

662 Operating – Biodiversity

49. ICM seeks to carry forward $374,440 in external funding from Te Uru Rakau. Te Uru Rakau 1 Billion Trees funding was received in 2020-21 for 88 planting projects, however, plantings have been delayed due to the dry conditions. This funding is 100% committed but will not be spent until July/August/Sept when groups send in evidence of plantings. As per the explanation in 45.1.1 carrying forward the $374,440 would change the overall result to an overspend in general funding. If we can't carry this funding forward, we will need to find funds from future budgets to meet our agreement, and to ensure we can still deliver this project.

    49.1. Financial Assessment: No impact to general funding in 2021-22 as the work is externally funded but there would be an impact on general funding in 2020-21.

    49.2. Recommendation: That Council approves the carry forward of the external funding.

Recovery Funding

50. ICM seeks to carry forward $600,000 from the recovery fund. The C&S committee approved $700,000 from the recovery fund for three ICM multi-year projects. $100,000 has been spent on the Tukipo wetland project, but the remaining two projects leveraging funds from the Department of Conservation (DoC) Jobs for Nature Private Land Biodiversity Fund, and the MFE Freshwater Improvement Fund for the Porangahau catchment group (a total of $300k each) will begin in 2021-22. Each project requires $100k per annum in 2021-22, 2022-23 and 2023-24 (i.e. a total of $200k per annum of debt funding).

    50.1. Financial Assessment: No impact to general funding in 2021-22 as the project is fully debt funded and the debt repayments have been included in future budgets.

50.2. Recommendation: That Council approves the carry forward of the planned debt funding.

Capital Expenditure Carry Forward Requests

		Source of Funds			
Project	Request	General	Reserves	External	Debt
Asset Management					
287 - Clive River Dredging	1,155,904		1,155,904		
291 - HPFCS - Napier/Meeanee/Puketapu	79,237		79,237		
ICM					
310 - Ruataniwha Groundwater Modelling	389,102				389,102
313 - Hydrodynamic Model	25,000				25,000
333 - 3D Aquifer Mapping (SkyTEM)	543,715				543,715
334 - LiDAR Mapping	410,493				410,493
Regional Income					
995 - Water Security	2,872,387		2,872,387		
IT					
913 - Systems Integration Projects	1,430,000				1,430,000
CAPEX					
IT Asset Purchases	577,000		427,000		150,000
Buildings	1,915,000				1,915,000
Monitoring Drilling	369,549				369,549
Science Equipment Purchases	136,500		86,500		50,000
Total	9,903,887		4,621,028		5,282,859

287 Renewal – HPFCS Flood and River Control

51. Asset Management seeks to carry forward $1,115,904 in targeted rates and reserve funding to complete the Clive River Dredging. This has been delayed due to resource consent issues.

51.1. Financial Assessment: No impact to general funding as this project is fully funded from the scheme reserve.

51.2. Recommendation: That Council approves the carry forward of the budgeted expenditure.

291 Renewal – HPFCS Flood and River Control

52. Asset Management seeks to carry forward $79,237 in targeted rates and reserve funding to upgrade the pump station building and complete some capital work to maintain operations in the interim. This work has been identified during engineering evaluations carried out in 2020-21.

52.1. Financial Assessment: No impact to general funding as this project is fully funded from the scheme reserve.

52.2. Recommendation: That Council approves the carry forward of the budgeted expenditure.

310 Capital – Ruataniwha Goundwater Modelling

53. ICM seeks to carry forward $389,102 in debt funded expenditure. This work is a critical part of the science decision support for Plan Change 6 implementation and the Kotahi Plan change, however, due to unavoidable delays, a carry forward is needed.

53.1. Financial Assessment: No impact to general funding in 2021-22 as the project is fully debt funded and the debt repayments have been included in future budgets.

53.2. Recommendation: That Council approves the carry forward of the budgeted expenditure.

313 Capital – Hydrodynamic Model

54. ICM seeks to carry forward $25,000 in debt funded expenditure. This funding is the final tranche towards a University of Waikato PhD project developing a hydrodynamic model of Hawke Bay coupled with sediment delivery.

    54.1. Financial Assessment: No impact to general funding in 2021-22 as the project is fully debt funded and the debt repayments have been included in future budgets.

    54.2. Recommendation: That Council approves the carry forward of the budgeted expenditure.

333 Capital – 3D Aquifer Mapping (SkyTEM)

55. ICM seeks to carry forward $543,715 in debt funded expenditure. Project milestones have been delayed with $400,000 for processing SkyTEM data and resistivity interpretation and $143,715 for additional data collection (GNS laboratory work).

    55.1. Financial Assessment: No impact to general funding in 2021-22 as the project is fully debt funded and the debt repayments have been included in future budgets.

    55.2. Recommendation: That Council approves the carry forward of the budgeted expenditure.

334 Capital – LiDAR Mapping

56. ICM seeks to carry forward $410,493 in debt funded expenditure. The timelines for delivery of mid-project milestones have slipped with Covid-19 impacting on the operation of the supplier undertaking the work. The mid-project milestones that were forecast to be completed during 2020-21 are expected to be reached during the first quarter 2021-22. It's currently forecast that the project will run through to December 2021.

    56.1. Financial Assessment: No impact to general funding in 2021-22 as the project is fully debt funded and the debt repayments have been included in future budgets.

    56.2. Recommendation: That Council approves the carry forward of the budgeted expenditure.

995 Capital – Water Security

57. Asset Management seeks to carry forward $2,872,387 in reserve funded expenditure. The programme remains behind schedule due to a combination of PGF application and contracting delays, Covid-19 delays and general internal and external capacity constraints.

    57.1. Financial Assessment: No impact to general funding in 2021-22 as the Council's portion of the funding is from the Long-term Investment Fund.

    57.2. Recommendation: That Council approves the carry forward of the budgeted expenditure.

913 Capital – System Integration Projects

58. IT seeks to carry forward $1,430,000 in budgeted expenditure. The programme has been funded from the asset replacement reserve and debt. The programme remains behind schedule due to the challenges recruiting suitable resources to perform the work.

    58.1. Financial Assessment: No impact to general funding in 2021-22 as the remaining project work is fully debt funded and the debt repayments have been included in future budgets.

    58.2. Recommendation: That Council approves the carry forward of the budgeted expenditure.

IT Asset Purchases

59. IT seeks to carry forward $577,000 in budgeted expenditure. The programme is funded from the asset replacement reserve and debt. This programme comprises a range of projects including rural aerial imagery (delayed by procurement issues with Hastings

District Council), various infrastructure replacement projects (meeting room technology, storage systems) that are taking longer than expected and other work on hold until the regional sector initiative is launched.

59.1. Financial Assessment: No impact to general funding in 2021-22 as the project is debt and reserve funded and the debt repayments have been included in future budgets.

59.2. Recommendation: That Council approves the carry forward of the budgeted expenditure.

Buildings

60. Corporate Services seeks to carry forward $1,915,000 in debt funded expenditure. The project to refurbish the Station Street offices, convert the Raffles Street building to a science lab and refurbish the Dalton Street offices has been delayed while staff and executive consultation was completed, and delays were incurred obtaining architects and builders due to the high demand in the market.

60.1. Financial Assessment: No impact to general funding in 2021-22 as the project is fully debt funded and the debt repayments have been included in future budgets.

60.2. Recommendation: That Council approves the carry forward of the budgeted expenditure.

Monitoring Drilling

61. ICM seeks to carry forward $369,549 in debt funded expenditure for the Ruataniwha state of the environment groundwater monitoring programme. Council has been unable to obtain drilling services until Aug/Sept 2021 due to the limited capacity of drilling companies. The programme of work will be completed by Dec 2021.

61.1. Financial Assessment: No impact to general funding in 2021-22 as the project is fully debt funded and the debt repayments have been included in future budgets.

61.2. Recommendation: That Council approves the carry forward of the budgeted expenditure.

Science Equipment Purchases

62. ICM seeks to carry forward $136,500 in budgeted expenditure. The programme is funded from the asset replacement reserve and debt. The replacement of data loggers has been delayed pending the outcome of the trial of a new model and the new sonde for the Esk catchment has been deferred to 2021-22.

62.1. Financial Assessment: No impact to general funding in 2021-22 as the project is funded from reserve and debt and the debt repayments have been included in future budgets.

62.2. Recommendation: That Council approves the carry forward of the budgeted expenditure.

Options Assessment

63. **Option 1**: Council approves the carry forwards from 2020-21 to 2021-22 to enable all the projects to be completed, service levels to be achieved, commitments to external organisations to be fulfilled and the future work to be funded.

64. **Option 2**: Council approves the carry forward of all non-general funded expenditure (i.e. targeted rate, reserve, debt and externally funded expenditure) with the general funded carry forward expenditure met through additional debt funding in 2021-22.

65. **Option 3**: Council does not approve the carry forwards and provides officers with guidance on which carry forwards, if any, should be approved.

Significance and Engagement Policy Assessment

66. In accordance with the Council's Significance and Engagement policy, this matter has been assessed as being of some importance. The projects to be completed and the funding requirements for future work affect the affordability of rates for future ratepayers.

Financial and Resource Implications

67. The interim financial results indicate that HBRC has underspent its general funding requirement by $7.3m.

68. To carry forward an additional $747k in general funding and $429k in external funding from 2020-21 to 2021-22 will reduce the surplus in 2020-21 to $6.1m.

69. Reserve and debt funded expenditure can be carried forward with no impact to general funding as this has been included in the LTP.

70. Funding from targeted rates will be automatically carried forward through the associated reserve to enable the funds to be drawn down to complete the work in subsequent years.

71. External funding may be used to meet a shortfall in the current year but general funding in 2021-22 will be required to meet the HBRC's obligations to the provider to complete the work or repay the funds.

Decision Making Process

72. Staff have assessed the requirements of the Local Government Act 2002 in relation to this item and have concluded:

    72.1. The decision does not significantly alter the service provision or affect a strategic asset, nor is it inconsistent with an existing policy or plan.

    72.2. The use of the special consultative procedure is not prescribed by legislation.

    72.3. The decision is not significant under the criteria contained in Council's adopted Significance and Engagement Policy.

    72.4. The persons affected by this decision are ratepayers of Council.

    72.5. Given the nature and significance of the issue to be considered and decided, and also the persons likely to be affected by, or have an interest in the decisions made, Council can exercise its discretion and make a decision without consulting directly with the community or others having an interest in the decision.

Recommendations

1. That the Corporate and Strategic Committee receives and considers the "*2020-21 Annual Interim Results and Carry Forwards for 2020-21*" staff report.

2. The Corporate and Strategic Committee recommends that Hawke's Bay Regional Council:

    2.1. Agrees that the decisions to be made are not significant under the criteria contained in Council's adopted Significance and Engagement Policy, and that Council can exercise its discretion and make decisions on this issue without conferring directly with the community or persons likely to have an interest in the decision.

    2.2. Approves the carry forward of all expenditure requests from the 2020-21 to the 2021-22 budget; being:

Operating Expenditure Carry Forward Requests

Project	Request	Source of Funds			
		General	Reserve	External	Debt
Policy & Regulation					
191 - Regional Coastal Plan	121,925	121,925			
192 - Strategy & Planning	233,007	233,007			
Asset Management					
240 - Makara Flood Control Scheme	44,693		44,693		
322 - Coastal Processes	96,341	96,341			
ICM					
312 - Tukipo Wetland	41,000			41,000	
339 - Land Science Research & Investigations	40,000	26,000		14,000	
354 - Whakaki Lake Protection & Enhancement	269,422	269,422			
379 - Erosion Control Scheme	1,275,511				1,275,511
662 - Biodiversity	374,440			374,440	
Recovery Funding	600,000				600,000
Total	3,096,649	747,005	44,693	429,440	1,875,511

Capital Expenditure Carry Forward Requests

Project	Request	Source of Funds			
		General	Reserves	External	Debt
Asset Management					
287 - Clive River Dredging	1,155,904		1,155,904		
291 - HPFCS - Napier/Meeanee/Puketapu	79,237		79,237		
ICM					
310 - Ruataniwha Groundwater Modelling	389,102				389,102
313 - Hydrodynamic Model	25,000				25,000
333 - 3D Aquifer Mapping (SkyTEM)	543,715				543,715
334 - LiDAR Mapping	410,493				410,493
Regional Income					
995 - Water Security	2,872,387		2,872,387		
IT					
913 - Systems Integration Projects	1,430,000				1,430,000
CAPEX					
IT Asset Purchases	577,000		427,000		150,000
Buildings	1,915,000				1,915,000
Monitoring Drilling	369,549				369,549
Science Equipment Purchases	136,500		86,500		50,000
Total	9,903,887		4,621,028		5,282,859

Authored by:

Tim Chaplin
SENIOR GROUP ACCOUNTANT

Ross Franklin
ACTING CHIEF FINANCIAL OFFICER

Approved by:

James Palmer
CHIEF EXECUTIVE

Attachment/s

1⇩ Interim Financial Statements June 2021

FINANCIAL REPORT HAWKE'S BAY REGIONAL COUNCIL SCHEDULE A

Comprehensive Revenue and Expense
for the period ending 30 June 2021

Figures in Thousands

	Actual	Budget	Variance	2019/20
Revenue				
Rates	25,202	24,640	562	25,154
Activity Income	20,267	14,064	6,203	17,159
Other revenue	19,120	11,933	7,187	49,761
Fair value gains on investments	12,803	3,118	9,685	10,945
Reduction in ACC Leasehold Liability	(80)	917	(997)	-
Total Revenue	**77,312**	**54,672**	**22,640**	**103,019**
Expenditure				
Expenditure	64,360	59,041	5,319	62,234
ACC Endowment Leasehold Sales Provision	21,655		21,655	
Total Expenditure	**86,015**	**59,041**	**26,974**	**62,234**
OPERATING SURPLUS / (DEFICIT)	**(8,703)**	**(4,369)**	**(4,334)**	**40,785**
OTHER COMPREHENSIVE REVENUE AND EXPENSE				
Gain / (loss) in other financial assets	(11,544)	-	(11,544)	118,091
Gain / (loss) in revalued intangible assets	1,429	37,892	(36,463)	1,164
Gain / (loss) in revalued managed funds	3,889	3,178	711	
Gain / (loss) in revalued property, plant and equipment	-	-	-	11,039
Total Other Comprehensive Revenue and Expense	(6,226)	41,070	(47,296)	130,294
TOTAL COMPREHENSIVE REVENUE AND EXPENSE	**(14,929)**	**36,701**	**(51,630)**	**171,079**

Note: Budget does not include carry forwards from 2019-20

FINANCIAL REPORT HAWKE'S BAY REGIONAL COUNCIL SCHEDULE B

Operating Income and Expenditure
For Twelve Months Ending 30 June 2021

Figures in Thousands	Expenditure			Income			Reserve Movement		New Loan Funding		Net Funding Requirement				
	Actual	Budget	%	Actual	Budget	%	Actual	Budget	Actual	Budget	Actual	Budget	Variance	Variance %	Favourable
GROUPS OF ACTIVITIES															
Strategic Planning	5,417	5,302	102%	(2,458)	(2,145)	115%	(549)	(549)	-	-	2,410	2,608	(198)	-8%	F
Asset Management	10,533	11,628	91%	(8,102)	(8,138)	100%	238	(498)	-	-	2,669	2,992	(323)	-11%	F
Integrated Catchment Management	25,785	27,580	93%	(10,213)	(10,513)	97%	(713)	(755)	(3,398)	(4,800)	11,461	11,512	(51)	0%	F
Consents & Compliance	5,932	6,062	98%	(2,344)	(2,293)	102%	-	-	-	-	3,588	3,769	(181)	-5%	F
Emergency Management	2,814	2,660	106%	(2,403)	(2,534)	95%	(457)	37	-	-	(46)	163	(209)	-128%	F
Transport	6,990	5,529	126%	(6,636)	(5,013)	132%	(189)	(319)	-	-	165	197	(32)	-16%	F
Governance & Partnerships	3,291	3,058	108%	(210)	(142)	148%	(234)	(137)	-	-	2,847	2,779	68	2%	U
	60,762	61,819	98%	(32,366)	(30,778)	105%	(1,904)	(2,221)	(3,398)	(4,800)	23,094	24,020	(926)	-4%	F
SHOVEL READY PROJECTS															
Upper Tuki Tuki Gravel Extraction	298	-		(191)			(107)								
	298	-		(191)	-		(107)	-	-	-	-	-	-		
OPERATIONS GROUP															
Notional Interest on Fixed Assets				(135)	(185)	73%					(135)	(185)	50	-27%	U
Surplus from External Activities				(187)	(117)	160%					(187)	(117)	(70)	60%	F
	-	-		(322)	(302)	107%	-	-	-	-	(322)	(302)	(20)	7%	F
REGIONAL INCOME															
Managed Funds - Realised Gains	799	-		(10,788)	(5,588)	193%	-	-	-	-	(9,989)	(5,588)	(4,401)	79%	F
Forestry Harvest	349	316	110%	(680)	(532)	128%	331	(30)	-	-	-	(246)	246	-100%	U
Wellington Leasehold Rent	5	8	63%	(840)	(841)	100%	-	-	-	-	(835)	(833)	(2)	0%	F
Endowment Leasehold Sales	829	72	1151%	(1)	(1)	100%	-	-	-	-	828	71	757	1066%	U
Miscellaneous	5	9	56%	(134)	(122)	110%	27	114	-	-	(102)	1	(103)	-10300%	F
	1,987	405	491%	(12,443)	(7,084)	176%	358	84	-	-	(10,098)	(6,595)	(3,503)	53%	F
OTHER INCOME															
General rates	304	130	234%	(5,639)	(5,604)	101%					(5,335)	(5,474)	139	-3%	U
UAGC				(2,898)	(2,822)	103%					(2,898)	(2,822)	(76)	3%	F
Penalties				(209)							(209)	-	(209)		F
HBRIC Dividends				(5,200)	(3,000)	173%					(5,200)	(3,000)	(2,200)	73%	F
Interest on Cash Balances				(17)	(180)	9%					(17)	(180)	163	-91%	U
Endowment Leasehold Rent	999	1,351	74%	(1,244)	(1,502)	83%					(245)	(151)	(94)	62%	F
Gains/Losses on Disposal of Assets				(212)	(438)	48%					(212)	(438)	226	-52%	U
Other Income	10			(209)	(167)	125%					(199)	(167)	(32)	19%	F
	1,313	1,481	89%	(15,628)	(13,713)	114%	-	-			(14,315)	(12,232)	(2,083)	17%	F
OPERATING (SURPLUS)/DEFICIT	64,360	63,705	101%	(60,950)	(51,877)	117%	(1,653)	(2,137)	(3,398)	(4,800)	(1,641)	4,891	(6,532)	-134%	F

Note: Budget includes carry forwards from 2019-20

FINANCIAL REPORT HAWKE'S BAY REGIONAL COUNCIL SCHEDULE C

Fair Value Movements
For Twelve Months Ending 30 June 2021

Figures in Thousands (Gain)/Loss	Actual	Budget	%
INVESTMENT PROPERTY			
Wellington	(3,025)	-	
Endowment Leasehold	(5,992)	-	
Other Rental	(125)	-	
	(9,142)	(2,420)	378%
FORESTRY			
Forestry Crops	(3,661)	(698)	524%
Carbon Credits Intangible Asset	(1,429)	-	
	(5,090)	(698)	729%
FINANCIAL ASSETS			
HBRIC	11,544	(37,892)	-30%
Managed Funds - Unrealised Gains	(3,889)	(3,178)	122%
	7,655	(41,070)	-19%
ACC ENDOWMENT LEASEHOLD LIABILITY			
Leasehold Rent Provision	80	(917)	-9%
Leasehold Sale Provision	21,655	-	
	21,735	(917)	-2370%
(SURPLUS) / DEFICIT	15,158	- 45,105	-34%

Note: Budget does not include carry forwards from 2019-20

FINANCIAL REPORT HAWKE'S BAY REGIONAL COUNCIL SCHEDULE D

Capital Income and Expenditure
For Twelve Months Ending 30 June 2021

Figures in Thousands	Expenditure			Income			Reserve Movement		New Loan Funding		Net Funding Requirement				
	Actual	Budget	%	Actual	Budget	%	Actual	Budget	Actual	Budget	Actual	Budget	Variance	Variance %	Favourable
CAPITAL PROJECTS															
IT Projects (FUSE, Telephony, etc)	2,128	3,558	60%	-	-		(460)	(460)	(1,668)	(3,098)	-	-	-		F
Strategic Planning	20	20	100%	-	-		(20)	(20)	-	-	-	-	-		F
Asset Management	2,666	5,556	48%	(1,755)	(2,012)	87%	(796)	(3,079)	(301)	(301)	(186)	164	(350)	-213%	F
Integrated Catchment Management	11,302	9,946	114%	(3,436)	(2,314)	148%	(54)	-	(7,499)	(6,330)	313	1,302	(989)	-76%	F
Transport	-	-		-	-		-	-	-	-	-	-	-		F
Governance & Partnerships	350	360	97%	-	-		(350)	(360)	-	-	-	-	-		F
Regional Income	2,043	4,319	47%	-	-		(1,394)	(4,266)	-	-	649	53	596	1125%	U
	18,509	23,759	78%	(5,191)	(4,326)	120%	(3,074)	(8,185)	(9,468)	(9,729)	776	1,519	(743)	-49%	F
SHOVEL READY PROJECTS															
SH50 Erosion - Waipawa River	1,217			(1,059)			(158)								
Wairoa River Erosion Protection	105			(79)			(26)								
Heretaunga Plains FCS LoS Upgrade	832			(493)			(339)								
	2,154	-		(1,631)	-		(523)	-	-	-	-	-	-		
PP&E															
Operations Group Plant & Vehicles	438	436	100%				(348)	(347)	(90)	(90)	-	(1)	1	-100%	U
Land and Buildings	458	2,223	21%				(223)	(223)	(235)	(2,000)	-	-	-		F
Motor Vehicles and Plant	993	666	149%				(993)	(666)	-	-	-	-	-		F
Science Equipment	597	1,131	53%				(469)	(570)	(127)	(561)	1	-	1		U
Computer Equipment	443	1,020	43%				(443)	(870)	-	(150)	-	-	-		F
Office Furniture	62	25	248%				(62)	(25)	-	-	-	-	-		F
Technical Equipment	32	23	139%				(32)	(23)	-	-	-	-	-		F
	3,023	5,524	55%	-	-		(2,570)	(2,724)	(452)	(2,801)	1	(1)	2	-200%	U
(SURPLUS) / DEFICIT	23,686	29,283	81%	(6,822)	(4,326)	158%	(6,167)	(10,909)	(9,920)	(12,530)	777	1,518	(741)	-49%	F

Note: Budget includes carry forwards from 2019-20

Schedule E

FINANCIAL REPORT HAWKE'S BAY REGIONAL COUNCIL

Balance Sheet
as at 30 June 2021

Figures in Thousands

ASSETS	2020/21	2019/20	Movement
Non-Current Assets			
Property, plant & equipment	29,669	28,574	1,095
Infrastructure assets	193,471	187,387	6,084
Investment property	41,960	57,855	(15,895)
Intangible assets	14,706	10,096	4,610
Forestry assets	14,748	11,087	3,661
Financial Assets	577,436	581,054	(3,618)
Total Non-Current Assets	**871,990**	**876,053**	**(4,063)**
Current Assets			
Inventories	399	452	(53)
Trade & other receivables	11,799	11,327	472
Other financial assets	1,936	2,057	(121)
Cash and cash equivalents	8,101	6,522	1,579
Total Current Assets	**22,235**	**20,358**	**1,877**
TOTAL ASSETS	**894,225**	**896,411**	**(2,186)**
NET ASSETS / EQUITY			
Accumulated funds	421,458	429,012	(7,554)
Fair value reserves	400,043	406,270	(6,227)
Total Net Assets / Equity	**821,501**	**835,282**	**(13,781)**
LIABILITIES			
Non-Current Liabilities			
Borrowings	44,388	31,238	13,150
Provisions for other liabilities & charges	9,776	10,783	(1,007)
Employee benefit liabilities	510	520	(10)
Total Non-Current Liabilities	54,674	42,541	12,133
Current Liabilities			
Borrowings	3,150	3,650	(500)
Income in Advance	4,920	2,695	2,225
Provisions for other liabilities & charges	176	686	(510)
Employee benefit liabilities	1,683	1,939	(256)
Trade & other payables	8,121	9,618	(1,497)
Total Current Liabilities	18,050	18,588	(538)
TOTAL LIABILITIES	**72,724**	**61,129**	**11,595**
TOTAL NET ASSETS / EQUITY & LIABILITIES	**894,225**	**896,411**	**(2,186)**

Schedule F

FINANCIAL REPORT HAWKE'S BAY REGIONAL COUNCIL

Other Information
as at 30 June 2021

Figures in Thousands

	30-Jun-21	30-Jun-20
ACCOUNTS RECEIVABLE		
Rates Receivable	2,390	2,267
Payments in Advance	(3,956)	(2,695)
Rate Receivables	6,346	4,962
Trade and Lease Receivables	5,966	6,391
Provision for Impaired Receivables	(148)	(160)
TOTAL ACCOUNTS RECEIVABLE	8,208	8,498
TRADE & LEASE RECEIVABLES		
Aged Trade & Lease Receivables		
1-30 days	5,041	5,447
31-60 days	274	191
61-90 days	194	(9)
Over 91	457	762
TOTAL TRADE & LEASE RECEIVABLES	5,966	6,391
ACCOUNTS PAYABLE		
Aged Accounts Payable		
1-30 days	3,560	2,014
31-60 days	40	227
61-90 days	11	182
Over 91	17	74
TOTAL ACCOUNTS PAYABLE	3,628	2,497

HAWKE'S BAY REGIONAL COUNCIL

CORPORATE AND STRATEGIC COMMITTEE

18 August 2021

Subject: 2020-21 ANNUAL REPORT – INTERIM NON-FINANCIAL RESULTS

Reason for Report

1. This item provides the Corporate and Strategic Committee with the interim non-financial results for inclusion in the 2020-21 Annual Report.
2. There are two items attached.
   - 2.1. Part 1 – Introduction, provides results or progress made to date on the achievement of the 23 community outcomes, which are articulated in Council's 2017-21 Strategic Plan
   - 2.2. Part 3 – Groups of Activities, reports performance by Council's groups of activities against the level of service measures and performance targets set in the 2018-28 Long Term Plan.

Background

Community outcomes

3. Under section 23 of schedule 10 of the Local Government Act 2002, the Council must report the results of any measurement undertaken during the year of progress towards the achievement of community outcomes.

4. We use our time-bound strategic goals from our Strategic Plan as community outcome measures. These demonstrate a desire to shift from reporting activity or outputs, to managing for and reporting on outcomes – things that matter to the community. Typically, we do not have full control over the achievement of these outcomes but have a clear statutory role in achieving them. Where possible, the outcomes align with national targets or an existing Hawke's Bay strategy or plan.

5. The outcome measures are grouped by our four focus areas: Water, Land, Biodiversity and Infrastructure/Services. The four areas are interconnected and mutually reinforcing meaning that success in one area cannot be at the expense of another. For example, the work we are doing on farms to keep soil on the land directly contributes to water quality.
6. The status against the target is described as completed, on-track, underway or off-track. Work is underway to give the outcome measures a baseline and show a timeseries and projected pathway for achievement.

Levels of Service

7. The purpose of the non-financial performance measures, as specified in the Local Government Act 2002, is to enable the public to assess the actual versus intended level of service achieved for major aspects of groups of activities. In other words, to demonstrate we have done what we said we would do.
8. We report on the actual performance against targets set in the 2018-28 Long Term Plan as achieved, partially achieved, not achieved or not measured. 2020-21 is the third and final year of the 2018-28 Long Term Plan. We also include the previous two years' results, commentary to provide context and more information on the performance result.
9. As per the 2018-28 Long Term Plan, we report on seven groups of activities (as opposed to the now six in the 2021-31 Long Term Plan) as this pertains to the 2020-21 financial year.

10. The groups of activities are:
    10.1. Governance and Partnerships
    10.2. Strategic Planning
    10.3. Integrated Catchment Management
    10.4. Asset Management
    10.5. Consents and Compliance
    10.6. Emergency Management
    10.7. Transport.

Information subject to auditing

11. The auditing of performance achieved against the community outcomes and the level of service measures is still underway so may change. This information has been presented now to familiarise Councillors with the results prior to adoption.

Discussion

Aggregated results for community outcomes

12. Of the 23 community outcomes, 1 was completed, 15 are on-track, 4 are underway and 3 are off-track.
13. Staff analysis suggests the reasons for being off-track generally fall into the following areas:
    13.1. aspirational time-bound targets, e.g. highly erodible land under tree cover and restoring prioritised terrestrial ecosystem sites.
    13.2. results outside our direct control (but important outcomes that we have a statutory role in contributing to), e.g. contaminants from urban and rural environments into waterbodies.

Aggregated results for levels of service performance measures

14. Of the 60 measures, 43 were achieved, 4 were partially achieved, 8 were not achieved and 5 were not measured (or awaiting measure).
15. Staff analysis suggests the reasons for not achieving the targets generally fall into the following areas:
    15.1. high targets set by ourselves e.g. planting on highly erodible land, kilometres of riparian margins; compliance monitoring.
    15.2. results outside our direct control e.g. road toll, preparedness for CDEM events, consent compliance.
    15.3. continuation of a downward trend e.g. public transport passenger numbers.
16. Commentary has been added to the quantitative results to provide context, and in particular, explain why measures have not been achieved. The full Annual Report document will also include highlights by geographical area to describe what we did in 2020-21 in more detail.
17. Where data allows, graphs illustrating trends have been included to give visual context.

Next Steps

18. The Annual Report is planned to go to Audit NZ for auditing in October 2021 and to Council for adoption in December 2021.

Decision Making Process

19. Staff have assessed the requirements of the Local Government Act 2002 in relation to this item and have concluded that, as this report is for information only, the decision making provisions do not apply.

Recommendation

That the Corporate and Strategic Committee receives and notes the *"2020-21 Annual Report – Interim Non-financial Results"* staff report.

Authored by:

Sarah Bell
TEAM LEADER STRATEGY & PERFORMANCE

Desiree Cull
STRATEGY & GOVERNANCE MANAGER

Mandy Sharpe
PROJECT MANAGER

Approved by:

James Palmer
CHIEF EXECUTIVE

Attachment/s

1⇩ Interim Part 1 - Community Outcomes

2⇩ Interim Part 3 – Groups of Activities

Water quality, safety and certainty | Kia kounga, kia haumaru, kia pūmau te pai o te wai

Community Outcome Target	Status
By 2025, plans for catchments where life-supporting capacity is compromised are in place and actively implemented	On track
The National Policy Statement for Freshwater Management (NPSFM 2020), enacted in September 2020, has removed the previous requirements to develop a progressive implementation programme. Under the NPSFM 2020 all councils are required to notify their freshwater catchment plans for the region by December 2024. HBRC will deliver this through Kotahi, which also combines the Regional Resource Management Plan (RRMP) and Regional Coastal Environment Plan (RCEP) which are currently under review. Work is underway in the Mohaka catchment to co-design the plan with iwi. This also introduces an HBRC-resourced workstream that is led by tangata whenua.	
By 2025, tangata whenua values for all catchments are identified and embedded in the Regional Resource Management Plan	On track
The enactment of the NPSFM 2020 requires regional councils to actively involve tangata whenua in the RRMP development and decision making processes. Under the NPSFM regional councils are required to give effect to Te Mana o te Wai; and actively involve tangata whenua in setting visions and values at a local scale. HBRC is resourcing a workstream led by tangata whenua in the Mohaka catchment and further funding has been secured through the 2021-2031 Long Term Plan to support and resource tangata whenua across the region. The review of the RRMP through Kotahi will also see the review of regionally significant issues, providing an opportunity to embed tangata whenua values in the plan.	
By 2030, all aquifers, lakes and rivers will have community-agreed quantity and quality limits in force	On track
The NPSFM 2020 requires the setting of water quantity and quality limits, and in doing so we must actively involve tangata whenua in freshwater management and engage with tangata whenua and communities to identify long term visions, values and environmental outcomes. Kotahi will set out the water quality and quantity limits. The NPSFM requires the plan to be notified by December 2024. Progress is being made in the Mohaka catchment as the pilot for co-design with tangata whenua and this is intended to be replicated in the other catchments.	
By 2030, cultural monitoring tools are in-use in all catchments	Underway
Council has been working with Te Taiwhenua o Heretaunga to establish Tukituki Mātauranga Māori framework (a Māori values-based monitoring and Māori wellbeing framework for the Tukituki Awa/River), including the development of the monitoring tohu/indicators. In the 2021-2031 Long Term Plan, a new position has been establised to specifically focus on Mātauranga Māori to lead a partnership approach that can be rolled out across other catchments in parallel with future plans.	
By 2030, all popular Hawke's Bay swimming sites will be swimmable 80% of the time, and 90% of the time by 2040[1]	On track
Our Marine and Coast and Environmental Information Team monitors 36 popular contact recreation sites weekly for 20 weeks between November and March each year. Around 650 samples were taken over the 2020-21 season at marine, estuarine and freshwater sites. Over this season, monitored sites were suitable for swimming 90% of the time, caution was advised 6% of the time and unsuitable for swimming 4% of the time.	
By 2050, there will be an improving trend in the life-supporting capacity of all of the region's degraded rivers and major streams	On track
This objective will be reflective of outcomes influenced by almost all aspects of the Regional Council's work, i.e. development and implementation of effective policies, alongside environmental monitoring and reporting that measures the changes desired. We continue to monitor the macroinvertebrate community index alongside the development of our ecosystem health monitoring programme, which will provide a more holistic measure of life supporting capacity. Plan changes are commencing and various on-ground activities will be contributing to ecosystem health outcomes. Our degraded rivers and streams should support more aquatic life if activities like riparian habitat enhancement and sediment reductions continue to occur.	

[1] Source: National Policy Statement for Freshwater management (updated 2020) https://environment.govt.nz/acts-and-regulations/national-policy-statements/national-policy-statement-freshwater-management/improving-water-quality-swimming/

We do not have evidence of widespread improvement occurring at this time, however the policies and practices being promoted and implemented are known to affect the improvements needed. It seems reasonable to expect an improvement in life-supporting capacity by 2050 as traction is gained by our work in this area. The next State of Environment Synthesis Report is due at the end of 2021-22.

Smart sustainable land use | Kia koi, kia ukauka te whakamahinga o te whenua

Community Outcome Target	Status
By 2025, stock is excluded from all year-round flowing streams and rivers and at least 30% are fenced and planted to filter contaminants	On track
We have begun a riparian monitoring assessment project through Land Science to statistically assess the condition of the region's riparian margins. This is beginning in the Tukituki catchment. This is a continuing programme that is designed to monitor (statistically with 95% confidence) riparian condition across agricultural land across the region. Achievement of this outcome target will be reinforced by the Resource Management (Stock Exclusion) Regulations that came into force on 3 September 2020 as part of the Essential Freshwater reform package. Under these regulations, cattle, pigs and deer are prohibited from accessing wetlands, lakes and rivers by 1 July 2023 and in some cases by 1 July 2025. Non-compliance will be managed by the Regulation Group.	
By 2025, Land Use Suitability information is available to all commercial land owners to inform smarter land use	On track
Land use suitability is a cornerstone of our science strategy. In collaboration with Manaaki Whenua Landcare Research, we are undertaking a pilot project - Whitiwhiti Ora - in the Northern part of Hawke's Bay. This will be the template for further work supplying land suitability information for land owners and other stake holders. This is an ongoing project and is on track.	
By 2030, all commercial farms, orchards and vineyards operate under a Farm Environment Management Plan (FEMP) or an independently audited industry best practice framework	On track for Tukituki
All farms over 4 hectares (ha) must have a FEMP under the Tukituki Plan. The first FEMP renewal end date passed on 31 May 2021. Overall, 74% of all properties in the Tukituki catchment have either re-submitted their FEMP or engaged with an approved FEMP provider. Compliance action will be undertaken for the remaining properties. Properties outside of the Tukituki catchment have no requirement to submit to Council at this time. A national framework for Freshwater Farm Plans is currently proposed and undergoing consultation; and open for submission through the Ministry for the Environment. The national farm plan framework will inform the rollout of further farm planning across the rest of the region.	
By 2030, all farms in priority sub-catchments will have phosphorus management plans being implemented, with at least 50% of highly erodible land treated with soil conservation plantings	On track for Tukituki
Information is only available for the Tukituki catchment. All properties within the Tukituki catchment require a FEMP which must include a comprehensive phosphorus management plan. Of expected properties, 27% have submitted a revised FEMP and 46% of all plans are being updated by approved FEMP Providers. The Erosion Control Scheme outputs on erodible land are reported elsewhere.	
By 2050, all highly erodible land will be under tree cover	Off track
There is an estimated 252,000 ha of highly erodible land in Hawke's Bay. This contributes an estimated 3.3 million tonnes of sediment to Hawke's Bay waterways each year. This year is the third year of the Erosion Control Scheme which has planted 2,033 ha over that time. The Erosion Control Scheme provides a 75% subsidy to landowners for erosion mitigation such as planting, reversion and protection planting. To reach our target, more wide-scale targeted commercial planting is required to be transformational in highly erodible land coverage. The Right Tree Right Place pilot project is intended to accelerate progress towards this outcome target.	

UNCONFIRMED

Community Outcome Target	Status
By 2030, there will be 20% less contaminants from urban and rural environments into receiving waterbodies By 2050, there will be 50% less contaminant from urban and rural environments into receiving waterbodies	Underway
This objective will be reflective of outcomes influenced by almost all aspects of the Regional Council's work, i.e. development and implementation of effective policies, alongside environmental monitoring and reporting that reductions in contaminant levels desired. Trend analyses do not indicate we are on a a trajectory for a widespread 50% reduction in contaminant levels throughout Hawke's Bay unless extreme changes occur on the land. Climate change impacts may exacerbate existing problems. A clear path to achieving this objective is not currently apparent from a science perspective.	

Healthy and functioning biodiversity | Kia ora, kia mahi tika te kanorau koiora

Community Outcome Target	Status
By 2020, regional priority locations for ecosystem restoration – including in the coastal marine area – have been identified	Achieved
In total, 700 priority terrestrial ecosystem sites have been identified based on type, how many there are, size, connectivity and condition using Zonation, a conservation planning software tool. Results were then verified using expert local knowledge. Zonation helped determine the top 30% priority terrestrial sites to put our efforts in to deliver the biodiversity outcomes for the investment. Key ecological areas have been identified for the Hawke's Bay coastal marine area using a nationally consistent approach developed by NIWA. A draft report under review (2020042HN).	
By 2030, key (target) species and habitat (sites) are prioritised and under active restoration *(HB Biodiversity Strategy 2015-2050 and Action Plan 2017-2020)*	Off Track
In total, 700 terrestrial ecosystem sites have been prioritised for protection through the Ecosystem Prioritisation process. Thirteen sites were under active restoration in 2020-21, of which five are new (additional) sites. Key ecological areas have also been identified for the Hawke's Bay coastal marine area. We have multiple teams assisting in the protection of these sites, including Catchment Services, Catchment Management, Open Spaces and Engineering. At its current rate, this measure will not be achieved by 2030.	
By 2050, a full range of indigenous habitats and ecosystems, and abundance and distributions of key species are maintained and increased in every catchment in Hawke's Bay *(HB Biodiversity Strategy 2015-2050 and Action Plan 2017-2020)*	Off Track
Work was undertaken at 13 priority ecosystem sites in 2020/21 of which five are new (additional) sites. Sites with the highest return on investment have been selected first. Some sites require ongoing pest management and some sites will become more expensive to secure due to size and difficultly of terrain/threat management. It is unlikely this measure will be achieved by 2050 at this current rate.	
By 2050, Hawke's Bay is predator free in line with NZ 2050 target	On track for Whakatipu Mahia
The focus for the predator free team has been the Whakatipu Mahia project which is on track to deliver the milestones NZ 2050 target.	

Sustainable services and infrastructure | Kia ukauka ngā ratonga me ngā hanganga ā-rohe

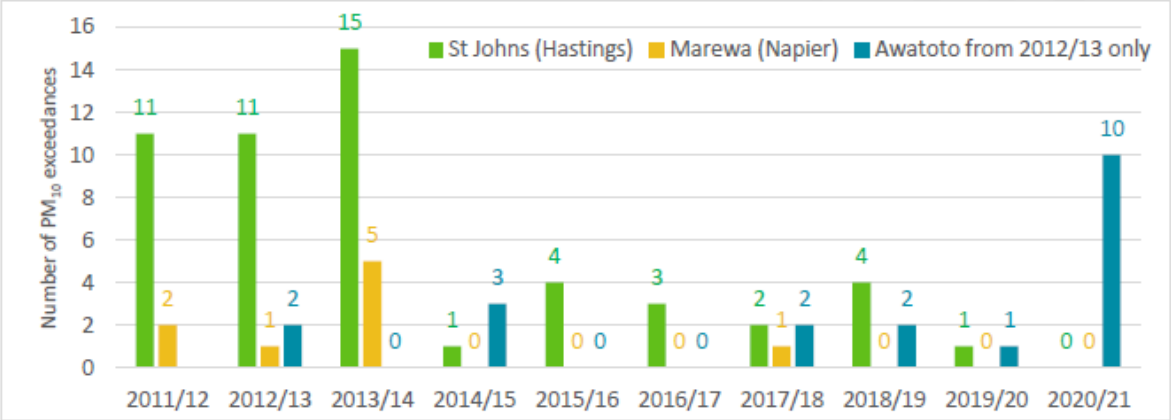
Community Outcome Target	Status
By 2025, regional air quality consistently meets World Health Organisation (WHO) guidelines	On track for PM_{10} in Napier/Hastings airsheds Off track for $PM_{2.5}$

In 2020-21, there were no exceedances of the PM_{10} 24-hour guideline in the Napier and Hastings airsheds but 10 in the Awatoto airshed. The climate scientist is looking into the spike in Awatoto however suspects an increase in contributions from natural sources, principally sea salt, due to a greater prevalence of onshore winds and large swells in La Niña conditions.

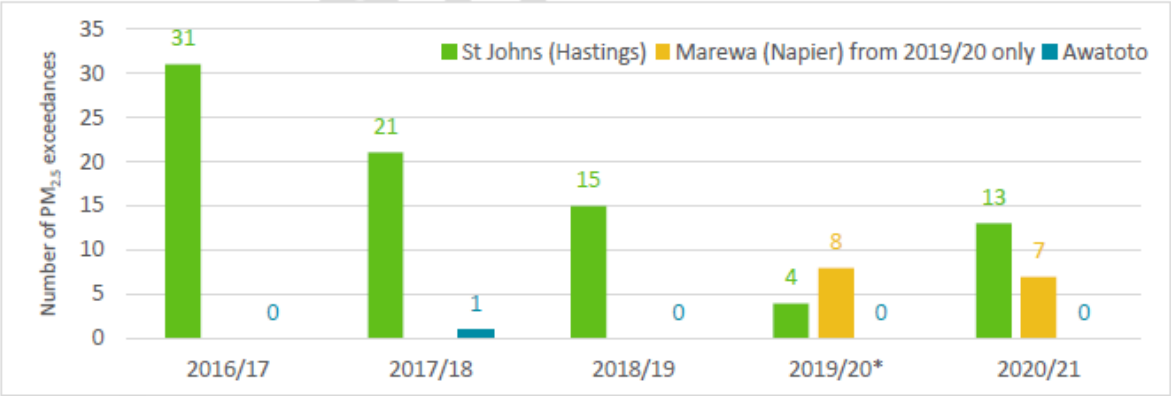
Graph 1 below shows a stepchange in emissions from 2013-14 which reflects regulation to phase out old burners. Since then incremental improvements are being achieved through education and incentives via Council's Heat Smart programme.

There were 7 exceedances of the WHO $PM_{2.5}$ 24-hour guideline in Napier and 13 in Hastings but none in Awatoto, however, the sulphur dioxide (SO_2) 24-hour guideline was exceeded 5 times in the Awatoto airshed.

Graph 1: Number of PM_{10} exceedances at the three sites over a ten-year period



Graph 2: Number of $PM_{2.5}$ exceedances at the three sites over a five-year period (WHO guidelines allows for three exceedances a year)



** 2019-20 results were affected by site vandalism at the Napier and Hastings sites.*

Community Outcome Target	Status
By 2025, coastal hazards are being managed to meet foreseeable climate change risks to coastal communities out to 2100	On track
The Clifton to Tangoio Coastal Hazards Strategy 2100 was adopted in early 2018 – a collaboration between HBRC, Napier City Council, Hastings District Council, Mana Ahuriri, He Toa Takitini and Maungaharuru-Tangitū Trust. The HBRC engineering team has completed significant work to date on the coastal hazard mitigation options. Napier City, Hastings District and Hawke's Bay Regional Council are actively considering which council is best to lead and fund the implementation of the Clifton to Tangoio Coastal Hazards Strategy 2120. Since its inception in 2016, the Strategy development process has been joint and equally funded by the partner councils. An independent review has recently recommended that the Regional Council assume responsibility for existing coastal assets and rating for coastal hazard mitigation projects. Separate consultation on this proposal is planned in due course.	
By 2025, the Napier Port is future-proofed with the addition of a new wharf with supporting land transport infrastructure	On track
As at 30 June 2021 construction of Wharf 6 continues on schedule, on budget and on track for completion by late 2022. As at June 2021 Napier Port is exploring the establishment of an Inland Port which will provide support to the rest of the Port operations and enable the Port to be poised to meet future growth.	
By 2030, flood risk is being managed to meet foreseeable climate change risks out to 2100	On track
Infrustructure Reference Group (IRG)-funded resilience improvements on the Heretaunga Flood Control scheme are underway with modelling completed. A large number of sites are being investigated and prioritised for upgrades to meet 1:500 level of service. IRG-funded work on Upper Tukituki scheme was approved in the 2021-2031 Long Term Plan (LTP) to remove gravel from the scheme to maintain 1:100 level of protection. The LTP approved an additional resource to focus on reviewing all schemes to determine a road map for meeting level of service with climate change to inform subsequent infrastructure strategies- the priority schemes are Napier/Meeanne (Napier), Karamu (Hastings) and Wairoa. This work has now commenced.	
By 2030, Hawke's Bay has environmentally sustainable, harvestable water identified and stored or plans to be stored if required	On track
By leveraging $5 million allocated in previous Long Term Plans to secure $30.6 million from the Government's Provincial Growth Fund, Council now has a substantial Regional Water Security programme focussed on understanding the region's freshwater resources and making decisions as a community on how we protect and manage them, particulary in a changing climate. Progress continues to be made on: a) Investigations for below-ground water storage in Central Hawke's Bay - Managed Aquifer Recharge Pilot project. b) Investigations for above-ground storage in the Ngaruroro Catchment which feeds the Heretaunga Aquifer system c) Study of the long term water supply and demand profile of the region and the portfolio of interventions required to achieve long term, climate resilient, secure supplies of freshwater for all. This work is supported by the aerial electromagnetic survey of Hawke's Bay's aquifers with SkyTEM (3D mapping of 8000 kms of aquifer down to 300m) was undertaken in 2019-20.	
By 2040, Hawke's Bay is carbon neutral	Underway
Council declared a climate emergency for the Hawke's Bay region on 26 June 2019. It also reset its strategic goal in the Strategic Plan, adopted in April 2020, for the Regional Council to be carbon neutral by 2025 and play a leadership role in the region's goal of net zero greenhouse gases by 2050. Climate change was built into significant assumptions, level of service reviews, project planning and decision-making during the development of the 2021-2031 Long Term Plan(LTP). The LTP takes an adaptation and mitigation approach to climate change. Four of the six key consultation topics leveraged partnership funding to help urgently meet the climage change challenge: Right Tree Right Place, future water use, on-demand public transport and Upper Tukituki gravel extraction. A dedicated Climate Change Ambassador, funded from carbon credits from the Regional Council's forests, has been included to coordinate and promote a community-wide response, supported by new Enviroschools and Urban Catchment Coordinator roles. Uncapped funding for the Sustainable Housing Programme has been maintained for at least the next three years.	

INTERIM RESULTS

In 2020, the Corporate Facilities team commissioned Ekos to measure our operational carbon footprint. HBRC's emissions were 882 tonnes of carbon dioxide equivalent. The majority (86%) came from its vehicle fleet, with electricity usage the second highest at 4% and all other activities making up the remaining 10%.

A regional inventory of greenhouse gas emissions is needed to set a baseline for the Hawke's Bay region.

INTERIM RESULTS

1. Governance & Partnerships

This group of activities includes:

1.1 Community Representation and Leadership; and

1.2 Tāngata Whenua Partnerships and Community Engagement.

How we did

Achieved	5	Partially achieved	0
Not achieved	0	Not measured	1

1.1 Community Representation and Leadership Activity

Level of Service Statement

HBRC will make transparent decisions, deliver cost-effective infrastructure and services and engage the community in activities and decision-making processes, with clear expectations for participation.

Level of Service Measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
Council meetings are conducted in compliance with statutory requirements and Standing Orders.	Achieved	*Achieved*	*Achieved*	Achieved

All meetings met statutory requirements as amended by the COVID-19 Response (Further Management Measures) Legislation Act 2020 while the Pandemic Notice remains in effect. Eighteen Public Regional Council and Committee meetings were held in the HBRC Council Chamber with facilities available for members to attend via Zoom and notified in accordance with LGOIMA requirements.

Level of Service Measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
LTPs and annual reports receive 'unmodified' audit opinions.	Achieved	*Partially achieved*	*Partially Achieved*	Achieved

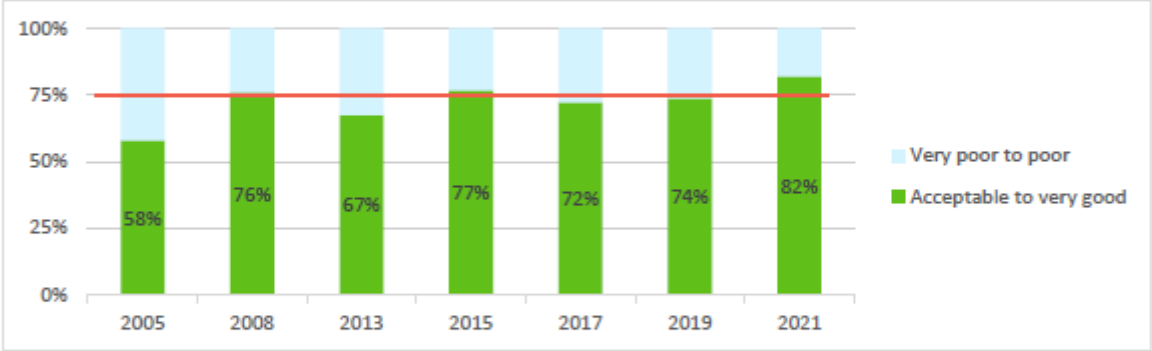
The amended 2018-28 Long Term Plan received an unmodified audit opinion.

The 2019-20 Annual Report was adopted late but with an unmodified audit opinion. The Annual Report was adopted after the extended statutory deadline of 31 December 2020 due to the application of accounting policy at consolidation in current and previous years (specifically relating to the methodology used to value Napier Port land). This is an improvement on the previous Annual Report which was qualified due to the group financial statements including the financial statements of the Council's subsidy, Port of Napier Limited, for the year ended 31 March rather than 30 June.

INTERIM RESULTS

Level of Service Measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
Percentage of surveyed residents who perceive 'acceptable to very good' value of services from HBRC rates (source: 2-yearly SIL perception survey).	75%	*Not achieved 73.7%*	*No survey*	Achieved 82.1%

Over 82% of residents recorded 'acceptable to very good' value for their rates in the June 2021 survey result. This is our highest rating since the survey began in 2005 – see graph below.



Level of Service Statement

HBRC will make sound investment decisions to grow its assets and generate investment incomes to fund council projects, programmes and activities.

Level of Service Measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
Rate of returns on investment as set out in Council's Investment Policy[1] are met.	Achieved	*Partially achieved*	*Not achieved*	Achieved

The 2018-28 Long Term Plan assumed a 5% return on funds. In 202

0/21, the Mercer held funds returned 12.5% and the Jarden held funds returned between 13.3% and 14.5%

1.2 Tāngata Whenua Partnerships and Community Engagement Activity

Level of service statement

HBRC engages in strategic relationships to better achieve its vision and purposes.

Level of service measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
Annual reporting to Council on performance of strategic relationships.	Achieved	*Not Measured*	*Not measured*	Not measured

Performance of strategic relationships was not measured and therefore not reported prior to the Annual Report. A methodology for measuring performance is underway in the form of a survey of members from the Māori Committee and Regional Planning Committee.

Strategic Relationships relate to the operation of the Māori committee and Regional Planning Committee (RPC) and bi-laterals with Post Settlement Governance Entities. The RPC met five times and the Māori Committee six times during the year.

[1] **Investment Performance Objectives** [excerpt from Statement of Investment Policy and Objectives (SIPO)]. Council's Fund is targeted to earn a return at least equal to a real return (after inflation and fees) of 4.5% in Year 1 and 5.0% per annum in Year 2 and beyond. All returns are assessed in NZD.

Level of service statement HBRC has the internal capability and capacity to engage effectively with tāngata whenua.				
Level of service measure	**Performance target**	**Result 2018-19**	**Result 2019-20**	**Result 2020-21**
An annual programme to improve cultural competency for staff and councillors is resourced, developed and implemented.	Achieved	*Not achieved*	*Achieved*	Achieved

A Hawke's Bay inter-council network collaborated, developed and launched a new digital cultural app in late February 2021. *Te Kupenga* is the digital app designed to provide cultural competency across all councils and other agencies. The app includes Hawke's Bay relevant language, cultural reference points, waiata, karakia and general knowledge. At year end, the app had achieved 1,100 downloads and remains the go-to cultural resource for all staff and councillors. A waiata, by local composer Tuirina Wehi, was created specifically for HBRC.

EIT Te Reo language courses continued until the end of September 2020. Six of nine HBRC councillors attended a Treaty workshop prior to the hearings on the Māori constituency consultation.

HBRC acquired the Kia Maia cultural learning development framework comprising 14 self-paced and assessed modules. This will be offered to all staff and councillors and will be a mandatory induction requirement through new recruitment. Roll-out of this initiative will be managed by the Māori Partnerships team in 2021/22 with hand-over at year-end to the People & Capability team. The Māori Partnerships team, alongside the People & Capability team, has developed and installed a cultural competency matrix complementary to HBRC's human resources competency framework.

INTERIM RESULTS

2. Strategic Planning

This group of activities includes:

2.1 Planning;

2.2 Strategy; and

2.3 Sustainable Regional Development.

How we did

Achieved	3	Partially achieved	1
Not achieved	1	Not measured	0

2.1 Planning Activity

Level of Service Statement

HBRC develops and maintains clear and appropriate policies that promote the sustainable management of the region's natural and physical resources and protects the community from resource management related risks.

Level of Service Measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
Compliance with statutory timeframes for RMA planning documents.	Achieved	*Achieved*	*Achieved*	Achieved

No known failures to comply with statutory timeframes during the 2020/21 reporting period relating to preparation and review of Resource Management Act (RMA) planning documents.

This year has seen both the TANK Plan Change (PC9) and Outstanding Water Bodies (PC7). Over 240 initial submissions were received on the draft TANK plan and a significant proportion of the year was dedicated towards preparation for the Hearings which ran over three weeks in May/June 2021, with over 90 submitters being heard in support of their submission.

The Outstanding Water Bodies Plan Change hearing was held in late 2020 , with a decision released by the Independent Hearing Panel in late June. Fifteen waterbodies including coastal estuaries and lagoons have now been classified as regionally outstanding.

Level of Service Statement

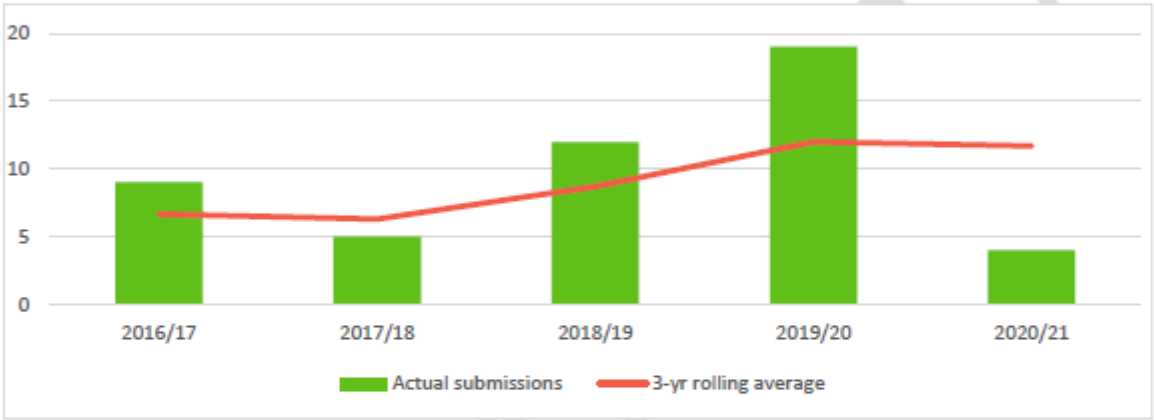
HBRC will proactively work with territorial authorities to achieve alignment on policies, plans and strategies.

Level of Service Measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
Planning managers from HBRC and territorial authorities meet at least twice each year to discuss and identify integration issues; and improvements to content and/or processes for regional and district plans.	2 or more achieved	*Achieved*	*Partially achieved*	Partially achieved

Regular communication with the territorial local authorities' planning managers was maintained via various channels throughout the year. This involved development of a joint submission on the proposed national air quality rules, discussions about how the government's new national policy statement on urban development might be implemented, discussions on Heretaunga Plains Urban Development Strategy, CHBDC district plan review, Kotahi, resource management reform, tāngata whenua involvement in plan making amongst other topics. One meeting the Hawke's Bay Council Planning Managers was held in March 2021.

Level of Service Statement HBRC will regularly submit on national direction, plan and consenting matters.				
Level of Service Measure	**Performance target**	**Result 2018-19**	**Result 2019-20**	**Result 2020-21**
Number of submissions on resource management-related proposals made to local and central government per annum.	Maintain 3-year rolling average	*Achieved 12*	*Achieved 19*	Not achieved 4

Four submissions were lodged during the year bringing the 3-year rolling average down to 11.7. The reduced number of submissions was largely due to central government-related proposals easing around the General Election (October 2020). This was following an unprecedented 2019/20 year of activity from central government on resource management-related proposals. The reduction in the number of submissions was due to a reduction in the number of reports, consents, policies and plans notified. All submissions are recorded www.hbrc.govt.nz #hbrcsubmissions



2.2 Strategic Activity

Level of Service Statement HBRC will keep informed about organisational, local, regional, national and international issues and trends, periodically develop a high quality and relevant Strategic Plan and align the organisation to deliver on strategic outcomes.				
Level of Service Measure	**Performance target**	**Result 2018-19**	**Result 2019-20**	**Result 2020-21**
Annual reporting to Council on the development and/or implementation of the Strategic Plan to maintain its currency and relevance.	Achieved	*Achieved*	*Achieved*	Achieved

A refreshed Strategic Plan 2020-25 was adopted in June 2020. The 24 new and revised Strategic Plan Outcomes (SPOs) were incorporated into an Organisation Performance Dashboard that is updated quarterly. The dashboard links SPOs with relevant level of service measures and budget codes to show what work is contributing to their achievement. Work is underway to give SPOs a baseline showing a timeseries and projected pathway for achievement.

2.3 Sustainable Regional Development Activity

Level of Service Statement HBRC will co-invest in regional economic development organisations for the benefit of the Hawke's Bay economy.				
Level of Service Measure	**Performance target**	**Result 2018-19**	**Result 2019-20**	**Result 2020-21**
Funding contracts with approved performance targets and reporting requirements are in place for HB Tourism, Matariki REDs and the Regional Business Partners Programme.	Achieved	*Partially achieved*	*Achieved*	Achieved
Funding contracts are in place for all entities noting that Business Hawke's Bay has ceased operation and HBRC has assumed responsibility for managing the Business Hub during this year pending agreement of a revised regional economic development delivery framework. In the absence of an Economic Development Agency, Matariki RED is playing a significant role in ensuring Hawke's Bay has a clear set of aligned regional priorities for any new funding opportunities come 1 July 2021. The review of economic development delivery for Hawke's Bay continues and Business Hawke's Bay formalised its wind-up at 30 June 2021. In total, 987 businesses has been supported through the Regional Business Partners Programme compared with a target of 220.				

INTERIM RESULTS

3. Integrated Catchment Management

This group of activities includes:

3.1 Science and Information

3.2 Catchment Management, and

3.3 Biodiversity and Biosecurity.

How we did

Achieved	15	Partially achieved	1
Not achieved	2	Not measured	0

3.1 Science and Information Activity

Level of Service Statement

HBRC will monitor and provide accurate and timely information to decision makers and the community on the State of the Environment (SOE) for Hawke's Bay.

Level of Service Measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
Council maintains its International Organisation for Standardisation (ISO) 9001-2018 accreditation for data collection, analysis and storage.	Achieved	*Achieved*	*Achieved*	Achieved

Council has maintained its ISO 9001-2018 accreditation.

The annual review by Telarc[2] was completed in October 2020. The auditor's findings were 1 major and 1 minor non-conformance (NC). Major: documentation was not available for verification to support the activities of the Harbourmaster. Minor: no evidence of a calibration/validation for two measuring/sampling units, currently deployed off-shore. NC: HBRC has not retained information as evidence of fitness for purpose of the two monitoring/measurement units. Both issues have been addressed and closed out by the auditor.

Level of Service Measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
SOE monitoring programmes are in place and results are published on HBRC and LAWA (Land, Air, Water Aotearoa) websites for: climate and air quality, surface water, groundwater, land science, the coast.	Achieved	*Achieved*	*Achieved*	Achieved

SoE monitoring programmes were delivered on time and to schedule. Data has also been checked and uploaded to the relevant websites and HBRC databases.

Level of Service Measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
A 5-yearly State of the Environment (SOE) Monitoring Report is produced along with annual scorecards and monthly updates. Results are made available primarily through digital media and summarised in the Annual Report.	Achieved	*Partially achieved*	*Partially achieved*	Achieved

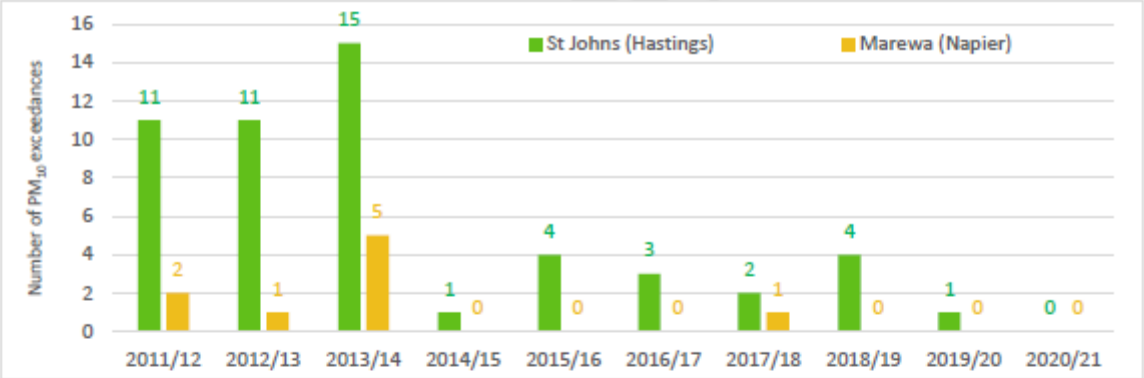
Our five-yearly *Our Hawke's Bay Environment Key Issues Report 2013-18* was published in July 2020. Preparation and planning is completed for delivery of the 2018-21 State of the Environment (SoE) synthesis report at end of 2021-22 that meets requirements of NPS-FM 2020. A project plan has been approved, with a project team established along with an oversight team to provide project control and governance of the project. Monthly SoE updates continue to be reported digitally.

[2] www.telarc.org

Level of Service Statement HBRC will undertake targeted science research and investigations on matters relevant to policy development to inform the Council and stakeholders.				
Level of Service Measure	**Performance target**	**Result 2018-19**	**Result 2019-20**	**Result 2020-21**
The science team develops and implements an annual work programme in line with plan change requirements.	Achieved	*Achieved*	*Achieved*	Achieved
Evidence and support has been delivered to the TANK Plan (PC9) hearing process. The Science Team worked closely with the Policy and Planning team and iwi partners on both the Mohaka plan change process and broader Kotahi regional change activities.				

Level of Service Statement HBRC will reduce harmful air pollution and comply with the National Environmental Standard (NES) for Air Quality.				
Level of Service Measure	**Performance target**	**Result 2018-19**	**Result 2019-20**	**Result 2020-21**
Number of exceedances of PM_{10}[3] in the Napier and Hastings airsheds.	Napier 1 Hastings 3	*Partially achieved* *Napier 0* *Hastings 4*	*Achieved* *Napier 0* *Hastings 1*	Achieved Napier 0 Hastings 0
No exceedances of the National Environmental Standards (NES) for PM_{10} were recorded in the Napier and Hastings airsheds.				

Graph 1: Number of PM_{10} exceedances at the three sites over a ten-year period



Level of Service Measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
Number of clean heat systems installed annually under financial assistance programme.	1000 per annum (on average over 10 years)	*Achieved*	*Achieved*	Achieved
The target of 10,000 clean heat installations over 10 years (1000/year) has been achieved. In 2020-21, 93 insulation loans, 93 clean heat loans and 362 grants were provided, giving a total of 548 heatsmart packages valued at $760,557.				

[3] PM_{10} are tiny airborne particles particles smaller than 10 micro-metres in size. High concentrations of PM_{10} are in the smoke from fires and increase the risk of respiratory and cardiovascular illnesses, including cancer. The government has set a National Environmental Standard (NES) for PM_{10} at an average concentration of no more than 50 µg/m3 measured in open air over 24 hours.

Level of Service Statement

HBRC will encourage efficient and effective water use to maximise the benefits of the water allocated and comply with regulations under the RMA for measuring and reporting water takes.

Level of Service Measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
Percentage of consent holders with water meters operating using telemetry or web/text systems.	90%	*Achieved 93%*	*Achieved 94.6%*	Achieved 95.2%

As at year end, 84.6% of consents were reported using web and telemetry. Including consents where the take is tamper tagged (10.6%) this gives an overall total of 95.2%. We are seeing a slight increase in telemetry installations in preparation for 3 September 2022 when all takes of 20l/sec and over must have telemetry.

Level of Service Measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
Total water consented as a percentage of the allocation limit for each significant water resource[4]. 1. Esk 2. Karamū 3. Ngaruroro 4. Maraekakaho 5. Nuhaka 6. Raupare 7. Tūtaekurī 8. Tūtaekurī-Waimate 9. Tukituki	For catchments at or below allocation when limit set the target is: **Less than or equal to 100%.** For fully allocated catchments when limit set the target is: **Decreasing trend towards less than or equal to 100%.**	*Achieved 100% for Surface water in Tukituki, 50% for groundwater stream depleting takes un Tukituki)*	*Achieved 99% for Surface water in Tukituki 53% for groundwater stream depleting takes in Tukituki*	Achieved *89% for Surface water in Tukituki 57% for groundwater stream depleting takes in Tukituki*

Resource consents for surface water takes have expired and been reissued in the Tukituki catchment in 2020-21. This led to adjustment of the rates allocated. Total allocation was reduced slightly in each Zone. This meant there was some surface water available for allocation. Most of this has been allocated. Zone 1 - Lower Tukituki is now 98% allocated (10 L/s), Zone 2 - Waipawa River is 100% allocated and Zone 3 - Upper Tukituki is 99.3% allocated (5 L/s). There is also capacity for allocation of stream depleting groundwater outside the Ruataniwha Basin.

Tukituki is the only catchment with a rule-based limit set since the NPS-FM came into effect and is less than or equal to 100% for the total catchment for surface water and groundwater stream depleting takes (see table below).

Tukituki Allocation	Total allocated (L/s)		Total limit (L/s)		% of the allocated limit (L/s)	
	Surface water	GW stream depleting	Surface water	GW stream depleting	Surface water	GW stream depleting
Zone 1 - Lower Tukituki	519	412	426	91	82%	22%
Zone 2 - Waipawa River	643	269	588	269	92%	100%
Zone 3- Upper Tukituki	763	716	690	439	90%	61%
Total for catchment	1925	1397	1704	798	**89%**	**57%**

[4] Additional rivers will be added as allocation regimes are set through catchment based plan changes to give effect to NPS FM.

3.2 Catchment Management Activity

Level of Service Statement

HBRC will partner with tāngata whenua and community groups in identified priority areas to achieve land and water outcomes.

Level of Service Measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
Annual reporting to Council on engagement, actions and impacts within priority areas.	Achieved	*Achieved*	*Partially achieved*	Achieved

Regular reporting on engagement and project progress is via the Environment and Integrated Catchment Committee (EICC). For example, reports have been provided on the Erosion Control Scheme, Freshwater Improvement Fund projects at Tutira and Whakaki and Tukipo constructed wetlands.

Level of Service Statement

HBRC will work with farmers, growers and industry to transfer knowledge on environmental risks and impacts, and support the adoption of good management practice on-farm to achieve smart, sustainable land use.

Level of Service Measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
Percentage of land area (by catchment) that operates under a Farm Environment Management Plan (FEMP) or an independently audited industry good management practice framework as required under the Regional Resource Management Plan (RRMP).	Tukituki 100% TANK TBC Mohaka TBC	*Partially achieved* *96% by land area for Tukituki*	*Partially achieved* *99% by land area for Tukituki*	Partially Achieved 23% by land area for Tuikituki Approx. 70% of land area either under a revised plan or being reviewed

In total, 23% of the land area in the Tukituki catchment required to have a FEMP (low intensity and 2021 FEMP re-submissions) is covered by a current FEMP compared to 99% last year. This significant change in result is due to all FEMPs requiring a revision by the deadline of 31 May 2021. Results for previous quarters during the year referred to submissions from 2018. Existing plans are still operative.

Of the total properties expected to have a FEMP, 27% have re-submitted; and 46% are engaged with a provider and are working on an update. Outstanding properties are being followed up by our FEMP and compliance teams.

Level of Service Statement

HBRC will encourage through subsidy, education, working with industry and recording and reporting riparian planting and fencing, wetland protection and afforestation to improve soil conservation and water quality.

Level of Service Measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
Additional area of highly erodible land planted in trees (ha).	2000 ha of land under cover	*Not measured*	*Not achieved* *676ha*	Not achieved 1272ha

This is the third year of the Erosion Control Scheme (ECS). Almost double the volume of hectares were planted this year compared with last year. Available budget, plants and fencers are limiting factors to achieving targets. Quarters two and three are the quietest periods for planting.

Level of Service Measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
Additional kilometres of riparian margin protected annually to reduce sediment, nutrient and/or bacterial contamination of water.[5]	100km	*Not measured*	*Not achieved 27km*	Not achieved 87km
This measure relates to riparian margin protected via the ECS. This is the third year of the ECS. Just over three times as many kilometres were planted this year compared with last year. Protection involves planting both sides of the stream. Quarters two and three are the quietest periods for planting.				

3.3 Biodiversity and Biosecurity Activity

Level of Service Statement HBRC will work with partners and stakeholders to implement the HB Biodiversity Strategy and Action Plan so biodiversity is enhanced, healthy and functioning.				
Level of Service Measure	**Performance target**	**Result 2018-19**	**Result 2019-20**	**Result 2020-21**
Additional number of targeted priority sites where biodiversity is actively managed.	1-2 sites	*Achieved 13 sites*	*Achieved 5 sites*	Achieved 5 sites
Thirteen ecosystem prioritisation sites were worked on this year, of which five were new (additional) sites. Pest control was completed at three sites and two were deer fenced, being Pigsty Wetland and Orea Swamp. These projects are being undertaken in partnership with QEII, Fonterra and land owners. We have also secured central government funding (Jobs for Nature) to fence another 15 ecosystem prioritisation sites over the next three years.				

Level of Service Statement HBRC will undertake research and implement and review regional pest management plans that improve biodiversity, human health and economic prosperity.				
Level of Service Measure	**Performance target**	**Result 2018-19**	**Result 2019-20**	**Result 2020-21**
Maintain and implement current Regional Pest Management Plan.	Achieved	*Achieved*	*Achieved*	Achieved
Our biosecurity team implements this plan which contains 23 pest animals, 2 marine pests, 5 horticulture pests and 33 pest plants. All programmes contained within the Regional Pest Management Plan are on track.				

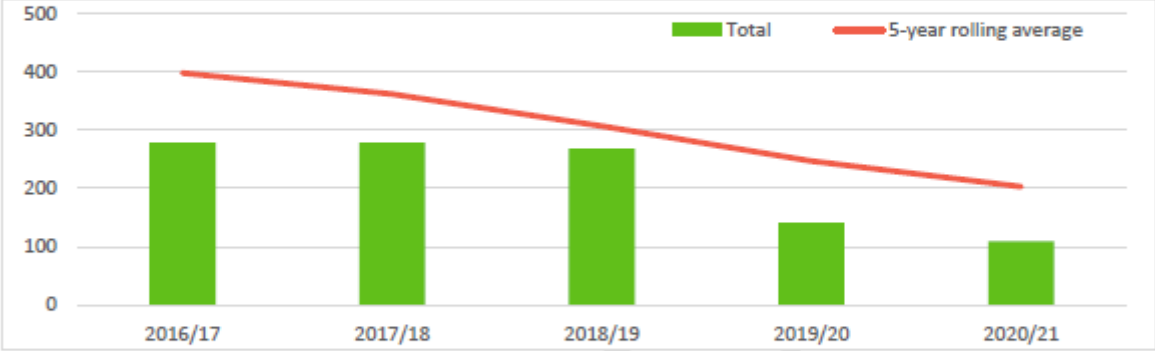
Level of Service Statement HBRC will provide effective pest management programmes that improve regional biodiversity, human health and economic prosperity.				
Level of Service Measure	**Performance target**	**Result 2018-19**	**Result 2019-20**	**Result 2020-21**
Percentage of monitored Possum Control Areas (PCAs) with a 5% or less trap catch.	90%	*Achieved 100%*	*Achieved 91%*	Achieved TBC%
The annual Education Monitoring Programme has tracked well this year with 116,351 hectares monitored or 21 Possum Control Areas. A total of 1,747 monitoring lines where deployed across these area (out of a total of 1,840) which returned an average residual trap catch (RTC[6]) of 2.1% for the year. We are waiting on results from the remaining monitoring lines but are on track to meet the target.				

[5] Includes streams, drains, wetlands, lakes, estuaries and the coast

[6] Residual trap catch index (RTCI) is a standardised method for estimating relative densities of possums. RTCI is the percentage of trap-nights in which a possum was captured

Level of Service Measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
Decreasing trend in the number of active rook nests.	Decreasing trend 5-year rolling average	*Achieved 268*	*Achieved 141*	Achieved 109

The annual aerial rook programme was completed with 109 active nests treated. This is tracking downwards, the previous 5-year rolling average being 247 active nests treated and this year the rolling average is 203.



Level of Service Measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
Percentage of animal pest enquiries responded to within target timeframe (5 days for rabbits).	100%	*Achieved 100%*	*Achieved 100%*	Achieved 100%

A total of 173 rabbit inquiries were responded to during the year within the required 5 day time frame.

Level of Service Measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
Percentage of plant pest inspections and actions completed within target timeframes (see schedule for specific plant pests[7]).	100%	*Achieved 100%*	*Achieved 100%*	Achieved 100%

During the year, 1,077 rural inspections, 928 urban inspections and 14 plant nursery inspections were undertaken. All inspections and actions were completed within the target timeframes.

INTERIM

[7] The Regional Pest Management Plan (RPMP) defines a total control plant pest as one that is of limited distribution in the region, and the long term goal is its eventual eradication. Seventeen plants are listed as total control plant pests. The RPMP places these into two categories: Service Delivery and Occupier Responsibility. For each of these plant categories the Biosecurity Pest Plant team's Operational Plan provides a brief description of what activities HBRC will undertake to achieve the RPMP objectives and by when.

4. Asset Management

This group of activities includes:

4.1 Flood Protection and Control Works[8]

4.2 Flood Risk Assessment and Warning

4.3 Coastal Hazards

4.4 Open Spaces, and

4.5 Works Group.

How we did

Achieved	7	Partially achieved	0
Not achieved	0	Not measured	1

4.1 Flood Protection and Control Works (Rivers) Activity

Level of Service Statement

HBRC will maintain an effective flood control network that provides protection from frequent river flooding to communities and productive land within designated flood protection schemes in the Heretaunga Plains and Ruataniwha Plains.

Level of Service Measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
The major flood protection and control works that are maintained, repaired and renewed to the standards defined in the relevant scheme Asset Management Plan and annual works program.	Achieved	*Achieved*	*Partially achieved*	Achieved

The major flood protection and control works are maintained, repaired and renewed to the standards defined in the Asset Management Plan. The annual works programme is being delivered by our Works Group as scheduled in the annual contract 2020/21. All the work has been completed as per contract and work schedule.

Level of Service Measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
Changes to flood levels of protection[9] are consulted on with the affected communities and delivered within agreed timeframes.	Heretaunga Plains: Phased design and construction Upper Tukituki: Subject to consultation outcome	*Not Achieved for HPFCS* *No measure for Upper Tukituki*	*Not achieved*	Achieved

HBRC received funding from the Infrastructure Reference Group (IRG) to enable us to undertake priority work over the next 3 years at a faster pace than planned to validate the flood overtopping level of service. A detailed design for the first year of construction is underway. Communication plans are in place for consultation with key stakeholders and interested parties; and some meetings are scheduled to proceed in next few months (prior to construction).

[8] 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.

[9] Current levels of protection are 1% Annual Exceedance Probability (AEP) (1:100 year return period) for both Heretaunga Plains and Upper Tukituki Schemes

Level of Service Statement				
HBRC will protect and enhance the scheme's riparian land and associated waterways administered by the Regional Council for public enjoyment and increased biodiversity.				
Level of Service Measure	**Performance target**	**Result 2018-19**	**Result 2019-20**	**Result 2020-21**
The ecological function of urban streams is maintained or enhanced (source: 6-yearly rolling review and Ecological Valuations of River Ecological Management and Enhancement Plans (EMEP).	Achieved	*Not measured*	*Not measured*	Not measured
No ecological valuations have been undertaken as plans for all rivers are under review. However, we are carrying out a number of tasks associated with targets within the EMEP. This includes river bird surveys, pre-gravel extraction inspections and writing a new Standard Operating Procedure for eel rescue. In the first year of the 2021-31 Long Term Plan a new Environmental Engineer will be appointed to drive these functions and implement changes to our day to day operation.				

4.2 Flood Protection and Control Works (Drainage) Activity

Level of Service Statement				
HBRC will maintain an effective drainage network that provides drainage outlet for rainfall runoff for communities and productive land within the drainage scheme.				
Level of Service Measure	**Performance target**	**Result 2018-19**	**Result 2019-20**	**Result 2020-21**
Number of reported incidences of out- of- channel flooding lasting more than 24 hours for the design rainfall runoff and lesser events.	Zero	*Achieved*	*Achieved*	Achieved
Water levels remained within mainstem channel sections. A rainfall event on 9-11 November 2020 exceeded design rainfall and caused surface flooding associated with stormwater capacity in Napier. However, the channel operated well and water levels fell within 1-2 days. A minor event on 20 June 2021 caused some surface flooding on roads in some Napier and Hastings suburbs. Channels recovered well following screen clearing and additional pumping where required.				

4.3 Flood Protection and Control Works (Small Schemes) Activity

Level of Service Statement				
HBRC will maintain an effective flood control and drainage network that provides protection from frequent flooding to communities and productive land within designated Scheme areas, including: Makara Flood Control, Paeroa Drainage, Porangahau Flood Control, Ohuia - Whakakī Drainage, Esk River, Whirinaki Drainage, Maraetotara, Te Ngarue, Kopuawhara Flood Control, Poukawa Drainage, Kairakau.				
Level of Service Measure	**Performance target**	**Result 2018-19**	**Result 2019-20**	**Result 2020-21**
Flood protection and drainage networks are maintained, repaired and renewed to the key standards defined in the Scheme Asset management plan and annual works program.	Achieved	*Achieved*	*Achieved*	Achieved
Our flood protection and drainage networks are maintained and renewed to the standards defined in the relevant scheme Asset Management Plan. Planned maintenance and works are underway as per the Maintenance contract. The Opoho pump station has been out of service this year. However, the new 2021-31 Long Term Plan will give us direction on which course of action to take -either upgrade or retreat.				

FINAL RESULTS

4.4 Flood Risk Assessment and Warning Activity

Level of Service Statement				
HBRC provides reliable warning of flooding from the region's major rivers to at risk communities in the Wairoa, Tūtaekurī, and Ngaruroro and Tukituki areas.				
Level of Service Measure	**Performance target**	**Result 2018-19**	**Result 2019-20**	**Result 2020-21**
Percentage of time that priority telemetered rainfall and river level sites are operational throughout the year.	98%	*Achieved 98.06%*	*Achieved 99.5%*	Achieved TBC%
Commentary: The priority sites have been operational throughout the year as anticipated. At time of reporting, the final measure had not been received however the result is unlikely to change.				

Level of Service Statement				
HBRC provides accurate and timely flood forecasting information online to advise the community on likely rainfall and flooding.				
Level of Service Measure	**Performance target**	**Result 2018-19**	**Result 2019-20**	**Result 2020-21**
Percentage of the region (at risk of flooding from large rivers) covered by a flood forecasting model.	70%	*Achieved 70%*	*Achieved 70%*	Achieved 70%
Commentary: Flood forecasting involve river models of the following rivers: Wairoa, Waiau, Hangaroa, Waikaretaheke, Waihi, Tūtaekurī, Mangaone, Ngaruroro, Maraekakaho, Taruarau, Tukituki (Upper/Mid/Lower), Waipawa, Mangaonuku, Tukipo, and Makaretu. The catchments involved in these rivers cover about 70% of the region by area. There has been no change in the flood forecasting models.				

4.5 Open Spaces Activity

Level of Service Statement				
HBRC will maintain, develop, and provide public access to existing Council owned regional parks and investigate affordable new opportunities for public enjoyment of open space for multi-purpose benefits.				
Level of Service Measure	**Performance target**	**Result 2018-19**	**Result 2019-20**	**Result 2020-21**
Regional parks are managed to the key standards defined in Individual Park Plans (IPPs) where present and / or the HBRC Regional Park Network Plan.	Achieved	*Achieved*	*Achieved*	Achieved
Commentary: All Regional Parks have been managed according to the defined standards. The revised Asset Managment Plan will improve overall understanding of the assets and future management, planning and budgeting for the future work.				

5. Consents & Compliance

This group of activities includes:

5.1 Consents

5.2 Compliance and Pollution Response, and

5.3 Maritime Safety.

How we did

Achieved	4	Partially achieved	1
Not achieved	2	Not measured	1

5.1 Consents Activity

Level of Service Statement

HBRC will process resource consent applications in a timely manner.

Level of Service Measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
Percentage of resource consents processed within statutory timeframe in Resource Management Act.	100%	*Achieved 100%*	*Not achieved 99.8%*	Achieved 100%

Over the course of the year, 478 consents were issued. All processed within the statutory timelines.

5.2 Compliance And Pollution Response Activity

Level of Service Statement

HBRC will monitor consent holders to ensure compliance with the resource consent conditions imposed to protect the environment and human health.

Level of Service Measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
Percentage of programmed inspections/reports completed each year as per the adopted risk-based Compliance Monitoring Strategy.	100%	*Not achieved 90.9%*	*Not achieved 92.5%*	Not Achieved 92.9%

Overall, 92.9% of programmed inspections/reports due to be undertaken during the year, as per the adopted risk-based Compliance Monitoring Strategy, were completed. This is an improvement on the previous two years.

All water take consents were monitored through telemetry in real time and an additional 1,255 monitoring actions were made against these watertake consents. These additional inspections related predominantly to meter verifications (287), security/installation reports (172), compliance reporting (210), and site inspections (199).

Our compliance team made 2,738 monitoring observations against 936 discharge consents representing 80% of all discharge consents that required monitoring. Of these observations there were, report/plan assessments (813), review of environmental data (473), compliance reporting (453), and site inspections (480). A total of 284 monitoring actions were made against 198 permitted activities for forestry, farming and domestic effluent.

INTERIM RESULTS

Level of Service Measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
Percentage of monitored consents which receive an overall grade of full compliance.	95%	*Not achieved 92.17%*	*Not achieved 89.7%*	Not Achieved 82%

A total of 82% of all consents monitored (3,116) achieved full compliance with all conditions.

A total of 86.8% water take consents (2,138) were compliant; and 283 non-compliant (29 low, 252 moderate and 2 significant). The increase in moderate non-compliance is as a result of bores missing verification/bore security checks being identified during a project in quarter three, many of these are anticipated to be graded fully compliant following a compliance review in the first quarter of 2021-22.

A total of 71.6% discharge consents (1,217) were compliant; and 278 non-compliant (134 low, 110 moderate and 34 significant). Compliance gradings are subject to change during the compliance period and may be different following a final compliance report assessment.

Level of Service Statement

HBRC will provide a pollution response service for public complaints, reports of environmental incidents and unauthorised activities.

Level of Service Measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
Maintain a 24- hour/7 day a week duty management/pollution management response system.	Achieved	*Achieved*	*Achieved*	Achieved

The Pollution Hotline continues to be staffed by the Pollution Response Team (two dedicated officers, a senior investigator and a team leader) during normal working hours. The afterhours service is staffed by the Pollution Response Team plus an additional six officers from the Compliance Team, who work on an 10-week rotation.

Level of Service Statement

HBRC will investigate and manage contaminated sites to ensure public health and safety and environmental protection.

Level of Service Measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
A Hazardous Activities & Industries List (HAIL) database of potentially and confirmed contaminated sites is maintained.	Achieved	*Achieved*	*Achieved*	Achieved

HBRC maintains a list of hazardous industries and activities (HAIL) in our selected land use register (SLUR). During the year, all records were migrated into IRIS with new nationally consistent categories adopted and quality assurance checks undertaken. A project to streamline data access and share with local authorities, landowners and the general public is underway with the aim of reducing staff time spent responding to information requests so the budget can be used proactively.

Major closed landfills have largely been identified and spatially mapped with inundation, climate change and flood risk data to identify at-risk fill sites. Several of these sites were identified for further investigation over the 2021-22 period.

Level of Service Statement				
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.				
Level of Service Measure	**Performance target**	**Result 2018-19**	**Result 2019-20**	**Result 2020-21**
An operative Tier 2 Oil Spill Plan and a trained and qualified oil spill response team is in place at all times.	Achieved	*Achieved*	*Achieved*	Achieved
The Tier 2 plan was completed in March 2020 (required to be reviewed on a 3-yearly basis). At least one exercise was undertaken during each quarter and a response team is in place at all times.				

5.3 Maritime Safety Activity

Level of Service Statement				
HBRC will provide local navigation safety control of shipping and small craft movements and provide navigation aids to ensure the region's navigable waters are safe for people to use.				
Level of Service Measure	**Performance target**	**Result 2018-19**	**Result 2019-20**	**Result 2020-21**
Maintain a Maritime New Zealand accredited *Hazard Identification/Risk Assessment and Safety Management System* for the Napier Pilotage Area.	Achieved	*Achieved*	*Achieved*	Partially Achieved
Our annual self-assessment was carried out and reported to Maritime NZ in quarter three. A lack of availability in Port and Harbour Safety Code panel members meant the audit scheduled for quarter four was not completed as expected. This will be carried over into 2021-22 and will be completed in quarter one. Neither PONL or HBRC are expecting any issues.				
Level of Service Measure	**Performance target**	**Result 2018-19**	**Result 2019-20**	**Result 2020-21**
Number of maritime incidents occurring per year reported to Maritime New Zealand in accordance with regulations.	Maintain or decreasing trend	*Not achieved 105*	*Achieved 50*	Not yet measured
We work closely with the three local Maritime NZ officers with regular meetings and exchanging information on incidents throughout the year. We are awaiting the figures for the end of year and anticipate the target will be met, or close to.				

6. Emergency Management

This group of activities includes:

6.1 Hawke's Bay Civil Defence Emergency Management (HBCDEM) Group and

6.2 HBRC Emergency Management.

How we did

Achieved	7	Partially achieved	1
Not achieved	0	Not measured	1

6.1 Hawke's Bay CDEM Group Activity

Level of Service Statement

The HBCDEM 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.

Level of Service Measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
A 5-yearly Hazard Research Plan is approved by and reported on annually to the CDEM Group Coordinating Executives Group (CEG).	Achieved	*Achieved*	*Achieved*	Achieved

A 10-Year Hazard Research Plan was approved by the CEG in quarter two and research commissioned in accordance with this plan. The Hawke's Bay Hazard Portal was upgraded. A regional one-year Earthquake Sensor trial started with Sentinel. Massey University commenced a *'Review of public warning notification systems in Hawke's Bay'* to be completed in quarter one, 2021-22. An initial assessment of new tsunami vertical evacuation guidance was completed by external consultants, WSP. We negotiated for GNS to complete Level 3 Modelling for Tsunami from Tangoio to Clive in 2021-22 with work co-funded by the Earthquake Commission (EQC). The annual report went to the CEG in October 2020.

Level of Service Measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
Percentage of surveyed residents that identify earthquake, flooding, and tsunami as major hazards in Hawke's Bay (source: 2-yearly SIL perception survey).	Same or better than last survey	*Not achieved*	*No survey in this year*	Achieved

The 2-yearly survey showed the major hazards of highest concern for Hawke's Bay residents were earthquake (73.6%), followed by flooding (59.1%) and Tsunami (33.6%). The results are largely similar to the 2019 survey (on aggregate, slightly better) which showed 74.9%, 47.3% and 43.3% respectively. Flooding rated at a higher concern and tsunami rated lower.

INTERIM RESULTS

Level of Service Statement

The HBCDEM 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.

Level of Service Measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
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	*Achieved*	*Achieved*	Partially achieved

Work has commenced on the review of the Group Plan with the Hazards Risk assessment being largely complete. This project was delayed by the COVID-19 and Napier Flooding responses. It is also noted that the National Emergency Management Agency has also just commenced a delayed review of the National Plan. The current Plan remains operative until replaced.

Level of Service Measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
A Group Work Programme implementing the Group Plan objectives is approved and reviewed 6 monthly by the Coordinating Executives Group (CEG).	Achieved	*Achieved*	*Achieved*	Achieved

The Group Work Programme is in place, was agreed by the CEG; and reviewed at quarterly meetings. However due to the response to COVID-19 and the Napier Floods in November this plan continues to be adjusted accordingly.

Priority was placed on post COVID-19 and Napier Flood response reviews, identifying lessons learned and implementing resulting changes as part of the continuous improvement process. There is also ongoing effort in planning for COVID resurgence. It is likely that the ongoing response and future recovery to COVID-19 will impact on existing work programmes for the next 12 months.

Level of Service Measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
Overall percentage score from the Ministry of CDEM assessment of the Hawke's Bay CDEM Group's capability (source: 5-yearly assessment).	80%	*Not achieved* *72% (self-assessed)*	*No assessment*	Not measured

The national monitoring and evaluation programme run by the National Emergency Management Agency (MEMA) is currently suspended. The last evaluation for Hawke's Bay was conducted in 2015 with a score of 60%.

In 2018-19, a self-initiated evaluation in support of the Group Plan review was carried out using the same evaluation tool as used in 2015 and an independent review panel. The review was conducted independently by a consultant and two NEMA staff and a score of 72.2% was assessed.

NEMA has advised that they intend to commence a project to review and implement a new programme relating to assurance of the national emergency management system. This will replace the existing monitoring and evaluation programme.

Level of Service Measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
Percentage of surveyed residents prepared to cope for at least three days or more on their own (source: 2-yearly perception survey).	Same or better than last survey	*Not achieved*	*No survey in this year*	Achieved

The 2-yearly survey showed that residents felt they had enough food (86.3%) and water (62.2%) stored for at least three days; and 81% had some way of cooking without electricity in an emergency. On aggregate, this is about the same or slightly better than last survey which showed 84%, 62% and 82% respectively.

INTERIM RESULTS

6.2 HBRC Emergency Management

Level of Service Statement

As the HBCDEM 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.

Level of Service Measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
HBRC provides support to the HBCDEM Group in accordance with a service level agreement.	Achieved	*Achieved*	*Achieved*	Achieved

As the administrative authority for the Hawke's Bay CDEM Group, we have provided support to the Group in accordance with an agreed roles and responsibilities matrix. This matrix and levels of service are currently under review.

HBRC have fully supported the Group response to COVID-19 and the more recent Napier Floods both with staff physically in the Group Emergency Coordination Centre (GECC) and working virtually in teams from home. Training to support any resurgence response is well supported.

Level of Service Statement

HBRC will ensure it has capability and capacity to respond and manage its assets during a civil defence emergency.

Level of Service Measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
Maintain established team, training, procedures including Emergency Operations Centre Manual and Business Continuance Plan (BCP).	Achieved	*Achieved*	*Achieved*	Achieved

HBRC's emergency response capability has been maintained for the year. In total, 37 new staff received CDEM safety induction training. We are no longer required to maintain an Emergency Operations Centre as HBRC supports the GECC, however the HBRC Incident Room is maintained for the provision of a Council response to emergencies when the need arises, including maintenance of pre-established Standard Operating Procedures for Business Continuance. The HBRC Business Continuance Plan approved last year, is still in place.

Level of Service Measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
24-hour duty management system in place.	Achieved	*Achieved*	*Achieved*	Achieved

An effective 24-hour duty management system, supported by Palmerston North City Council afterhours, has been operated with 387 calls managed and logged by the duty managers over the year. In total, 161 warnings or watches of severe weather or other events have been effectively managed, including those through Napier Flood in November 2020 and the tsunami advisory in March 2021.

INTERIM RESULTS

7. Transport

This group of activities includes:

7.1 Transport Planning and Road Safety

7.2 Passenger Transport and

7.3 Regional Cycling.

How we did

Achieved	2	Partially achieved	0
Not achieved	3	Not measured	1

7.1 Transport Planning and Road Safety Activity

Level of Service Statement

HBRC will develop and implement the region's transport planning documents to promote improved integration of all transport modes, land use and efficient movement of freight.

Level of Service Measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
Adopted Regional Land Transport Plan (RLTP), Regional Public Transport Plan (RPTP) and Regional Cycling Plan in place.	Achieved	*Achieved*	*Achieved*	Achieved

The Regional Land Transport Plan was adopted in May 2021 in accordance with statutory timeframes and lodged with Waka Kotahi NZTA. There were 67 submissions received and Hearings of submissions during April.

The Regional Public Transport Plan 2019-29 is due for review within 6 months of the RLTP and work has commenced to scope this review.

The Regional Cycle Plan 2015 is in place and currently under review.

Level of Service Statement

HBRC will coordinate and implement sustainable regional road safety initiatives so that Hawke's Bay roads and pathways are safe and accessible, and the emotional and financial costs of road traffic crashes are reduced.

Level of Service Measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
Incidence of fatal and injury crashes in our region (5-year rolling average).	Decreasing trend	*Partially achieved**	*Not achieved* *113 (5-yr rolling average to 2019 only)*	Not yet measured

Annual statistics for the fatal and injury crashes are maintained by Ministry of Transport and Waka Kotahi NZTA. Reporting below provides a five-year rolling average of deaths and serious injuries in road crashes (combined). Data from Waka Kotahi NZTA is yet to be received.

Note that statistics for the five year rolling average of fatal and injury crashes are no longer being updated by the Ministry of Transport and Waka Kotahi NZTA. Therefore, reporting is on the five-year average of deaths and serious injuries in road crashes (combined).

** In the 2018-28 LTP, this measure was changed from reporting fatal and serious injury crashes to fatal and injury crashes and the previous year's result has been restated using the new methodology.*

INTERIM RESULTS

7.2 Passenger Transport Activity

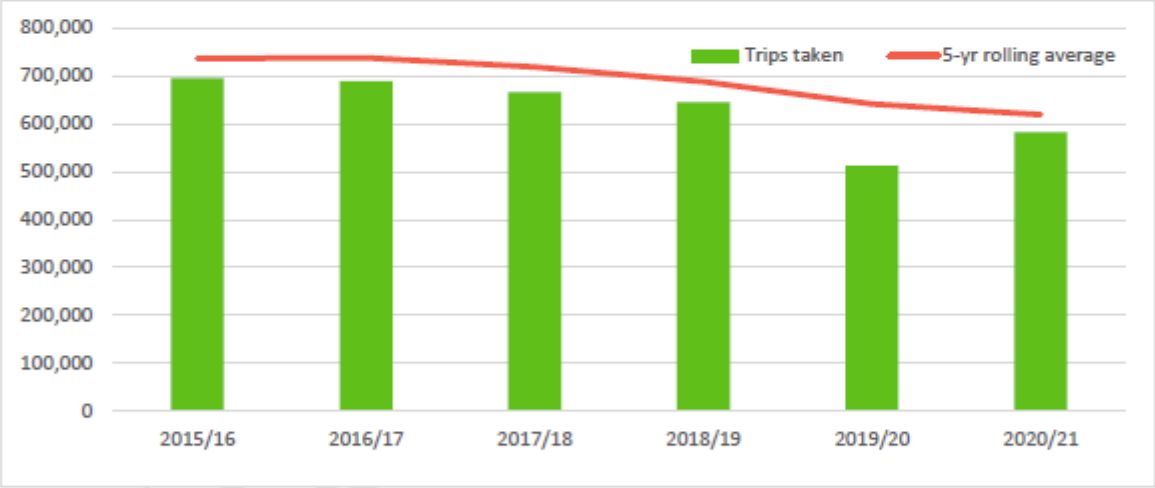
Level of Service Statement

HBRC will provide an accessible, integrated bus service and work with the relevant territorial authority to ensure appropriate service infrastructure within and between the Napier, Hastings and Havelock North urban areas to meet the transport needs of the people of Hawke's Bay.[10]

Level of Service Measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
Annual patronage on Hawke's Bay bus services.	Maintain or increasing trend	*Not achieved 687,831 trips*	*Not achieved 512,397 trips*	Not achieved *582,803 trips*

Following reduced patronage during COVID-19 restrictions in early to mid 2020, free fares in July and August 2020 meant that there was no patronage data for the first two months of the 2020/21 year (bus company reported patronage increased by around 20% during these months). For the purposes of presenting a complete dataset, patronage from July and August 2020 was used in lieu of the gap in data.

This result is an improvement on the previous year which was unusual due to COVID-19. However, it is not achieved when compared against the 5-year rolling average. The five-year rolling average between 2016-2020 was 619,126. In 2020, there were approximately 582,803 number of trips. Overall, bus patronage rates are declining.

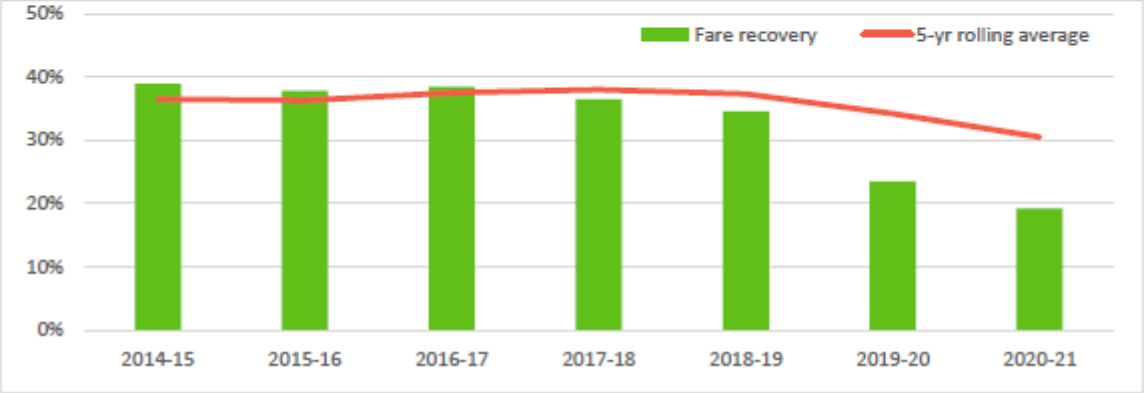


Level of Service Measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
Annual passenger kilometres travelled on the Hawke's Bay bus services.	Maintain or increasing trend	*Not achieved 6,949,061km*	*Not achieved 5,563,303km*	Not achieved 6,296,256km

This result is an improvement on the previous year which was unusual due to COVID-19. However, it is not achieved when compared against the 5-year rolling average. Please note, as for the above patronage measure, there was not data for the first two months of the 2020-21 year so figures from the 18-19 FY were used.

Level of Service Measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
Proportion of total service costs that is covered by fares.	Maintain or increasing trend	*Not achieved 34.6%*	*Not measured*	Not achieved 19.2%

There has been a declining trend in fare recovery. However, 2020 was affected by the introduction of free fares during COVID-19 restrictions over July and August. The remainder of the 2020-21 year was impacted by the new low cost flat fare structure.



Level of Service Measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
Percentage of residences and businesses within 500m (under normal conditions) and 600m (in low density/outer areas) walking distance of a bus stop within existing bus routes.	90% Hastings 75% Napier	*Achieved* *90% Hastings* *90% Napier*	*Achieved* *90% Hastings* *90% Napier*	Achieved *90% Hastings* *90% Napier*

A re-calculation exercise conducted using Napier and Hastings district plan maps has shown that 90% of residential and commercial business are within 500m of a bus stop. Low density/outer urban areas were not able to be calculated using this method. Based on current urban growth rates, this performance indicator is unlikely to change significantly.

INTERIM RESULTS

HAWKE'S BAY REGIONAL COUNCIL

CORPORATE AND STRATEGIC COMMITTEE

18 August 2021

Subject: ORGANISATIONAL PERFORMANCE REPORT FOR PERIOD 1 APRIL TO 30 JUNE 2021

Reason for Report

1. This item provides the Organisational Performance Report for quarter four (Q4) of the 2020-21 financial year which is the period 1 April – 30 June 2021.

Content of the Report

2. The attached report contains four parts plus an Executive Summary with highlights and lowlights for the quarter.

   2.1. **Part 1**: **Significant Events or Programmes** impacting this quarter. These tend to be cross-council so sit outside the groups of activities section.

   2.2. **Part 2**: **Business Improvement Measures** focus on how well we are performing across a number of corporate-wide measures such as health and safety incidents and response to customer feedback.

   2.3. **Part 3**: **Level of Service Measures** by group of activities with adopted targets, traffic light status and commentary by exception.

   2.4. **Part 4**: **Activity Reporting** by group of activities with non-financial and financial (operating only) traffic light status and commentary.

3. This is the eleventh Organisational Performance Report to be presented. As per last quarter the status and commentary reporting has been rolled up from 3-digit code to activity level. Status and commentary by 3-digit code is still available to Councillors via the dashboard.

4. As a reminder, staff complete their reporting in a software tool called Opal3 once actual financial results for the quarter are loaded on the 20th of the month following the end of the quarter. Staff select the status (red, amber, green) of non-financial results, but it is fixed against agreed criteria for financial results. For example, red is set at >$30,000 or >10% over or under budget. Staff are then required to provide commentary on what they did in the quarter in terms of actual non-financial performance and to explain any variations to budgets.

Business improvement measures

5. Carbon emissions from energy use has not been reported this quarter, due to a change in supplier.

6. On reading the Q3 Report, the Committee expressed a desire to see fuel use by all council vehicles including Works Group and vehicle movements related to council projects. Work is underway with the intention to report this from Q1 2021-22.

Activity reporting

7. As this is the fourth and final quarter, the financial results are for the full financial year and financial variances due to the current financial systems' inability to phase budgets through the year is not a valid explanation this quarter.

8. There are however, still several red traffic lights in the financial results by activity. It should be noted that the red traffic lights signal both over and under budget financial results for the year.

Dashboard

9. The dashboard is produced using PowerBI to give a visual representation of the results over time. The Organisational Performance Report document is produced from the dashboard.
10. The dashboard also provides Committee members with the ability to delve deeper into activities of interest via 3-digit codes, all level of service measures results (not just by exception) and annual community outcome results (which are the same as the 24 strategic goals from the current Strategic Plan).
11. We are continuously improving the new dashboard and improving the data reliability across all areas – we would appreciate any feedback you have.
12. Improvements planned for the new FY include using the newly implemented TechOne system to pull data for the People & Capability and Finances pages of the dashboard.

Decision Making Process

13. Staff have assessed the requirements of the Local Government Act 2002 in relation to this item and have concluded that, as this report is for information only, the decision-making provisions do not apply.

Recommendation

That the Corporate and Strategic Committee receives and notes the *"Organisational Performance Report for period 1 April to 30 June 2021".*

Authored by:

Kelly Burkett
BUSINESS ANALYST

Desiree Cull
STRATEGY & GOVERNANCE MANAGER

Approved by:

James Palmer
CHIEF EXECUTIVE

Attachment/s

1⇩ Organisational Performance Report for period 1 April to 30 June 2021

Organisational
Performance Report
Quarter 4: 1 April to 30 June 2021
Prepared on 10 August 2021
HAWKE'S BAY
REGIONAL COUNCIL

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Executive Summary

This Organisation Performance Report provides Council with information to understand the situation-specific factors affecting performance. It reports on how well we are performing across a number of corporate-wide measures and uses the Groups of Activities from the current 2018-28 Long Term Plan to present actual non-financial and financial performance using a traffic light reporting approach.

Its secondary purpose is to provide the Chief Executive, Executive team and staff with information to ensure alignment of Council's work programmes across different groups and teams to achieve the Council's Strategic Plan outcomes and to ensure a steadfast focus on performance and accountability.

This report covers the period of 1 April to 30 June 2021. The report covers significant events and programmes this quarter to year end, business improvement metrics and Groups of Activities.

Highlights

- Our staff were involved in reporting, providing evidence and supporting the Commissioners in respect of the 3-week TANK plan change hearing held in May/June.
- Our staff worked closely with the Panel on the Outstanding Water Bodies plan change, a decision was released in June classifying 15 waterbodies to be regionally outstanding.
- Our staff have been involved in the Water Conversation Order (WCO) Environment Court Hearings with regards to the appeals to the Special Tribunals recommendations to the application for a WCO on the Ngaruroro and Clive Rivers.
- Tukipo wetland was constructed and planted with excellent reception from our community; and will provide a case study for nitrogen management and Tukituki implementation.
- 86 groups are signed up to receive funding through the Catchment Services team managed Te Uru Rākau fund for planting this winter and/or planned planting for next winter.
- Road Safe 2021 Youth Expo was successfully delivered.
- The Regional Land Transport Plan was agreed by the Regional Land Transport Committee and subsequently adopted by Council on 26 May for lodging with Waka Kotahi NZ Transport Agency.
- Two days of hearings were held on 3-4 May, culminating in a council decision to establish Māori Constituencies for the next election.
- A successful, multi-channel Long Term Plan (LTP) campaign was coordinated (1 April - 2 May) resulting in 791 submissions and verbal hearing on 17 May.
- The final 2021-2031 Long Term Plan was adopted unanimously on 30 June with an unmodified audit opinion.
- The first stage of logging at Tutira was completed with no environmental or health and safety issues; and with low logging costs and high log prices.
- An East Coast school roadshow was successfully completed with focus on earthquake and tsunami risk to build awareness and resilience.
- The cultural digital app, Te Kupenga, achieved 1,100 downloads.
- We have acquired the Kia Maia cultural learning development framework comprising 14 self-paced and assessed modules, which will be offered to all staff and councillors.
- No exceedances of the National Environmental Standards (NES) for PM10 were recorded in the Napier and Hastings airsheds.
- 478 consents have been issued over the year to date.
- Over 82% of residents recorded 'acceptable to very good' value for their rates in the June 2021 survey result. This is our highest rating since the survey began in 2005.
- The heatsmart and sustainable homes programme provided 1550 packages to the value of $6,761,876 during 2020-21 FY.

Lowlights

- A large swell in June required an additional renourishment to protect the Napier City Council reserve area.
- Very poor return from the Tūtira mānuka plantation, well below initial estimates.
- 10 exceedances in the Awatoto airshed. The sulphur dioxide (SO2) 1 hour standard was also breached in Awatoto.
- A lack of availability in Port and Harbour Safety Code panel members meant the Maritime New Zealand accredited Hazard Identification/Risk Assessment and Safety Management System for the Napier Pilotage Area audit scheduled for quarter four was not completed as expected. This will be carried over into 2021-22 and will be completed in quarter one.

PART 1: SIGNIFICANT EVENTS AND PROGRAMMES THIS QUARTER

1.1 Long Term Plan (LTP) 2021 – 31

The final 2021-2031 Long Term Plan was adopted unanimously by Council on 30 June with an unmodified audit opinion. This followed a comprehensive engagement process including formal consultation on the Consultation Document "Time to Act – Kia Rite!" from 1 April to 2 May 2021 during which 791 submissions were received. Hearings and Deliberations were held on 17 May and 26 May 2021 respectively. Our next steps are to strike the rates scheduled to occur at the Council meeting on 28 July, respond to all submitters with Council's decisions and complete a Project Closure Report including lessons learnt.

1.2 Financial Upgrade Systems and Efficiencies (FUSE)

The Payroll component of our TechnologyOne (TechOne) solution was implemented in May with the first live pay run being conducted on the 26 May. The remaining, Finance, Inventory, Work Orders and Job Costing modules are to be implemented on 5 July. Once all modules are implemented, we will have an Enterprise Resource Planning solution focussing on delivering the financial aspects of the platform which can then be further built on with additional modules over the upcoming years. The months of July and August will see the FUSE team focus on support of the solution and enhancing functionality to ensure it delivers the best outcomes.

1.3 Climate Change

Efforts have continued to focus on embedding earlier climate action campaign learnings into resource allocations for the 2021-31 Long Term Plan. Our staff continue engagement with representatives of the Climate Change Commission following the Commission's recommendations to Government, and representatives of various Government ministries (for example, Ministry for the Environment which is leading preparation of the first National Climate Change Adaptation Plan due in 2022).

In late April, an internal working group made up of the Corporate Operations team, Works Group Manager and an external Senior Carbon Analyst, discussed possible actions to reduce our operational footprint. An initial reduction report was developed for our staff to align with, taking a step change approach to reducing environmental impacts. These potential emission reduction opportunities start with ideas, technologies and services that are available now and typically require limited investment, then move to plans and audits that can help with future planning.

The reduction plan highlighted that we should consider using a 'long road of offsetting' to get to net zero quicker and to reduce our immediate impact in terms of vehicle use. This was not recommended as an ultimate solution but instead to work alongside measures to chip away at reducing the overall fleet footprint, while improving efficiencies and reducing the amount of offsetting required year by year as economical 4WD technology becomes accessible.

Given fuel use is our highest source of emissions, areas of focus included policy and process changes for company vehicles which ranked as the top priority along with quick energy efficiency measures. Along with targeting operational 'low hanging fruit' initiatives, discussions to undertake fleet and energy audits are underway, funded through the Corporate Response to Climate Change provision.

1.4 Risk Management

On 10 June 2020, the Corporate and Strategic Committee endorsed a roadmap to mature our risk management system. The longer-term vision for maturity of our risk system is to establish value creating, risk intelligent decision-making that is embedded consistently throughout our work.

The risk maturity roadmap is made up of four phases. We are currently working towards completing phase three of the roadmap. Due to our Risk Manager role being vacant throughout quarter 4 there was a delay with completing phase three of the roadmap, including finalising:

- Council's risk appetite statement, and
- Council's critical control environment through the systematic completion of enterprise risk bowties.

The risk maturity programme and underpinning project plan is currently being reviewed to reset milestones to pick up the momentum for maturing our risk management system.

1.5 Regional Development Activity

We continued involvement in regional development is via three key programmes: Hawke's Bay Tourism (HBT), Regional Business Partners Programme (RBP) and Matariki Hawke's Bay Regional Development Strategy for Economic, Inclusive & Sustainable Growth (Matariki).

Hawke's Bay Tourism (HBT)

HBT's six-monthly update was presented to the Corporate & Strategic Committee on 19 May 2021. The funding focus continues to be on domestic marketing and destination management; and an application is in progress for additional funding from Ministry of Business, Innovation and Emploment (MBIE), as the Strategic Tourism Asset Protection Programme (STAPP) evolves into *"Support, Recovery and Re-set (SRR) Investment Plan"*. Sector performance this quarter has continued to top prior year results with visitor spending for the year tracking 22% ahead of last year. This is the fifth largest growth rate across 31 Regional Tourism Organisations (RTOs) and second largest across 16 regions.

Local operators are optimistic about the continued spend increases particularly across accommodation, retail and hospitality. However, skill shortages, as a result of continued border closures, remain a key concern. EIT is looking to offer fast-tracked pathways to tourism but this may not fill gaps that arise. Participation in this year's Winter F.A.W.C! was extremely high with most experiences selling out. Summer F.A.W.C! programme will be launched in early September.

Regional Business Partnerships (RBP)

RBP has worked with 987 businesses through the 2020-21 year which is 450% above the key performance indication of 220. The significant increase showed the demand for our business support services post-COVID quarantine. Although all the RBP capability development funds have now been fully allocated, the team continues to provide support and recommendations by leveraging existing business support mechanisms and initiatives. New funds are due 1 July 2021. The transition of the RBP contract into MBIE is underway with the current RBP contract now extended to 31 December 2021. RBP is actively working with 108 companies on Research and Development (R&D) providing Callaghan Innovation support.

Hawke's Bay Regional Development Strategy for Economic, Inclusive & Sustainable Growth (Matariki)

Our CEO and Chair attended Matariki meetings over the quarter. In the absence of an Economic Development Agency, Matariki is playing a significant role in ensuring Hawke's Bay has a clear set of aligned regional priorities for any new funding opportunities come 1 July 2021.

The review of economic development delivery for Hawke's Bay continues and Business Hawke's Bay formalised its wind-up on 30 June 2021.

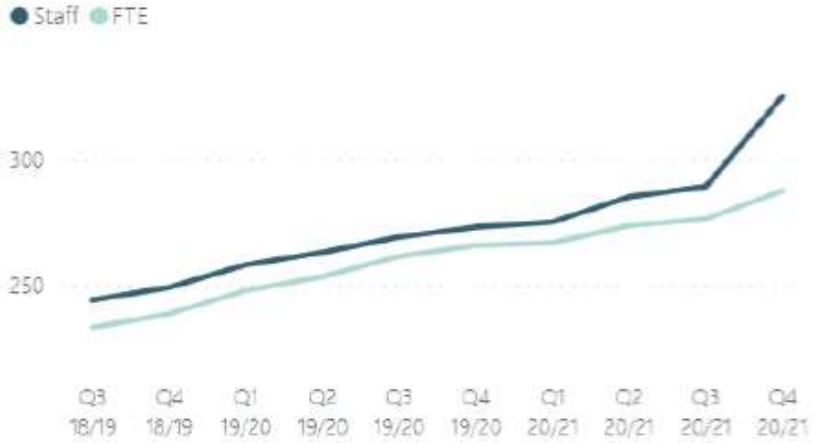
PART 2: BUSINESS IMPROVEMENT MEASURES

2.1 People & Capability

Employee Count

325 Employees	12.46% vs Prior Qtr	287.40 Current FTEs	4.0% vs Prior Qtr
	19.05% vs Prior Year		8.2% vs Prior Year

Staff Count and FTE by Quarter



FTE

This is the first quarter using data exported from the new TechOne system. FTE count has increased by 11.2 FTEs or 4% compared to last quarter, which may be a combination of better data quality alongside organisational growth. This figure counts part-time and full-time employees including fixed term staff but not casuals who do not have a set FTE.

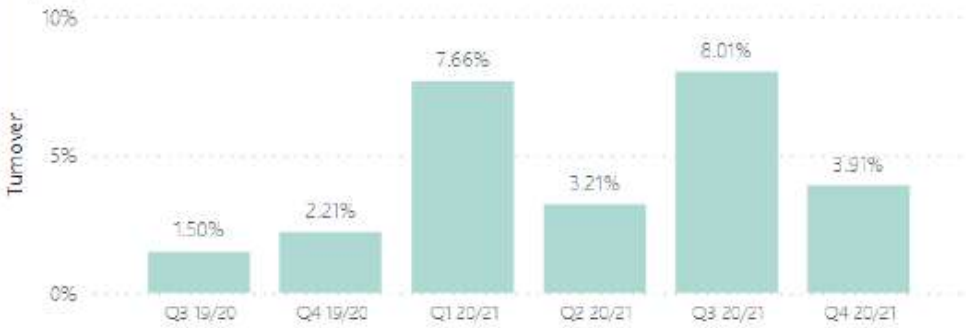
RESIGNATIONS

Several staff have left to pursue career advancement opportunities. We are also in a very competitive employment market where vacancies exceed the number of available candidates which is leading to staff being approached and offered alternative employment. The difficulty bringing in talent from overseas with the current immigration restrictions is also having an effect.

Turnover (2020)

82	56	51
New Starters Over Past Year	Internal Changes Over Past Year	Resignations Past 12 Months

Employee Turnover



2.2 Health & Safety (H&S)

HEALTH & SAFETY

In total, 23 Incidents were reported during the quarter:

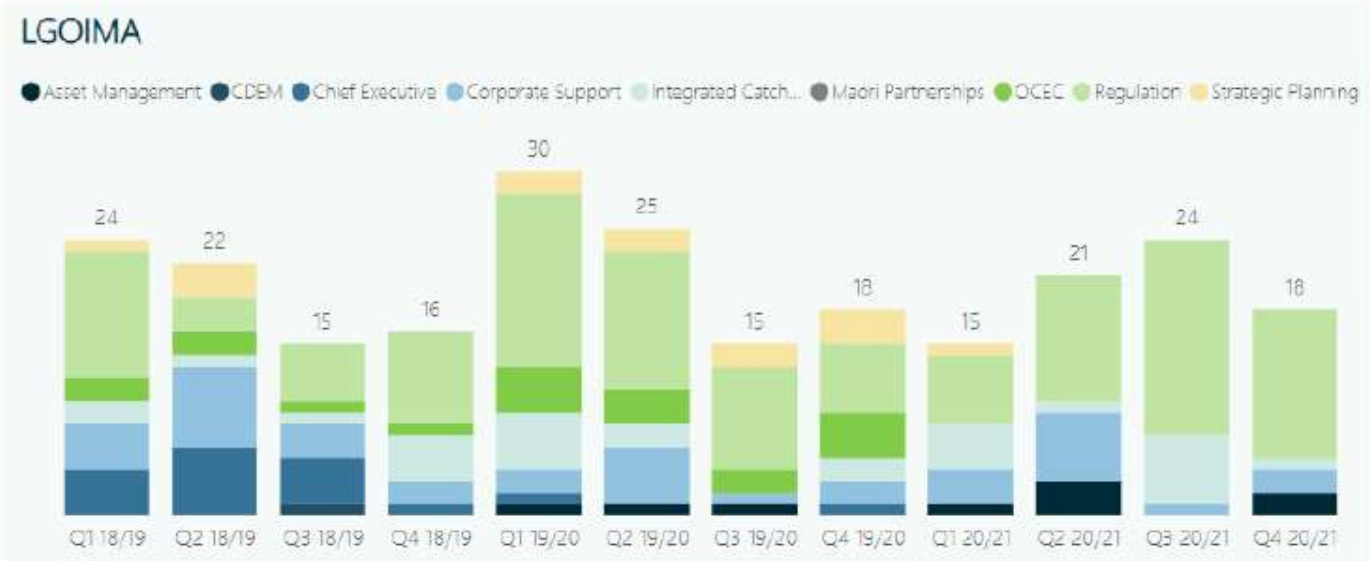
- 12 property damage
- 5 injury/illness
- 3 near misses
- 2 public incidents
- 1 hazard

In this quarter the Health and Safety team delivered flu vaccinations, 4WD river crossing training, dealing with aggressive people training and first aid training.

The team also attended organisational group health and safety meetings and chaired the Health and Safety Committee meeting.

Improvement to daily safety plans are under development.

2.3 Customer Experience



LGOIMA

All 24 LGOIMA requests received during quarter four were responded to, and the information provided within the required timeframes.

CUSTOMER FEEDBACK

Feedback received through our website totalled 49 entries. Of the feedback entries received:

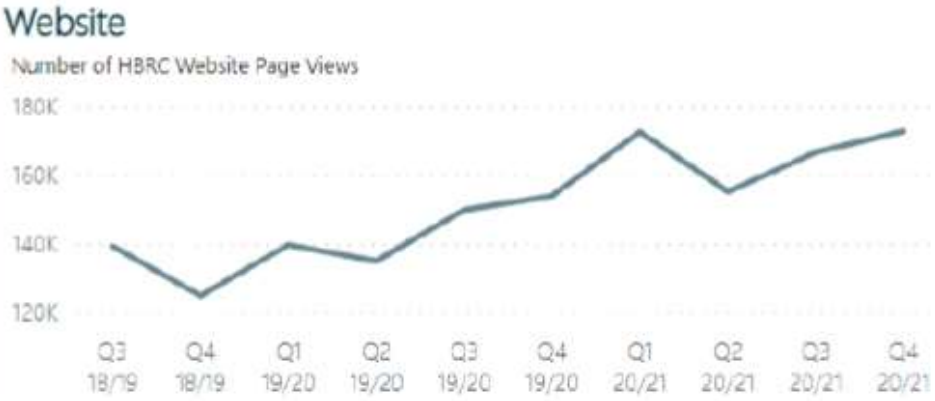
- 45 were comments
- 3 were complaints
- 1 compliment was received.

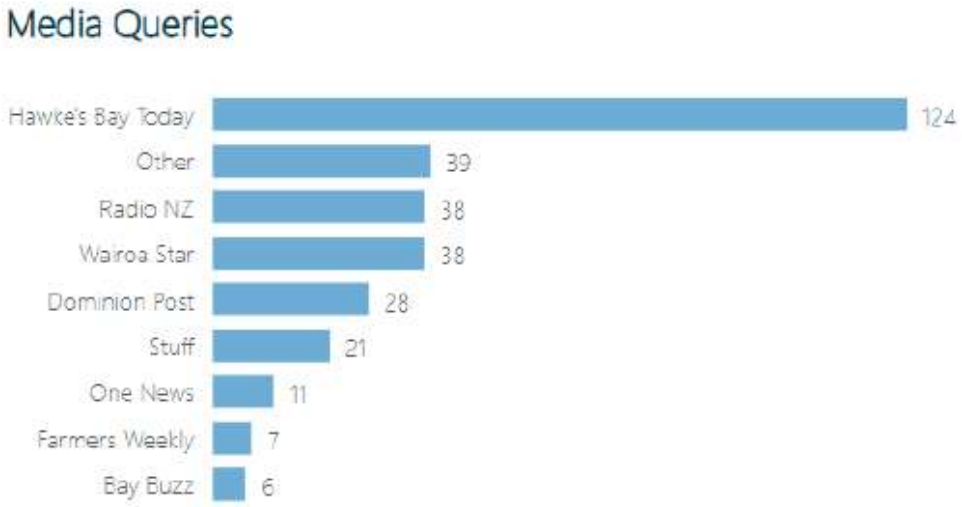
Feedback was responded to within required timeframes: 85% in April, 76% in May and 67% in June. This equates to 76% over the quarter, compared to 85% last quarter.

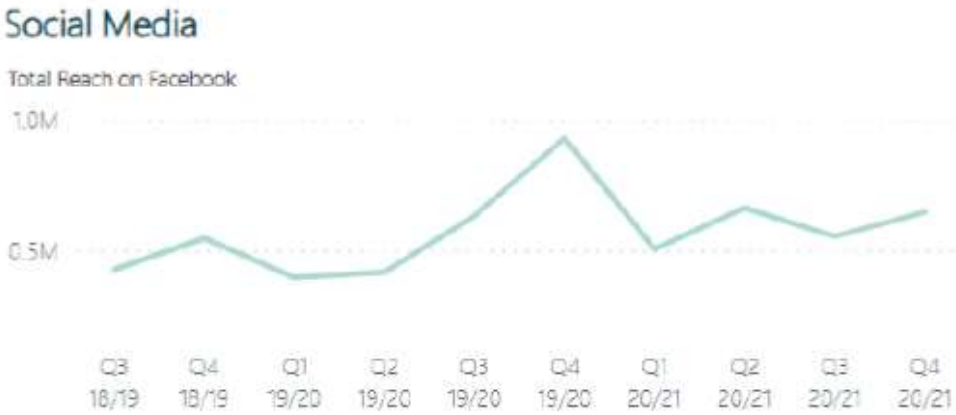
Currently, we are limited to reporting on feedback that is received via the HBRC website only, however staff are working on the implementation of a better reporting system to bring more visibility to interactions across various customer touchpoints including emails, Facebook and calls. The new reporting solution is planned to be introduced by the end of 2021 which will help to influence proactive communication to the community and help staff monitor performance. to drive service improvements.

2.4 Communications

Number of enquiries received by Marketing and Communications Team





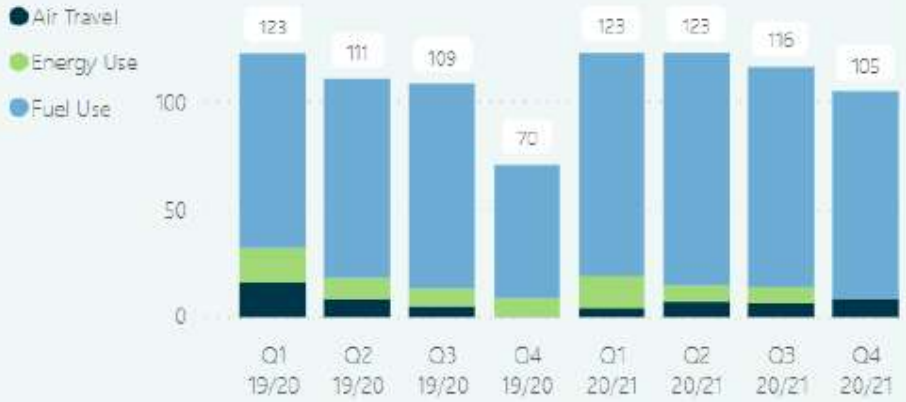


2.5 Corporate Carbon Footprint

CO2 Quarterly Emissions

Category	CO2 Tonnes Emitted	Prior Qtr Change	Prior Year Change
Air Travel	8.20	28%	5757%
Fuel Use	96.48	-6%	58%
Total	104.68	22%	5815%

CO2 Emissions (Tonnes)



CARBON EMISSIONS

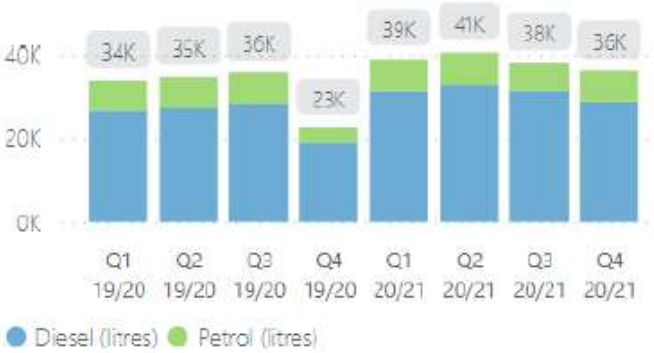
We have been unable to provide energy reporting for quarter four due to a change of supplier (part of an All of Government (AoG) initiative) and have not yet set up correct regular reporting.

A total of 8.2 tonnes of CO_2 can be attributed to air travel in quarter four, compared to 3.0 tonnes last quarter.

Throughout quarter four, a total of 96.48 tonnes of CO_2 can be attributed to fuel use (excluding Works Group*). In total, 78.76 tonnes of CO_2 can be associated with diesel consumption and 17.72 tonnes can be pinned to petrol use. This coming financial year, Works Group fuel reporting will be included into the organisational report figures.

*For the 21/22 FY this report would be all encompassing including Works Group fuel and energy use and other sites energy use.

Fuel Usage



Vehicles

88	6	9
Total Fleet Vehicles	Total Plug In Hybrid Vehicles	Total Hybrid Vehicles
9% vs Prior Qtr	0% vs Prior Qtr	200% vs Prior Qtr
4% vs Prior Year	0% vs Prior Year	200% vs Prior Year

VEHICLES & FUEL

The 4% increase in quarterly fuel spend is due to the increase in fleet size and use by staff. As we increase our hybrid vehicles the overall petrol usage will increase, however we should see a reduction in diesel as the hybrids replace them where it is operationally possible.

There are a few vehicles over our normal amount waiting for EROAD devices to arrive for the newer fleet and four vehicles being retained for student work in the summer and additional roles. They are being retained now to combat the delay in new fleet vehicles experienced with all suppliers due to COVID-19 backlog issues.

The number of plug-in Hybrid Electrics is set to reduce as we convert more to electric vehicles (EV) and non-plugin hybrids. This is returning the same fuel savings with reduced infrastructure costs.

With new legislation, the total number of hybrids will increase as we seek non-diesel options to achieve our goals.

We will continue to increase the number of full EV where possible and when technology allows for the platforms to achieve what is required. Greater buy-in from users will be required and different methods of providing for some users may provide for an increase in the future.

*Data relates to Dalton Street vehicles only (not Guppy Road vehicles). Plant not included.

AIR TRAVEL

A total of 33,823 kms were travelled via air in quarter four. This is a 26% increase on the previous quarter but still well below pre-COVID levels. This reflects increased staff awareness of the benefits of virtual workshops and meetings. With an additional EV added into our pool fleet, an education piece will be undertaken to promote this as an alternate choice to air travel also.

Air Travel

PART 3: LEVELS OF SERVICE BY GROUP OF ACTIVITIES

Under the Local Government Act 2002 the Regional Council is required to present its financial and non-financial information in groups of activities for ease of understanding. In the 2018-28 Long Term Plan Council aggregated its activities into seven Groups of Activities (GOAs), being:

1. Governance and Partnerships
2. Strategic Planning
3. Integrated Catchment Management
4. Asset Management
5. Consents and Compliance
6. Emergency Management
7. Transport

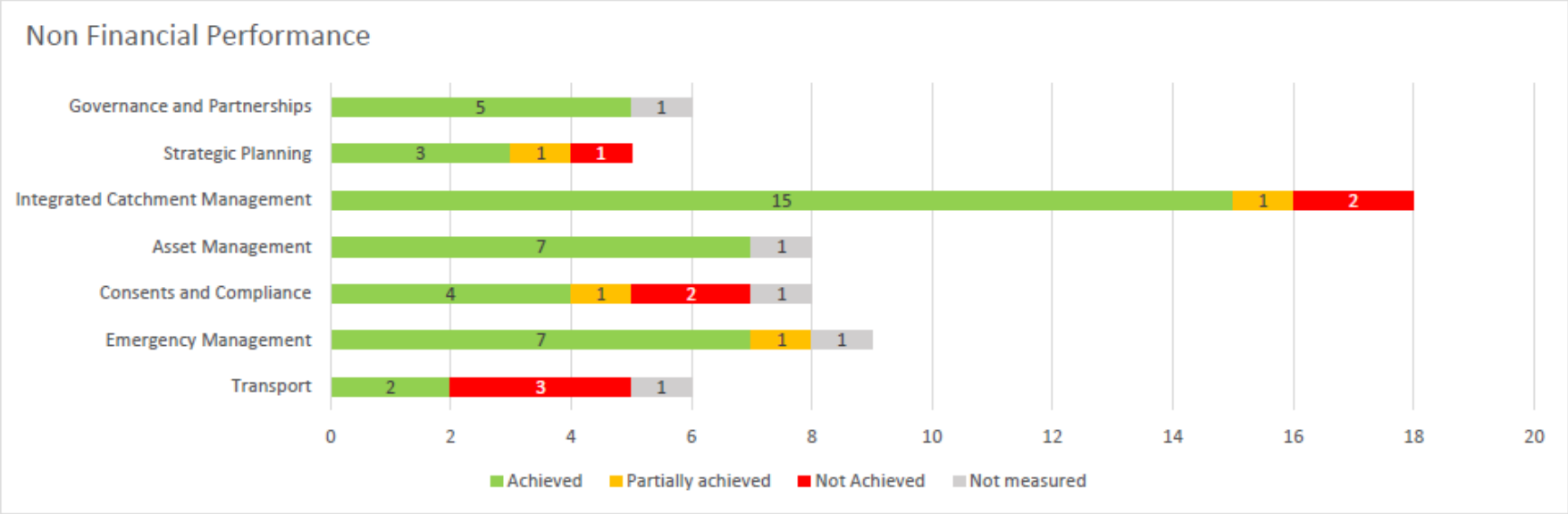
The seven GOAs are made up of 19 activities, 39 levels of service statements, 60 levels of service measures and 120 budget codes (as per Opal3). This report covers the activities within the 2018-28 Long Term Plan.

A traffic light reporting approach is used top show financial and non-financial results.

Non-financial status	🟢	On Track or Achieved
	🟡	Partially Achieved
	🔴	Not Achieved
	⚪	Result not provided / Not measured
Financial status	🟢	Actual results are within 5% and $15,000
	🟡	Actual results are within 5-10% and $15,000-$30,000
	🔴	Actual results are > 10% or $30,000 over or under budget

3.1 Level of Service Measure Reporting

Summary



Exception Reporting

Over quarters one to three, exception reporting provides commentary regarding measures that are 'off track' or forecasted to be 'at risk' of not being achieved, informing Council throughout the year to enable proactive action to improve performance. At the end of the financial year, the measures are assessed as 'achieved', 'partially achieved', 'not achieved' or 'not measured'. The exceptions listed below are those 'partially' or 'not achieved'. The full list of service measures will be recorded in the Annual Report.

Strategic Planning

Level of Service Measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
Planning managers from HBRC and territorial authorities meet at least twice each year to discuss and identify integration issues; and improvements to content and/or processes for regional and district plans.	2 or more achieved	*Achieved*	*Partially achieved*	Partially achieved
Commentary: Regular communication with the territorial local authorities' planning managers was maintained via various channels throughout the year. This involved development of a joint submission on the proposed national air quality rules, discussions about how the government's new national policy statement on urban development might be implemented, discussions on Heretaunga Plains Urban Development Strategy, CHBDC district plan review, Kotahi, resource management reform, tāngata whenua involvement in plan making amongst other topics. One meeting the Hawke's Bay Council Planning Managers was held in March 2021				

Level of Service Measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
Number of submissions on resource management-related proposals made to local and central government per annum.	Maintain 3-year rolling average	*Achieved* *12*	*Achieved* *19*	Not achieved 4

Commentary: Four submissions were lodged during the year bringing the 3-year rolling average down to 11.7. The reduced number of submissions was largely due to central government-related proposals easing around the General Election (October 2020). This was following an unprecedented 2019/20 year of activity from central government on resource management-related proposals. The reduction in the number of submissions was due to a reduction in the number of reports, consents, policies and plans notified. All submissions are recorded www.hbrc.govt.nz #hbrcsubmissions

Integrated Catchment Management

Level of Service Measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
Percentage of land area (by catchment) that operates under a Farm Environment Management Plan (FEMP) or an independently audited industry good management practice framework as required under the Regional Resource Management Plan (RRMP).	Tukituki 100% TANK TBC Mohaka TBC	*Partially achieved* *96% by land area for Tukituki*	*Partially achieved* *99% by land area for Tukituki*	Partially achieved 23% by land area for Tukituki Approx. 70% of land area either under a revised plan or being reviewed

Commentary: In total, 23% of the land area in the Tukituki catchment required to have a FEMP (low intensity and 2021 FEMP re-submissions) is covered by a current FEMP compared to 99% last year. This significant change in result is due to all FEMPs requiring a revision by the deadline of 31 May 2021. Results for previous quarters during the year referred to submissions from 2018. Existing plans are still operative.

Of the total properties expected to have a FEMP, 27% have re-submitted; and 46% are engaged with a provider and are working on an update. Outstanding properties are being followed up by our FEMP and compliance teams.

Level of Service Measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
Additional area of highly erodible land planted in trees (ha).	2000 ha of land under cover	*Not measured*	*Not achieved* *676ha*	Not achieved 1272ha

Commentary: This is the third year of the Erosion Control Scheme (ECS).

Almost double the volume of hectares were planted this year compared with last year. Available budget, plants and fencers are limiting factors to achieving targets. Quarters two and three are the quietest periods for planting.

Level of Service Measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
Additional kilometres of riparian margin protected annually to reduce sediment, nutrient and/or bacterial contamination of water.[1]	100km	*Not measured*	*Not achieved* *27km*	Not achieved 87km

Commentary: This measure relates to riparian margin protected via the ECS. This is the third year of the ECS. Just over three times as many kilometres were planted this year compared with last year. Protection involves planting both sides of the stream. Quarters two and three are the quietest periods for planting.

Consents and Compliance

Level of Service Measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
Percentage of programmed inspections/reports completed each year as per the adopted risk-based Compliance Monitoring Strategy.	100%	*Not achieved* *90.9%*	*Not achieved* *92.5%*	Not Achieved 92.9%

Commentary: Overall, 92.9% of programmed inspections/reports due to be undertaken during the year, as per the adopted risk-based Compliance Monitoring Strategy, were completed. This is an improvement on the previous two years.

All water take consents were monitored through telemetry in real time and an additional 1,255 monitoring actions were made against these watertake consents. These additional inspections related predominantly to meter verifications (287), security/installation reports (172), compliance reporting (210), and site inspections (199).

Our compliance team made 2,738 monitoring observations against 936 discharge consents representing 80% of all discharge consents that required monitoring. Of these observations there were, report/plan assessments (813), review of environmental data (473), compliance reporting (453), and site inspections (480). A total of 284 monitoring actions were made against 198 permitted activities for forestry, farming and domestic effluent.

Level of Service Measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
Percentage of monitored consents which receive an overall grade of full compliance.	95%	*Not achieved* *92.17%*	*Not achieved* *89.7%*	Not Achieved 82%

Commentary: A total of 82% of all consents monitored (3,116) achieved full compliance with all conditions.

A total of 86.8% water take consents (2,138) were compliant; and 283 non-compliant (29 low, 252 moderate and 2 significant). The increase in moderate non-compliance is as a result of bores missing verification/bore security checks being identified during a project in quarter three, many of these are anticipated to be graded fully compliant following a compliance review in the first quarter of 2021-22.

A total of 71.6% discharge consents (1,217) were compliant; and 278 non-compliant (134 low, 110 moderate and 34 significant). Compliance gradings are subject to change during the compliance period and may be different following a final compliance report assessment.

[1] Includes streams, drains, wetlands, lakes, estuaries and the coast

Level of Service Measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
Maintain a Maritime New Zealand accredited *Hazard Identification/Risk Assessment and Safety Management System* for the Napier Pilotage Area.	Achieved	*Achieved*	*Achieved*	Partially achieved

Commentary: Our annual self-assessment was carried out and reported to Maritime NZ in quarter three. A lack of availability in Port and Harbour Safety Code panel members meant the audit scheduled for quarter four was not completed as expected. This will be carried over into 2021-22 and will be completed in quarter one. Neither PONL or HBRC are expecting any issues.

Emergency Management

Level of Service Measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
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	*Achieved*	*Achieved*	Partially achieved

Commentary: Work has commenced on the review of the Group Plan with the Hazards Risk assessment being largely complete. This project was delayed by the COVID-19 and Napier Flooding responses. It is also noted that the National Emergency Management Agency has also just commenced a delayed review of the National Plan. The current Plan remains operative until replaced.

Transport

Level of Service Measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
Annual patronage on Hawke's Bay bus services.	Maintain or increasing trend	*Not achieved*	*Not achieved* *5-yr rolling average 641,543*	**Not Achieved** 582 803 trips taken 5-yr rolling average 619,126

Commentary: Following reduced patronage during COVID-19 restrictions in early to mid 2020, free fares in July and August 2020 meant that there was no patronage data for the first two months of the 2020/21 year (bus company reported patronage increased by around 20% during these months). For the purposes of presenting a complete dataset, patronage from July and August 2020 was used in lieu of the gap in data.

This result is an improvement on the previous year which was unusual due to COVID-19. However, it is not achieved when compared against the 5-year rolling average. The five-year rolling average between 2016-2020 was 619,126. In 2020, there were approximately 582,803 number of trips. Overall, bus patronage rates are declining.

Level of Service Measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
Annual passenger kilometres travelled on the Hawke's Bay bus services.	Maintain or increasing trend	*Not achieved* *5-yr rolling average 7,218,669 km*	*Not achieved* *5-yr rolling average 6,820,792 km*	**Not Achieved** 5-yr rolling average 6,8296256 km

Commentary: This result is an improvement on the previous year which was unusual due to COVID-19. However, it is not achieved when compared against the 5-year rolling average. Please note, as for the above patronage measure, there was not data for the first two months of the 2020-21 year so figures from the 18-19 FY were used.

Level of Service Measure	Performance target	Result 2018-19	Result 2019-20	Result 2020-21
Proportion of total service costs that is covered by fares.	Maintain or increasing trend	*Not achieved*	*Not measured*	**Not Achieved** 19.2%, 5-yr rolling average 30.5%

Commentary: There has been a declining trend in fare recovery. However, 2020 was affected by the introduction of free fares during COVID-19 restrictions over July and August. The remainder of the 2020-21 year was impacted by the new low cost flat fare structure.

PART 4: ACTIVITY REPORTING BY GROUP OF ACTIVITIES

4.1 Activity Reporting Summary

Group Of Activity	Activity	Non Financial Status	Financial Status	Under/Over Spend
1. Governance and Partnership	Community Representation and Leadership			↑
1. Governance and Partnership	Tangata Whenua Partnerships and Community Engagement			↓
2. Strategic planning	Planning			↓
2. Strategic planning	Strategy			↑
2. Strategic planning	Sustainable Regional Development			↓
3. Integrated Catchment Management	Biodiverstiy and Biosecurity			↓
3. Integrated Catchment Management	Catchment Management			↑
3. Integrated Catchment Management	Science and Information			
4. Asset Management	Coastal Hazards			↓
4. Asset Management	Flood Protection and Control Works (Rivers, Drainage and Small Schemes)			↓
4. Asset Management	Flood Risk Assessment and Warning			↓
4. Asset Management	Open Spaces			↓
5. Consents and Compliance	Compliance and Pollution Response			
5. Consents and Compliance	Consents			↑
5. Consents and Compliance	Maritime Safety			↓
6. Emergency Management	Hawke's Bay CDEM Group			↑
6. Emergency Management	HBRC Emergency Management			↑
7. Transport	Passenger Transport			↓
7. Transport	Transport Planning and Road Safety			↓

The summary on the previous page as well as the table above show a large number of budgets that are showing as red which mean that they are Off Track or Not Achieved. This may be under or over budget. Reasons for these are documented in the commentary following.

4.2 Governance and Partnerships

Below are the non-financial and financial reporting (operating only) for the two activities within Governance and Partnerships Group of Activities (GOA):

Group of Activity	Activity	NF Status	Comments
1. Governance and Partnership	Community Representation and Leadership		Q4 was an unusually busy quarter with with Long Term Plan and Māori Constituencies consultation processes each running for a period of four weeks in addition to 18 Council and Committee meetings, including three days of LTP and Māori Constituencies submission hearings.
1. Governance and Partnership	Tangata Whenua Partnerships and Community Engagement		Through Q4 Council has maintained active relationships with tangata whenua. The formal relationship platform is through the Regional Planning Committee (RPC, 9 appointees) and the Māori Committee (12 representatives) each of which met once during Q4 (5 and 6 meetings respectively over year). Council pays for a technical adviser to the RPC. Tangata whenua have speaking and voting rights at other committees of council including Environment & Integrated Catchment, Corporate & Strategic and Hearings committees and speaking rights at the Regional Council. Council covers all related costs including meeting fees or an annual salary proportionate to a chair or co-chair role. Fees were set in 2018 following an independent remuneration review by Strategic Pay. Council has facilitated additional meetings with tangata whenua over the year in response to matters of national and local importance, Three Waters, RMA, local government reform and Māori constituencies.

Group of Activity	Activity	F Status	Comments
1. Governance and Partnership	Community Representation and Leadership		Year end budget is 24% overspent, compared to 28% in Q3, attributed mainly to unbudgeted consultancy costs related to LTP development ($160k for PWC Investment & Funding Strategy and Significant Assumptions advice), computer software licensing ($41k Infocouncil & Stellar, normally contained within IT budgets), and the donation to the NCC Mayoral Flood Relief Fund ($100k). Unbudgeted items are addressed in 2021-22 budgets.
1. Governance and Partnership	Tangata Whenua Partnerships and Community Engagement		The YTD underspend (-11%) in-part relates to less meetings + attendance at Regional Planning and Māori committees and less technical adviser associated cost. The balance of underspend is due to Te Kupenga digital app total cost ($40k + GST) being shared across all five HB councils (1/5 each) and therefore unanticipated reimbursement at year-end of $32k. The projected underspend at end of Q3 was mistakenly attributed to mis-coding, this was not the case. TechOne roll-out with enhanced integration across HRIS/FMIS should alleviate any future issues 2021/22.

4.3 Strategic Planning

Below are the non-financial and financial reporting (operating only) for the three activities within Strategic Planning Group of Activities (GOA):

Group of Activity	Activity	NF Status	Comments
2. Strategic planning	Planning		Q4 has been an exceptionally intensive period for the Policy & Planning Team with a significant amount of staff time and resource focused around delivering the TANK plan change hearings. Staff committing a lot of overtime to ensure the TANK plan change hearings has been a success, including reporting and response to commissioners queries, organisation of the hearings and support to the commissioners. Work continues on Kotahi in particular through papers and workshops for the RPC. Co-design of the Mohaka chapter continues with work being undertaken on the Maori-led workstream. Within the Statutory Advocacy space the final week of hearings (which predominantly focused on HBRC evidence and experts) was held this quarter for the WCO.
2. Strategic planning	Strategy		Strategy and Performance Team is fully staffed. Major focus for Q4 was consultation, hearings and deliberations for the 2021-2031 Long Term Plan. Key deliverable was the unanimous adoption of the 2021-2031 Long Term Plan with an unmodified audit opinion.
2. Strategic planning	Sustainable Regional Development		Council continued involvement in regional development via three key streams: Hawke's Bay Tourism (HBT), Regional Business Partners Programme (RBP) and Matariki Hawke's Bay Regional Development Strategy for Economic, Inclusive & Sustainable Growth (Matariki).

Group of Activity	Activity	F Status	Comments
2. Strategic planning	Planning		Significant costs have been borne in Q4 of the financial year associated the TANK hearings held in May/June 2021 and the recommencement of the WCO final week of hearings. The OWB decision is still to be released and the invoices associated with the preparation of the decision are still to be received. The Statutory Advocacy budget has been substantially overspent due the Council involvement in the WCO appeal and associated consultant can legal fees. The Strategy and Planning budget is slightly underspent due to TANK hearings running beyond the close of the financial year, and a delay in the commencement of the Māori-led workstream for Mohaka. It should be noted that these cost will impact on Q1 of the 2021/2022 year.
2. Strategic planning	Strategy		Over budget by 13% due to overspend in internal time offset slightly by underspend in external costs. Budgeted labour hours do not reflect staff numbers in the team due to reorganisation in July/August 2020. The team will be treated as a cost from 1 July 2021 onwards.
2. Strategic planning	Sustainable Regional Development		While this variation relates to a coding issue there is a wider discrepancy owing to the timing of funding the Regional Recovery Manager role and related activities compared to the on-charging and recovery from the other councils

4.4 Integrated Catchment Management (ICM)

Below are the non-financial and financial reporting (operating only) for the three activities within Integrated Catchment Management Group of Activities (GOA):

Group of Activity	Activity	NF Status	Comments
3. Integrated Catchment Management	Biodiverstiy and Biosecurity		As per the associated level of service measures, the Catchment Services team have delivered on their annual work programme. This includes completing 1,747 possum monitoring lines across 116,351 hectares, treating 109 active rook nests across the region, undertaking 182 rural inspections and 482 urban inspections in managing 14 pest plants, progressing towards a possum free Mahia, delivering biodiversity protection works at 13 Ecosystem Prioritisation sites and leading a spotted skink survey, coastal bird survey, NZ bat survey and SOE wetland monitoring programme. Further to this, a total of 86 groups are signed up to receive funding through the council managed Te Uru Rakau fund for planting this winter and/or planned planting for next winter.
3. Integrated Catchment Management	Catchment Management		Busy work programmes with some projects well ahead of anticipated position for the time of year, however there will be carryforwards required where approved ECS projects have been unable to be completed this FY due to contractor availability. The Erosion Control Scheme Level of Service outputs are approximately double from what they were at the same time last year, so a big increase in successful engagement with landowners. Good progress with protection and enhancement projects to deliver on deliverables where it has been possible. There has been clear messaging about where these projects need to focus in the future, to deliver on project milestones while existing funding is available.
3. Integrated Catchment Management	Science and Information		Workstreams in the Science+Information activity are delivered by the Science, Consenting, Environmental Information, Catchments Policy Implementation, Procurement and GIS sections of HBRC. Highlights include: - State of the Environment (SoE) monitoring data captured and stored, as planned, to rigorous standards; - Development of eDNA techniques for aquatic ecological monitoring completed and the method will be used to support Kotahi; - Science resources heavily focussed on supporting policy/planning functions, including Ngaruroro Water Conservation Order, TANK, Mohaka and broader regional Kotahi plan changes; - Tukipo constructed wetland was completed and planted, as a case-study to manage instream nitrogen and support Tukituki plan implementation; - 1550 Heatsmart/Sustainable Homes packages totalled $6,761,876 for the year. These programmes have now reached 16,916 ratepayers investing $34,355,423; - Major work programmes for 3D Aquifer Mapping and LiDAR have progressed as planned, although the latter slipped a couple months due to COVID-19 impacts on suppliers.

Group of Activity	Activity	F Status	Comments
3. Integrated Catchment Management	Biodiverstiy and Biosecurity		This underspend is a result of less staff time being used than was initially budgeted (staff vacancies), a planned $368,076 carryforward received from the Te Uru Rakau 1 billion trees fund for planting this winter and next winter and a planned underspend in the pest animal budget, in agreeance with the finance team, to start rebuilding the Biosecurity reserve fund which has been depleted.
3. Integrated Catchment Management	Catchment Management		Variance of pro rata budget is due to greater uptake of the ECS for the year, including Jobs4Nature, and the timing differences for FEMPS and future farming. The EICC has approved bringing borrowing forward to cover the increased cost due to improved uptake and momentum in the ECS and Jobs4Nature projects and this is reflected in the available budget.
3. Integrated Catchment Management	Science and Information		Some under- and over-budget projects, but the total Science and Information Activity budget was on target.

4.5 Asset Management

Below are the non-financial and financial reporting (operating only) for the four activities within Asset Management Group of Activities (GOA):

Group of Activity	Activity	NF Status	Comments
4. Asset Management	Coastal Hazards		The Engineering team has been progressing the Joint Coastal Strategy design work stream. The Westshore nourishment work is completed and under budget due to some savings in sourcing material.
4. Asset Management	Flood Protection and Control Works (Rivers, Drainage and Small Schemes)		Flood Protection and Control Works are being carried out by the Regional Assets section in accordance with asset management plans and annual maintenance contract. Significant projects are in progress Heretaunga Plains level of service review, Waipawa River above SH50, Napier Nov 2020 flood repairs, and pump station renewals.
4. Asset Management	Flood Risk Assessment and Warning		Engineering team worked on catchment reviews, hydrodynamic modelling for flood hazard planning, mapping. This is part of the Capital work (HPFCS Level of Serivces).
4. Asset Management	Open Spaces		This is delivered by the Open Space team (Regional Parks and Forestry - not including Hawke's Bay Trails). LoS for all Regional Parks on track and met. The new Asset Management Plan is complete and signed off by Council. The AMP will improve overall understanding of the asset and current/future management, planning and budgeting for the parks and forestry portfolio.

Group of Activity	Activity	F Status	Comments
4. Asset Management	Coastal Hazards		The Westshore nourishment was under budget due to savings in source material. The consultancy cost for coastal strategy is on track.
4. Asset Management	Flood Protection and Control Works (Rivers, Drainage and Small Schemes)		Underspent due to: provision sums for incident response and projects not required; delays in some capital works and efficiencies such as pump refurbishments rather than replacements.
4. Asset Management	Flood Risk Assessment and Warning		Expenditure is under spent due to staff time being coded to Capital work. Ngaruroro and Tūtaekurī analysis is being funded through the IRG capital project
4. Asset Management	Open Spaces		This Open Space summary is a combination of Regional Parks and Forestry and does not include Hawkes Bay Trails, Te Karamu or Waipatiki Beach Holiday Park. Underspent forestry component is due to no funded projects being identified by MTT; Tongoio Soil Conservation Reserve, forestry harvest income exceeded expectations and $300k loan for Open Spaces has not been processed on revenue side.

4.6 Consents and Compliance

Below are the non-financial and financial reporting (operating only) for the three activities within Consents and Compliance Group of Activities (GOA):

Group of Activity	Activity	NF Status	Comments
5. Consents and Compliance	Compliance and Pollution Response		Increased enforcement work across both the monitoring & pollution teams as well as a greater requirement for permitted activity monitoring (i.e. Forestry NES) has resulted in a number of successful prosecutions. A number of prosecutions still on going and 2 further prosecutions about to commence. New Team Leader Pollution Compliance appointed and new Compliance Manger appointed.
5. Consents and Compliance	Consents		The Consenting team issued 478 consents during the year. Of these 99.8 consents were processed and issued on time. Costs of legal advice exceeded budget due in particular to extended mediations to resolve Te Mata Mushroom appeal.
5. Consents and Compliance	Maritime Safety		Navigation Aid Maintenance remained on budget for year end.

Group of Activity	Activity	F Status	Comments
5. Consents and Compliance	Compliance and Pollution Response		Increased legal costs continuing with the number of prosecutions underway and legal opinions sought. Several vacant positions carried over later half of year - Compliance Manager and Team Leader.
5. Consents and Compliance	Consents		Total combined net funding required for the Consents and the Appeals and Objections projects is less than budgeted. A surplus of $12,598 has been achieved across the two projects. An exceedance was anticipated and forecast at the Q3 period, so this is is an improvement to that. YTD Net funding for combined projects should be $929,334 giving a surplus of $12,598. The Consents budget net funding requirement was less than budgeted by 9% or $78,322. The Appeals and Objections budget was exceeded by 225% or $65,724. This cost of the Appeals and Objections budget is difficult to anticipate year by year. This project covers Consents related legal costs that are not recoverable from applicants. The principal proportion of this cost this year was for the Te Mata Mushrooms mediation.
5. Consents and Compliance	Maritime Safety		Navigation Aid Maintenance remained on budget for year end.

4.7 Emergency Management

Below are the non-financial and financial reporting (operating only) for the two activities within Emergency Management Group of Activities (GOA):

Group of Activity	Activity	NF Status	Comments
6. Emergency Management	Hawke's Bay CDEM Group		Overall this has been a challenging year for this group of activities with a number of significant responses and ongoing work in planning for COVID-19 resurgence. Therefore the business as usual work programme has had to be flexible and at times priorities amended. This placed pressure on staff and this is reflected in a number of experienced staff moving to roles outside of the sector at the end of 2020. Recruitment has not been easy with a number of other Groups and government agencies increasing their resourcing at a significant rate. The Group office was able to fill vacancies. The issue at the end of the reporting year was not vacancies but the requirement to induct and train new staff. It is likely that the pressures of 2020/21 will continue into 2021/22. This will require careful management of the work programme and staff.
6. Emergency Management	HBRC Emergency Management		The HBRC has continued to support the CDEM group in respond to COVID-19, drought and the Napier flooding event with staffing of coordination centres and providing expert advice on drought and flooding. In particular HBRC took a leadership role in the drought response.

Group of Activity	Activity	F Status	Comments
6. Emergency Management	Hawke's Bay CDEM Group		The over expenditure in this activity area can be attributed to two issues. With the COVID-19, drought and the Napier flood event response there was approximately $100,000 additional expenditure on operational responses. The remaining over expenditure is a result of unbudgeted increased corporate overheads through the year.
6. Emergency Management	HBRC Emergency Management		This over expenditure is largely as a result of staff needing to support a number of responses during the year and associated operational costs

4.8 Transport

Below are the non-financial and financial reporting (operating only) for the two activities within the Transport Group of Activities (GOA):

Group of Activity	Activity	NF Status	Comments
7. Transport	Passenger Transport		While patronage is nearly back to to pre-COVID levels, overall patronage is still reflecting an overall decline. Successful introduction of the Beecard has streamlined the bus fare system and (anecdotally) very popular with bus users. The transport study indicated that bus services are likely not meeting the needs of the community. Consultation on a change to the service delivery to an on-demand ride share service is underway and appears to be well supported. Total mobility user numbers are steadily increasing.
7. Transport	Transport Planning and Road Safety		The transport programme has delivered the proposed programme although a slightly lower level of road safety education delivery due to staff availability. RLTP delivered on time, adopted by RC and lodged with WK, and process included preparation of business case report.

Group of Activity	Activity	F Status	Comments
7. Transport	Passenger Transport		The combination of continuing overall decreasing bus patronage combined with the low flat fare bus fare structure is resulting in reduced fare revenue. Significant increased costs are also as result of EERA requirements. The costs of the (national) Beecard system were slightly higher than budgeted due to setup difficulties.
7. Transport	Transport Planning and Road Safety		All income streams across the transport programme have been received, including NZTA claims and contributions by other councils. Overall spend for road safety and transport planning slightly less than expected budget.

PART 5: GLOSSARY

AMP	Asset Management Plan
BAU	Business as usual
CCTO	Council Controlled Trading Organisation
CDEM	Civil Defence Emergency Management
C&S	Corporate & Strategic Committee
CEG	Coordination Executives Group
CHBDC	Central Hawke's Bay District Council
CRM	Customer Relationship Management System
ECS	Erosion Control Scheme
EICC	Environment Integrated Catchment Committee
ERA	Employment Relations Act
ECS	Erosion Control Scheme
EOY	End of year
FARS	Financial Audit and Risk Subcommittee
FEMP	Farm Environmental Management Plans
FENZ	Fire and Emergency New Zealand
FIF	Freshwater Improvement Fund
FTE	Full Time Equivalent
HPFCS	Heretaunga Plains Flood Control Scheme
HBRC	Hawke's Bay Regional Council
HBT	Hawke's Bay Tourism
HDC	Hastings District Council
HPUDS	Heretaunga Plains Urban Development Strategy
LGOIMA	Local Government Official Information and Meetings Act
LOS	Level of Service
LOSM	Level of Service Measure
LTP	Long Term Plan
MACAA	Marine and Coastal Area Act
MBIE	Ministry of Business, Innovation & Employment
MNZ	Maritime New Zealand
MSC	Māori Standing Committee
NCC	Napier City Council
NES	National Environmental Standards
NPS-FW	National Policy Statement for Fresh Water
NZTA	New Zealand Transport Agency
OCEC	Office of the Chief Executive and the Chair
OWB	Outstanding Water Bodies
PCA	Possum Control Area
PONL	Port of Napier Limited
PPDC	Personal Performance Development Charter
RBP	Regional Business Partners
RCEP	Regional Coastal Environment Plan
RLTP	Regional Land Transport Plan
RMA	Resource Management Act
RPC	Regional Planning Committee
RPTP	Regional Public Transport Plan
RRMP	Regional Resource Management Plan
RTC	Regional Transport Committee
SOE	State of the Environment
TAIC	Transport Accident Investigation Commission
TANK	Tūtaekurī, Ahuriri, Ngaruroro, Karamū
TLA	Territorial Local Authorities
WCO	Water Conservation Order
WDC	Wairoa District Council
YTD	Year to date

HAWKE'S BAY REGIONAL COUNCIL

CORPORATE AND STRATEGIC COMMITTEE

18 August 2021

Subject: HBRIC QUARTERLY UPDATE

Reason for Report

1. This item provides Council with a quarterly update on the affairs of Hawke's Bay Regional Investment Company (HBRIC) for the last quarter of the 2020-21 financial year.

Financial Reporting

2. As the June quarter coincides with year-end, which is still subject to detailed year-end completion, audit and board approval, there are no HBRIC financial statements for this period. The annual report will be made available to Council following adoption by the HBRIC Board.
3. Key Items to note:
   - 3.1. $4m interim dividend paid to Council in December 2020
   - 3.2. A further $1.2m final dividend paid to Council in June 2021 at the request of Council to reduce Council's borrowing requirement
   - 3.3. Dividends received from Napier Port Holdings Limited - $8.58m
   - 3.4. $1.7mil invested in FoodEast in July 2021 as part of planned initial capital drawdown.

Managed Funds

4. The funds remain under management in compliance with Council's SIPO.
5. In December 2020, mirroring Council's approach, HBRIC liquidated circa $1.2mil of funds after protecting the capital value of the funds.
6. A further $2m was divested in June 2021 after protecting the capital value of the funds.
7. The value of managed funds with HBRIC as at 30 June 2021 amounted to $48.5m, a movement of approximately +$3m (after divestments) since 30 June 2020.

HBRIC Capital Structure

8. The Board of HBRIC is continuing to progress the development of a clear capital structure and investment mandate to support the growth of the company, as agreed with Council. When this is finalised, it will be shared with Council.
9. The Board of HBRIC have commenced discussions with HBRC to facilitate a potential loan facility in order to fund future investments.

FoodEast

10. FoodEast has now been established as a registered entity (July 2021).
11. HBRIC has invested $1.7m of its planned $4m investment, with further capital drawdowns to occur during the life of the investment.
12. Detailed establishment planning and execution is now underway. This includes:
    - 12.1 Governance establishment (including appointment of directors – Hastings District Council representative Tony Gray, and HBRIC representative Craig Foss as Chair)
    - 12.2 First Board meeting
    - 12.3 Appointment of a Project Manager

12.4 Financial establishment (appointment of financial services provider - BWR, establishment of bank accounts, insurance cover, and other administrative matters)

12.5 Intellectual Property and contract transfers from Hastings District Council to FoodEast

12.6 Detailed construction design, earthworks/building consents, with construction scheduled to commence in September 2021

12.7 Communications planning, including planning for a ground-breaking ceremony. Local media coverage is available at:

https://www.nzherald.co.nz/hawkes-bay-today/news/building-of-hawkes-bay-food-innovation-hub-to-start-in-september/6KG4MZ5ZJ6TID7THNVTOYFDOBQ/

12.8 Confirmation of a Māori name in consultation with Ngāti Kahungunu (to be launched at the ground-breaking ceremony)

12.9 The project is on time and on budget.

Aquaculture

13. There has been no further work on this item.

Whakatu Inland Port

14. Napier Port has recently decided to advance this project itself, in a staged process over the coming years. HBRIC will therefore not be involved in the development for the time being.

Napier Port

15. In July, Napier Port announced its nine-month trade results, highlighting a 61.8% increase in bulk cargo and 8.3% increase in container trade, compared to the third quarter 2020.

16. A copy of Napier Port's nine-month trade results to June release is available at: https://www.napierport.co.nz/investor-centre/

17. Construction of 6 Wharf remains on budget and on track for completion late 2022.

Decision Making Process

18. Staff have assessed the requirements of the Local Government Act 2002 in relation to this item and have concluded that, as this report is for information only, the decision-making provisions do not apply.

Recommendation

That the Corporate and Strategic Committee receives and notes the "*HBRIC Ltd Quarterly Update*".

Authored by:

Leone Andrews
EA TO GROUP MANAGER – CORPORATE SERVICES

Kishan Premadasa
MANAGEMENT ACCOUNTANT

Approved by:

Jessica Ellerm
GROUP MANAGER CORPORATE SERVICES

Tom Skerman
REGIONAL WATER SECURITY PROGRAMME DIRECTOR

Attachment/s There are no attachments for this report.

HAWKE'S BAY REGIONAL COUNCIL

CORPORATE AND STRATEGIC COMMITTEE

18 August 2021

Subject: DISCUSSION OF MINOR ITEMS NOT ON THE AGENDA

Reason for Report

1. This document has been prepared to assist committee members to note the Minor Items Not on the Agenda to be discussed as determined earlier in Agenda Item 5.

Topic	Raised by

HAWKE'S BAY REGIONAL COUNCIL

CORPORATE AND STRATEGIC COMMITTEE

18 August 2021

Subject: CONFIRMATION OF THE PUBLIC EXCLUDED MINUTES

That Corporate and Strategic Committee excludes the public from this section of the meeting, being Agenda Item 13 Confirmation of the Public Excluded Minutes of the 19 May 2021 Corporate & Strategic Committee Meeting with the general subject of the item to be considered while the public is excluded; the reasons for passing the resolution and the specific grounds under Section 48 (1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution being:

GENERAL SUBJECT OF THE ITEM TO BE CONSIDERED	REASON FOR PASSING THIS RESOLUTION	GROUNDS UNDER SECTION 48(1) FOR THE PASSING OF THE RESOLUTION
Confirmation of the Public Excluded Minutes of the 19 May 2021 Corporate & Strategic Committee Meeting	s7(2)(j) That the public conduct of this agenda item would be likely to result in the disclosure of information where the withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage.	The Council is specified, in the First Schedule to this Act, as a body to which the Act applies.

Authored by:

Leeanne Hooper
TEAM LEADER GOVERNANCE

Approved by:

James Palmer
CHIEF EXECUTIVE