



# **HAWKES BAY**

## **REGIONAL COUNCIL**

TE KAUNIHERA Ā-ROHE O TE MATAU-A-MĀUI

### **Meeting of the Corporate and Strategic Committee**

**Date:** Wednesday 20 September 2023  
**Time:** 1.00pm  
**Venue:** Council Chamber  
Hawke's Bay Regional Council  
159 Dalton Street  
NAPIER

### **Agenda**

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1.	Welcome/Karakia/Notices/Apologies	
2.	Conflict of Interest Declarations	
3.	Confirmation of Minutes of the Corporate and Strategic Committee held on 14 June 2023	
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**HAWKE'S BAY REGIONAL COUNCIL**  
**CORPORATE AND STRATEGIC COMMITTEE**

**Wednesday 20 September 2023**

**Item 4**

**Subject: 2023 NAVIGATION SAFETY BYLAW APPROVAL FOR CONSULTATION**

**Reason for Report**

1. The 2018 Navigation Safety Bylaw needs to be updated in 2023 in accordance with the Maritime Transport Act (1994) and the Local Government Act (2002). Committee approval is sought to take the attached draft 2023 Bylaw to public submission stage prior to its return to Council for approval and adoption.

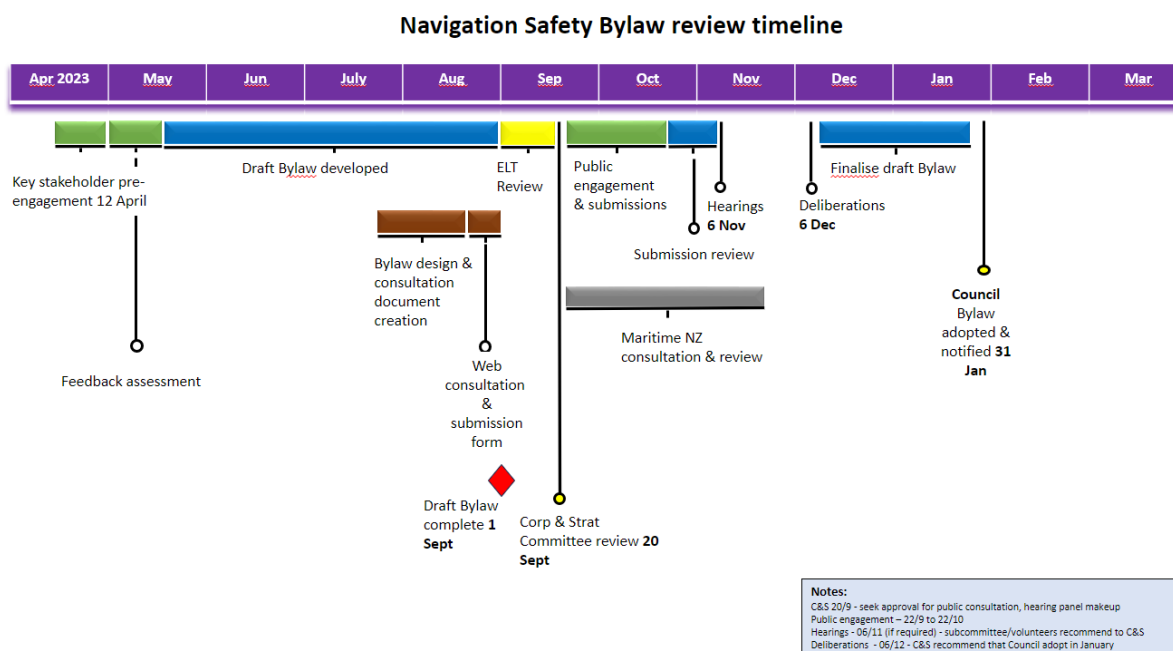
**Officers' Recommendation(s)**

2. Council officers recommend that the Corporate and Strategic Committee adopts the proposed 2023 Navigation Bylaw for public consultation 29 September to 29 October 2023.

**Background /Discussion**

3. In April of this year a project team was formed to undertake the process of updating the 2018 Navigation Bylaw. Pre-engagement feedback from key stakeholders alongside the identification of known navigational issues in the region was the starting point for the drafting process. A further key consideration was the need to simplify and refine the document to make it more readable and relevant to a wider variety of recreational water users.
4. Overall, it was felt that the existing Bylaw was working well but changes were needed to address the increased popularity and patronage of some mixed-use areas coupled with the advent of new water recreation technologies.
5. The Hardinge Rd waterfront in Napier is one such mixed-use area that is becoming increasingly popular with ocean swimmers, surfers and paddle boarders, foil-boarders, recreational boaties and jet-skiers. The area is relatively confined and gets very busy over the summer months. Navigational risk occurs in such areas where high-speed powered vessels are in close proximity to passive recreational water users. Similar navigational risks are present at Napier Pandora Pond and the Pourerere lagoon reserve areas.
6. Inflatable jet-boat use is also increasing in popularity. These vessels are used to explore and access remote river systems and have high-speed capability. While no incidents have yet been reported, near misses and nuisance behaviour have been. Anecdotal evidence increasingly suggests safety awareness, adherence to the five-knot rule and user education need better promotion. We are seeking feedback from the public on this issue as part of the consultation process.

## Project Timeline



7. Pre-engagement with key contacts was undertaken in mid-April to help inform a starting point for the drafting process.
8. Taking into account this feedback, drafting began in May with attention also given to overall document refinement and further navigational risk identification.
9. By the end of August a supporting consultation document and communications plan was created to contribute to the public consultation process. Although not itemised on the workplan, a Statement of Proposal has also been drafted; this is required by the Local Government Act when proposing a Bylaw.
10. Public consultation will run from 29 September to 29 October 2023 with submissions, hearings in the event that individuals wish their submissions to be heard in person and deliberations to follow if necessary.
11. Alongside Council's own internal processes, and to ensure consistency with national maritime regulations, the draft Bylaw is also required to be submitted for approval to Maritime NZ.
12. Subject to final Maritime NZ and Council approval, the updated Bylaw will come into effect in late January 2024.

### Updated Bylaw – what's changed?

13. A number of proposed changes are suggested for the 2023 Bylaw review. These changes, intended to be tested with the public, are incorporated into the draft document and have been summarised into the following table for consideration.

Changes to current Bylaw	Reason(s) for the change	Draft (2023) Bylaw reference
Bylaw section re-ordering, refining, and reducing document size. Material from the <i>Maritime Transport Act</i> and <i>Maritime Rules</i> is now referenced rather than included in the Bylaw where possible.	To streamline the Bylaw and make more readable and relevant to water users.	Various

Changes to current Bylaw	Reason(s) for the change	Draft (2023) Bylaw reference
New or strengthened provisions regarding: <ul style="list-style-type: none"> <li>the seaworthiness of ships</li> <li>speed to reference restrictions in reserved areas and mooring zones.</li> </ul>	To mitigate navigational risk and the potential for harm caused by unseaworthy vessels as well as excessive speed in reserved areas and mooring zones.	Pages 14-15
Removed redundant clauses regarding: <ul style="list-style-type: none"> <li>licensing of hire vessels</li> <li>tanker operations.</li> </ul>	Regulations, certifications or safety protocols exist in other forms.	N/A
Refined section on rocket launching.	To help promote public safety and awareness and also include flexibility on public notice provisions.	Page 11
Removed Te Paerahi Beach from schedule.	Schedule (and associated regulations) deemed unnecessary.	N/A
Increased regulation in these spatial areas: <ul style="list-style-type: none"> <li>Napier Hardinge Road beach</li> <li>Pourerere Beach lagoon</li> <li>Napier Pandora Pond</li> <li>Mohaka River.</li> </ul>	To mitigate collision risk in mixed use areas.	Schedules 1.3, 1.4, 1.5, 2.2
Decreased regulation in these spatial areas: <ul style="list-style-type: none"> <li>Whangawehi Beach</li> <li>Kairakau Beach</li> <li>Waikokopu Beach.</li> </ul>	Variable seasonal coastal conditions mean attempting to demarcate some areas is impractical. Water users are instead advised to exercise caution. These areas are identified and scheduled as 'cautionary zones' with 'advisory notes' included within the proposed Bylaw.	Schedules 1.7, 1.8, 1.9
Include new schedule for Pourerere Beach.	To advise water users to exercise caution.	Schedule 1.10

### Significance and Engagement Policy assessment

14. Council and its committees are required to make every decision in accordance with the requirements of the Local Government Act 2002 (the Act). Staff have assessed the requirements in relation to this item and have concluded:
  - 14.1. The decision does not significantly alter the service provision or affect a strategic asset, nor is it inconsistent with an existing policy or plan.
  - 14.2. The decision is not significant under the criteria contained in Council's adopted Significance and Engagement Policy.
  - 14.3. Given the nature and significance of the issue to be considered and decided, and the persons likely to be affected by, or have an interest in the decisions made, the Committee can exercise its discretion and make a decision without consulting directly with the community or others having an interest in the decision.

### Considerations of Tangata Whenua

15. Key Treaty partners were approached for feedback at the project's inception. However, this was not able to be effectively obtained at the time due to cyclone recovery efforts taking priority across many entities. At the time HBRC indicated that a further opportunity for participation would be available later in the year. Mana whenua will be approached directly for further feedback pending the Committee's approval to move to the consultation phase.

### Financial and Resource Implications

16. All project costs have been budgeted. The project is on time and within budget.

### Decision Making Process

17. Council and its committees are required to make every decision in accordance with the requirements of the Local Government Act 2002 (the Act). Staff have assessed the requirements in relation to this item and have concluded:
  - 17.1. The decision does not significantly alter the service provision or affect a strategic asset, nor is it inconsistent with an existing policy or plan.
  - 17.2. The use of the special consultative procedure is prescribed by legislation. The Council must consult directly with the community or others having an interest in the decision.
  - 17.3. The decision is not significant under the criteria contained in Council's adopted Significance and Engagement Policy.
  - 17.4. The persons affected by this decision are all persons with an interest in the region's waterbodies that are used for navigation and recreation.

### Recommendations

1. That the Corporate and Strategic Committee receives and considers the 2023 Navigation Safety Bylaw approval for consultation staff report.
2. The Corporate and Strategic Committee recommends that Hawke' Bay Regional Council:
  - 2.1 Delegate authority to the Group Manager Policy and Regulation to make any required minor amendments or edits to the document prior to publication and the start of engagement.
  - 2.2 Adopts the proposed 2023 Navigation Bylaw for public consultation 29 September to 29 October 2023.

### Authored by:




**Jason Doyle**  
PROJECT MANAGER POLICY & PLANNING

**Martin Moore**  
HARBOURMASTER

### Approved by:

**Katrina Brunton**  
GROUP MANAGER POLICY & REGULATION

### Attachment/s

- |   |                                     |                      |
|---|-------------------------------------|----------------------|
| 1  | Navigation Safety Bylaws 2018       | Under Separate Cover |
| 2  | Statement of Proposal Document 2023 | Under Separate Cover |
| 3  | Draft Navigation Safety Bylaws 2023 | Under Separate Cover |





**HAWKE'S BAY REGIONAL COUNCIL**  
**CORPORATE AND STRATEGIC COMMITTEE**

**Wednesday 20 September 2023**

**Item 5**

**Subject: 2022-2023 CARRY FORWARDS**

**Reason for Report**

1. This item seeks approval from the Corporate and Strategic Committee to carry forward expenditure budgets from 2022-2023 to 2023-2024.

**Executive Summary**

2. During 2022-2023 a number of work programmes experienced delays and were unable to be completed as originally planned. Where this work cannot be reprioritised from within the 2023-2024 Annual Plan budget, unspent expenditure budgets are requested to be carried forward to cover the expected costs of completion.
3. A total of \$9.043m unspent opex and \$3.805m unspent capex is requested to be carried forward into the 2023-2024 Annual Plan budget.
4. The source of funds required (\$12.849m) for the total carry forward request is split as following:
  - 4.1 \$3.535m debt funding,
  - 4.2 \$5.811m reserve funds,
  - 4.3 \$0.863m external funds, and
  - 4.4 \$2.640m general funds.
5. The interim financial results presented to Council on 30 August, indicated that Council will have an operating deficit for the 2022-2023 financial year. Even after allocating cyclone expenditure to the Emergency Management and Regional Disaster Damage Reserves this will still result in a deficit to general funds for the year due to the reduced investment income.
6. Any carry over of general funds into the 2023/24 year would therefore require a drawdown from accumulated funds (i.e.: from general fund surpluses accumulated over previous financial years) and should be considered in this context.
7. The opening balance of accumulated funds as at 1 July 2022 was \$275 million (excluding \$46m of internal loans). The movements for the 2022/23 financial year are still being finalised.
8. Debt and reserve funded carry forwards have no immediate impact on Council's financial position as they are just a timing difference of when funding is drawn or recognised.

**Background**

9. 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, contracts that were unable to be completed by the financial year end, and the carry forward of external income received for specific projects.
10. The funding types are categorised as:
  - 7.1 General funding is from General Rates which includes investment income.
  - 7.2 Reserve funding is from targeted rates that have flowed through to Reserves or from specific reserves (eg: asset replacement reserve).
  - 7.3 External is external funding received for specific projects.

- 7.4 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 and/or Annual Plan.
11. Officers informed the Corporate & Strategic Committee on 14 June 2023 that, based on the full year forecast at that time, the indicative carry forwards from 2022-2023 would be \$6.0m opex and \$9.6m capex, and that final carry forward requests would be presented at the conclusion of the financial year once the draft financial results had been analysed.
  12. The interim financial results presented to Council on 30 August, indicated that HBRC will have an operating deficit for the 2022-2023 financial year, and any carry forward of general funding will impact the general funds deficit further.
  13. The carry forward decision this year is significantly impacted by Cyclone Gabrielle response and recovery activities.
    - 13.1. It has been a key driver for delays to originally planned activities, thus causing many of the requests for carry forwards.
    - 13.2. It has also had significant adverse impact on Council's financial situation, limiting our capacity to fund planned activities.
  14. Unplanned expenditure for the response to Cyclone Gabrielle will be charged to the Emergency Management and Regional Disaster Damage Reserves. A significant proportion of this shortfall is anticipated to be repaid via NEMA, and insurance and other claims over the coming 12 months.
  15. It should be noted that the deficits in the Emergency Management and Regional Disaster Damage Reserves will need to be addressed as part of the Long-Term Plan 2024-2034.

#### Operating expenditure carry forward requests

Activity / Project		Amount Requested	Source of funds			
			General	Reserve	External	Debt
<b>Integrated Catchment Management (ICM)</b>						
1	Biodiversity	\$429,000			\$229,000	\$200,000
2	Predator Free Hawkes Bay	\$423,000			\$423,000	
3	Land for life	\$277,000		\$277,000		
4	Environm'l Science data models	\$502,000				\$502,000
5	Environm'l Enhancement Prog	\$320,000	\$208,000		\$112,000	
6	Land research & investigations	\$99,500			\$99,500	
<b>Asset Management</b>						
7	Central & Southern Rivers – flood protection	\$30,000	\$ 3,750	\$26,250		
8	Regional Water Security	\$3,500,000		\$3,500,000		
<b>Governance &amp; Partnerships</b>						
9	Tangata Whenua Partnerships	\$700,000	\$700,000			
<b>Policy &amp; Regulation</b>						
10	Kotahi (policy & planning)	\$1,500,000	\$1,500,000			
<b>Transport</b>						
11	Passenger Transport	\$763,000		\$763,000		
<b>Corporate Services</b>						
12	Software-as-a-service dvlpt	\$500,000				\$500,000
<b>Total</b>		<b>\$9,043,500</b>	<b>\$2,411,750</b>	<b>\$4,566,250</b>	<b>\$863,500</b>	<b>\$1,202,000</b>

#### Biodiversity - (opex – 1)

16. Integrated Catchment Management (ICM) seeks to carry forward a total of \$429k to cover

various biodiversity projects supported by external funding agreements with the Department of Conservation (DOC) and the Ministry for the Environment (MFE).

- 16.1. \$200k of the Covid Recovery fund approved in 2020/21 (debt funding at \$100k per project) for the Department of Conservation Jobs for nature fencing project, and the Porangahau catchment group Freshwater improvement fund project;
- 16.2. \$194k is required to complete fencing projects supported by the DoC Jobs for Nature funding.
- 16.3. \$35k is required to continue the support of the Porangahau catchment group Freshwater Improvement fund project.
17. Financial Assessment: The \$200k loan funding was not drawn in 22/23, but repayment and interest costs have been accounted for in the 23/24 annual plan as if it had been. \$229k of the unspent funds was received from external parties under Deeds of Funding agreements.
18. Recommendation: That Council approves the carry forward of \$200k of debt funding, and \$229k of external funding in external funds from the general reserve.

#### **Predator Free Hawkes Bay - (opex – 2)**

19. ICM seeks to carry forward \$423k to cover the final milestones for the Predator Free Hawkes Bay project in Mahia, as supported by a new funding agreement with Predator Free NZ 2050 Ltd.
20. Financial Assessment: \$423k of external funding was not spent in 2022-23.
21. Recommendation: That Council approves the carry forward of \$423k in external funding from revenue received in advance.

#### **Land for life - (opex – 3)**

22. ICM seeks to carry forward \$277k for the Land for Life project for implementation planning and scale up to support primary sector recovery subject to due diligence on the business case.
23. Financial Assessment: The \$277k reserve funding was not drawn in 22/23, due to the impacts of the Cyclone and the subsequent repositioning of the project.
24. Recommendation: That Council approves the carry forward of \$277k from the long-term investment fund reserve.

#### **Environmental Science Data models - (opex – 4)**

25. ICM seeks to carry forward \$502k for environmental science data model projects that were unable to progress as intended due to science staff turnover, difficulty securing contractors and Cyclone Gabrielle impacts. Each of these multi-year projects provide a critical role in the science decision support for PC6 and Kotahi, and have contractual commitments now delayed into the 23/24 financial year.
  - 25.1. \$147k for the LiDAR tools project (data modelling for the completed LiDAR mapping project)
  - 25.2. \$240k for the final milestones of the 3D Aquifer project
  - 25.3. \$115k for the Ruataniwha Groundwater modelling
26. Financial Assessment: The \$502k loan funding was not drawn in 22/23, but repayment and interest costs have been accounted for in the 23/24 annual plan as if it had been.
27. Recommendation: That Council approves the carry forward of \$502k in loan funding.

#### **Environmental Enhancement Programme - (opex – 5)**

28. ICM seeks to carry forward a total of \$320k to cover:
  - 23.1 \$208k for the final year of the Whakaki Environment Enhancement project which is a multi-year project which has suffered accumulated delays in deliverables due to extended

community consultation, covid-19 impacts and adverse weather. This project is co-funded by MfE via the Freshwater Improvement fund.

23.2 \$112k for the Fonterra sponsored wetland construction at Tukipo as this was delayed due to restricted access due to adverse weather conditions.

29. Financial Assessment: \$208k for Whakaki is general rate funded as part of the wider Enviro Enhancement Programme, which had an underspend of \$811k in 2022/23. \$112k is external funds received from Fonterra, which were not spent in 2022/23.
30. Recommendation: That Council approves the carry forward of \$112k external funds and \$208k from the general reserve.

#### **Land Research Investigations - (opex – 6)**

31. ICM seeks to carry forward a total of \$99.5k for the completion of landslide mapping work with delivery of the contractual commitments delayed into 23/24.
32. Financial Assessment: \$114k external funds were received from Ministry of Primary Industries (MPI) to support this work, and \$99.5k has not been spent.
33. Recommendation: That Council approves the carry forward of \$99.5k external funds from the general reserve.

#### **Central & Southern rivers flood protection - (opex – 7)**

34. Asset Management seeks to carry forward a total of \$30k for flood protection work in the Central & Southern rivers, which was originally programmed to commence in Autumn 2023, but was unable to begin due to the Cyclone.
35. Financial Assessment: The Central & Southern rivers flood protection workstream was underspent in 22/23 by \$52k.
36. Recommendation: That Council approves the carry forward of \$3.750k from the general reserve and \$26.250k from the Central & Southern rivers scheme reserve (representing the unspent targeted rates collected in 22/23).

#### **Regional Water Security Programme - (opex – 8)**

37. Asset Management seeks to carry forward a total of \$3.5m for the continuation of the multi-year Regional Water Security Programme, including the Water Demand Study as planned in the LTP, and the Te Tua and CHB water storage and reticulation infrastructure (the latter of which is expected to begin construction in 2023-24).
38. Financial Assessment: The Regional Water Security Programme was underspent in 22/23 by \$3.5m.
39. Recommendation: That Council approves the carry forward of \$3.5m from the long-term investment reserve.

#### **Kotahi and Tangata Whenua Partnerships - (opex – 9 & 10)**

40. Policy & Regulation and Governance & Partnerships seek to carry forward a total of \$2.2m, for tangata whenua engagement regarding te mana o te wai, which stalled due to the inability to progress discussions 'at place' for visions and values (for Kotahi) and set up contracts with tāngata whenua. This was due to a change to the work programme direction from All Governors and exacerbated by the inability to meet at place because of Cyclone Gabrielle.
41. The visions and values work programmed for 22/23 is still required as per the NPSFM. The budget was established for Kotahi not on a year on year spend but an anticipated total amount for the 3 years of the LTP to enable this work to be undertaken. Visions and values is one piece of the work which needs to be progressed and contracted. The next stage which will require funding is attributes, limits, targets and matauranga maori, and this stage will fully utilise the existing budget allocated to Kotahi in the 23/24 annual plan.

42. Financial assessment: Tangata Whenua Partnerships were underspent by \$783k and the Kotahi external expenses budget was underspent by \$1.5m.
43. Recommendation: That Council approves the carry forward of \$2.2m from the general reserve.

#### Passenger Transport - (opex – 11)

44. Policy & Regulation seek to carry forward the \$763k shortfall funding received from NZTA to contribute towards increased operational costs. The additional operational costs will impact in the 23/24 financial year as indexation costs on the GoBus contract are applied.
45. Financial Assessment: The passenger transport cost centre had a \$947k surplus in the 22/23 financial year. Note a carry forward of surplus only addresses cost pressures for one financial year, and ongoing cost pressures will need to be addressed in the 2024 LTP.
46. Recommendation: That Council approves the carry forward of \$763k from the transport reserve.

#### Software-as-a-service ICT - (opex – 12)

47. ICT seeks to carry forward \$500k for the digital transformational work programme, which was not progressed due to the suspension or slowing of work on the Finance and Biodiversity systems, caused by unavailability of business teams to assist with scoping due to staff turnover, and reprioritisation to work on the cyclone response.
48. Financial Assessment: The \$500k loan funding was not drawn in 22/23, but repayment and interest costs have been accounted for in the 23/24 annual plan as if it had been.
49. Recommendation: That Council approves the carry forward of \$500k in loan funding.

#### Capital expenditure carry forward requests

Activity / Project		Amount Requested	Type of funding		
			General Funds	Reserve	Debt
<b>Integrated Catchment Management (ICM)</b>					
1	SOE ground water monitoring drilling	<b>\$275,000</b>		\$208,000	\$67,000
2	Enviro info technical equipment	<b>\$102,000</b>		\$102,000	
<b>Asset Management</b>					
3	Flood protection schemes	<b>\$397,000</b>		\$397,000	
4	Flood risk assessment & warning	<b>\$113,000</b>	\$113,000		
5	Forestry	<b>\$45,000</b>		\$45,000	
6	Regional cycleways	<b>\$115,000</b>	\$115,000		
7	Regional Parks	<b>\$707,000</b>			\$707,000
8	IRG – HPFCS and gravel extraction	<b>\$1,101,000</b>		\$212,000	\$889,000
<b>Corporate Services</b>					
9	Office renovations (including furniture & fittings)	<b>\$730,000</b>		\$164,000	\$566,000
10	Radio network	<b>\$44,000</b>		\$44,000	
11	ICT network & equipment	<b>\$72,500</b>		\$72,500	
12	Aerial Imagery (GIS)	<b>\$104,000</b>			\$104,000
<b>Total</b>		<b>\$3,805,500</b>	<b>\$228,000</b>	<b>\$1,244,500</b>	<b>\$2,333,000</b>

#### SOE Ground water monitoring drilling - (capex – 1)

50. ICM seeks to carry forward \$275k to cover the contractually committed drilling programme delayed into 2023/24. Resource capacity of drilling companies continues to be a limiting factor to achieving the annual programme of work in line with the financial year, and this was exasperated in 2022/23 by the cyclone disruptions.
51. Financial Assessment: The groundwater monitoring drilling workstream was underspent by

\$275k.

52. Recommendation: That Council approves the carry forward of \$67k loan funding and \$208k of asset replacement reserve funding.

#### **Environmental monitoring equipment replacements - (capex – 2)**

53. ICM seeks to carry forward \$102k for scheduled equipment replacements postponed due to staff capacity redirected to repair and replacement of equipment damaged in the cyclone.
54. Financial Assessment: The environmental monitoring equipment cost centres were underspent by \$102k.
55. Recommendation: That Council approves the carry forward of \$102k of asset replacement reserve funding.

#### **Flood protection schemes - (capex – 3)**

56. Asset Management seeks to carry forward a total of \$397k for cyclone-disrupted projects as follows:
  - 56.1. Wairoa River and streams scheme – \$120k for the extension of the rock wall bank protection of the true right of the Wairoa River upstream of the mouth.
  - 56.2. Ohuia- Whakaki – \$277k for renewal works including pump installations, power supply and pump station screens.
57. Financial Assessment: The Wairoa scheme opex budget was underspent by \$120k, and it is this budget that is requested to be carried forward and converted to capex. The Ohuia-Whakaki workstream was underspent by the amount of carry forward requested above.
58. Recommendation: That Council approves the carry forward of \$120k from the Wairoa river and streams scheme reserve (representing the unspent targeted rates collected in 22/23) and \$277k from the asset replacement reserve.

#### **Flood risk assessment & warning - (capex – 4)**

59. Asset Management seeks to carry forward \$113k for software developments for flood forecasting, where the project was not started due to reprioritisation of staff capacity for the cyclone response.
60. Financial Assessment: The flood risk assessment and flood forecasting workstreams were underspent by the amount of carry forward requested above. There is no budget for this work in the 23/24 annual plan.
61. Recommendation: That Council approves the carry forward of \$113k from the general reserve.

#### **Forestry - (capex – 5)**

62. Asset Management seeks to carry forward \$45k for the development of roading and access for three blocks around the Devil's Elbow due to be harvested, which were unable to be accessed due to closures of SH2 following the cyclone.
63. Financial Assessment: The forestry capex workstream was underspent by the amount of the carryforward requested.
64. Recommendation: That Council approves the carry forward of \$45k from the long-term investment fund reserve.

#### **Regional cycleways - (capex – 6)**

65. Asset Management seeks to carry forward a total of \$115k for the extension of the Ngaruroro explorer cycleway, which will be progressed once repairs on the cyclone-damaged section of the trail are completed. This project has co-funding contributions from MBIE and Hastings District Council.

- 66. Financial Assessment: The regional cycleways capex budget was not spent in 2022/23.
- 67. Recommendation: That Council approves the carry forward of \$115k from the general reserve.

#### **Regional Parks - (capex – 7)**

- 68. Asset Management seeks to carry forward a total of \$707k for Regional Park developments unable to be progressed:
  - 68.1. Hawea Historical Park and Waitangi Park (toilet block) – \$605k
  - 68.2. Ahuriri Regional Park, – establishment of project manager for planning work – \$102k
- 69. Financial Assessment: The \$707k loan funding was not drawn in 22/23, but repayment and interest costs have been accounted for in the 23/24 annual plan as if it had been.
- 70. Recommendation: That Council approves the carry forward of \$707k of loan funding.

#### **IRG – Heretaunga Plains Flood Control Scheme (HPFCS) and gravel extraction - (capex – 8)**

- 71. Asset Management seeks to carry forward a total of \$1.101m for the planned programme of works for HPFCS improvements and Upper Tukituki gravel extraction, which was significantly impacted by the cyclone. This multi-year programme of work is co-funded by Kanoa/MBIE, and an extension to the funding deadline will be sought.
- 72. Financial Assessment: The \$889k loan funding was not drawn in 22/23, but repayment and interest costs have been accounted for in the 23/24 annual plan as if it had been.
- 73. Recommendation: That Council approves the carry forward of \$889k of loan funding and \$212k of HPFCS scheme reserves funding.

#### **Office renovations (including furniture & fittings) - (capex – 9)**

- 74. Corporate Services seeks to carry forward a total of \$730k for the accommodation refurbishment project postponed due to consent and engineering report delays.
- 75. Financial Assessment: The accommodation and furniture & fitting workstreams were underspent by the value of the carry forward request above. The \$566k loan funding was not drawn in 22/23, but repayment and interest costs have been accounted for in the 23/24 annual plan as if it had been.
- 76. Recommendation: That Council approves the carry forward of \$566k of loan funding and \$164k of asset replacement reserves funding.

#### **Radio network - (capex – 10)**

- 77. Corporate Services seeks to carry forward a total of \$44k for the final deliverables of Project Tarsier.
- 78. Financial Assessment: The RT Network capex workstream was underspent by \$234k in 22/23.
- 79. Recommendation: That Council approves the carry forward of \$44k asset replacement reserves funding.

#### **ICT network & equipment - (capex – 11)**

- 80. Corporate Services seeks to carry forward a total of \$72.5k for the purchase of extended hardware warranty support. This will improve the resilience of the ageing parts of our ICT infrastructure.
- 81. Financial Assessment: The Servers & Storage capex workstream was underspent in 22/23 by the amount requested to be carried forward.
- 82. Recommendation: That Council approves the carry forward of \$72.5k asset replacement reserves funding.

### Aerial imagery - (capex – 12)

83. Corporate Services seeks to carry forward a total of \$104k for the acquisition of aerial imagery. This will be necessary to develop models and storage systems to support the increased volume of datasets collected following Cyclone Gabrielle.
84. Financial Assessment: The \$104k loan funding was not drawn in 22/23, but repayment and interest costs have been accounted for in the 23/24 annual plan as if it had been.
85. Recommendation: That Council approves the carry forward of \$104k loan funding.

### Options Assessment

86. **Option 1:** Council approves the carry forwards as proposed from 2022-2023 to 2023-2024 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), acknowledging this would require a drawdown of accumulated funds to fund the general and external funded expenditure.
87. **Option 2:** Council approves the carry forward of reserve, debt and externally funded expenditure only, leaving the general-funded carry forward expenditure requests to be reprioritised through 2023-24 annual plan budgets.
88. **Option 3:** Council does not approve the carry forwards as proposed and provides officers with guidance on which carry forwards, if any, should be approved.

### Financial and Resource Implications

89. Debt funded expenditure can be carried forward with no impact to the ratepayer in future years as the repayment of these funds have already been included in the LTP and Annual Plan.
90. Funding from reserves can be carried forward with no impact, as the expenditure has not been drawn from the reserve and is therefore available to be drawn in 2023-24 instead.
91. 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.
92. The carry forward of \$2.640m in general funding and \$0.863m in external funding from 2022-2023 to 2023-2024, will impact the general reserve as there is not expected to be a surplus of general funds for the 2022-23 financial year. The actual quantum of the general fund deficit will be confirmed once the final funding and reserve movements have been completed for the Annual Report.
93. Approved general funded and external funded carry forward requests would be funded from the general reserve in 2023/24, drawing from accumulated funds.

### Decision Making Process

94. Staff have assessed the requirements of the Local Government Act 2002 in relation to this item and have concluded:
  - 121.1 The decision does not significantly alter the service provision or affect a strategic asset, nor is it inconsistent with an existing policy or plan.
  - 121.2 The use of the special consultative procedure is not prescribed by legislation.
  - 121.3 The decision is not significant under the criteria contained in Council's adopted Significance and Engagement Policy.
  - 121.4 The persons affected by this decision are Council's ratepayers.
95. 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 notes the *2022-2023 Carry forwards* staff report.
2. The Corporate and Strategic Committee recommends that Hawke' 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 2022-2023 to the 2023-2024 budget, being:

### Operating expenditure carry forward requests

Activity / Project		Amount Requested	Source of funds			
			General	Reserve	External	Debt
<b>Integrated Catchment Management (ICM)</b>						
1	Biodiversity	\$429,000			\$229,000	\$200,000
2	Predator Free Hawkes Bay	\$423,000			\$423,000	
3	Land for life	\$277,000		\$277,000		
4	Environmental Science data models	\$502,000				\$502,000
5	Environmental Enhancement Programme	\$320,000	\$208,000		\$112,000	
6	Land research & investigations	\$99,500			\$99,500	
<b>Asset Management</b>						
7	Central & Southern Rivers – flood protection	\$30,000	\$ 3,750	\$26,250		
8	Regional Water Security	\$3,500,000		\$3,500,000		
<b>Governance &amp; Partnerships</b>						
9	Tangata Whenua Partnerships	\$700,000	\$700,000			
<b>Policy &amp; Regulation</b>						
10	Kotahi (policy & planning)	\$1,500,000	\$1,500,000			
<b>Transport</b>						
11	Passenger Transport	\$763,000		\$763,000		
<b>Corporate services</b>						
12	Software-as-a-service development	\$500,000	\$500,000			
<b>Total</b>		<b>\$9,043,500</b>	<b>\$2,411,750</b>	<b>\$4,566,250</b>	<b>\$863,500</b>	<b>\$1,202,000</b>

### Capital expenditure carry forward requests

Activity / Project		Amount Requested	Type of funding		
			General	Reserve	Debt
<b>Integrated Catchment Management (ICM)</b>					
1	SOE Ground water monitoring drilling	\$275,000		\$208,000	\$67,000
2	Enviro info technical equipment	\$102,000		\$102,000	
<b>Asset Management</b>					
3	Flood protection schemes	\$397,000		\$397,000	
4	Flood risk assessment & warning	\$113,000	\$113,000		
5	Forestry	\$45,000		\$45,000	
6	Regional cycleways	\$115,000	\$115,000		

Activity / Project		Amount Requested	Type of funding		
			General	Reserve	Debt
7	Regional Parks	\$707,000			\$707,000
8	IRG – HPFCS and gravel extraction	\$1,101,000		\$212,000	\$889,000
<b>Corporate Services</b>					
9	Office renovations (including furniture & fittings)	\$730,000		\$164,000	\$566,000
10	Radio network	\$44,000		\$44,000	
11	ICT network & equipment	\$72,500		\$72,500	
12	Aerial Imagery (GIS)	\$104,000			\$104,000
<b>Total</b>		<b>\$3,805,500</b>	<b>\$228,000</b>	<b>\$1,244,500</b>	<b>\$2,333,000</b>

**Authored by:**

**Amy Allan**  
**SENIOR BUSINESS PARTNER**

**Chris Comber**  
**CHIEF FINANCIAL OFFICER**

**Approved by:**

**Andrew Siddles**  
**ACTING GROUP MANAGER CORPORATE SERVICES**

**Susie Young**  
**EXECUTIVE OFFICER RECOVERY**

**Nic Peet**  
**CHIEF EXECUTIVE**

**Attachment/s**

There are no attachments for this report.

**HAWKE'S BAY REGIONAL COUNCIL**  
**CORPORATE AND STRATEGIC COMMITTEE**

**Wednesday 20 September 2023**

**Item 6**

**Subject: DEBT DRAWDOWN**

**Reason for Report**

1. The purpose of this paper is to obtain the necessary delegations to authorise the borrowing of new debt to the Chief Executive (CE) and Group Manager Corporate Services (GMCS) under the Treasury Policy.
2. Previously at the 29 March 2023 Council meeting, Council resolved to delegate borrowing up to the 2022-2023 Annual Plan total debt amount of \$104m (new debt of +\$44m) to the Hawke's Bay Regional Council Chief Executive and Group Manager Corporate Services, noting that further delegation over and above this level, if required, will be a Council decision.
3. The Treasury Policy requires specific delegation by Council for any new borrowings, in particular the delegation of authority and authority limits on page 252 of the Council's 2021-31 Long Term Plan (LTP).

**Officers' Recommendations**

4. Council officers recommend that Council delegates borrowing up to the annual plan total debt amount of \$134.6m to the CE and GMCS, noting that further delegation over and above this level, if required, will be a Council decision.

**Background**

5. The Annual Plan 2023-2024 provisioned for new debt of \$36.081m with a total debt totalling \$134.6m. Our current total borrowing is \$97.625m which includes \$30m of short term debt as a result of the cyclone that we currently believe will be recovered via insurance and NEMA claims. Please note this excludes \$10m of undrawn overdraft (OD) facility that we are required to hold for liquidity purposes.

External Debt	Running Total
Existing debt	\$97,625,000
BNZ Committed Cash Advance Facility (undrawn)	\$10,000,000
<b>Total Debt Facilities</b>	<b>\$107,625,000</b>

**Decision Making Process**

6. Council and its committees are required to make every decision in accordance with the requirements of the Local Government Act 2002 (the Act). Staff have assessed the requirements in relation to this item and have concluded:
  - 6.1. The decision does not significantly alter the service provision or affect a strategic asset, nor is it inconsistent with an existing policy or plan.
  - 6.2. The use of the special consultative procedure is not prescribed by legislation.
  - 6.3. The decision is necessary for the financial delegations to be compliant with Council's current Treasury Policy.

## Recommendations

1. That the Corporate and Strategic Committee Receives and considers the *Debt drawdown* staff report.
2. That 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 Delegates borrowing up to the 2023-2024 Annual Plan total debt amount of \$134.6m to the Hawke's Bay Regional Council Chief Executive and Group Manager Corporate Services, noting that further delegation over and above this level, if required, will be a Council decision.

### Authored by:

**Jess Bennett**  
**SENIOR MANAGER - FINANCE RECOVERY**

### Approved by:

**Susie Young**  
**EXECUTIVE OFFICER RECOVERY**

**Nic Peet**  
**CHIEF EXECUTIVE**

### Attachment/s

There are no attachments for this report.

**HAWKE'S BAY REGIONAL COUNCIL**  
**CORPORATE AND STRATEGIC COMMITTEE**

**Wednesday 20 September 2023**

**Subject: ANNUAL REPORT 2022-2023 – 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 Annual Report 2022-2023. Feedback from the Committee can be incorporated into the final results.

**Background**

*Levels of Service*

2. 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 levels of service achieved for major aspects of groups of activities. In other words, to demonstrate we have done what we said we would do.
3. There are 58 performance measures in total across six groups of activities as per the Long Term Plan 2021-2031.
4. The groups of activities are:
  - 4.1. Governance and Partnerships
  - 4.2. Policy and Regulation
  - 4.3. Integrated Catchment Management
  - 4.4. Asset Management
  - 4.5. Emergency Management
  - 4.6. Transport.
5. We report on actual performance against targets set for the corresponding year in the Long Term Plan. We have traditionally used the following format to report performance. However, based on feedback from our auditors last year, we have avoided using 'partially achieved' and have kept to 'achieved' and 'not achieved' in this year's reporting.

	achieved
	partially achieved
	not achieved
	not measured or not due for reporting this year

6. The 2022-2023 financial year is the second year of the current Long Term Plan.

*Other non-financial sections – to be completed*

7. The non-financial sections of the full Annual Report document will also include:
  - 7.1. forewords by the Regional Council chair, Chief Executive and Co-Chairs of the Māori Committee
  - 7.2. a statement around Māori participation in decision-making

- 7.3. measurement undertaken during the year of progress towards the achievement of community outcomes
- 7.4. highlights by geographical area to describe what we did during the year in more detail.

## Discussion

### *Aggregated results for levels of service performance measures*

- 8. Of the 58 measures, 33 were achieved, 21 were not achieved and 4 were not measured or not due for reporting this year. This compares with last year's results when 38 were achieved, 4 were partially achieved, 11 were not achieved and 5 were not measured.
- 9. Staff analysis suggests the reasons for not achieving the targets generally fall into the following areas:
  - 9.1. Cyclone Gabrielle that had a significant impact on our levels of service as staff were involved in the response, and/or deployed to other roles in recovery. To do this, regular work programmes were disrupted in many cases for at least part of the year.
  - 9.2. other external forces impacting staff's ability to do their work and hampering work progress included wetter than usual weather throughout the year, recruitment and vacancies of key roles
  - 9.3. results outside our direct control, for example road crashes, bus driver shortages and cancelled bus routes
  - 9.4. continuation of a downward trend, for example public transport passenger numbers.
- 10. Commentary has been added to the quantitative results to provide context and, in particular, explain why measures have not been achieved. These are completed with care to meet the PBE FRS 48 Service Performance Reporting requirements.
- 11. Where data allows, graphs illustrating trends have been included to give visual context.

## Next Steps

- 12. The full Annual Report is due to go to Ernst & Young (EY) for auditing between 16 September and 13 October. This will include the financial statements and other components.
- 13. Draft financial statements and community outcomes will be available for review by Council at a briefing session on 11 October.
- 14. Our auditors, EY will present its Preliminary Audit Findings report to the Risk and Audit Committee on 18 October.
- 15. The final Annual Report 2022-2023 will be presented to Council on 25 October for adoption.
- 16. The Annual Report Summary will be produced and audited by 25 November. This does not need to be adopted by Council.

## Decision Making Process

- 17. 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 *Annual Report 2022-2023 – Interim non-financial results* staff report.



**Authored by:**

Sarah Bell  
TEAM LEADER STRATEGY AND PERFORMANCE

**Approved by:**

Desiree Cull  
STRATEGY AND GOVERNANCE MANAGER

**Attachment/s**

1   INTERIM 2022-23 Annual Report Performance Measures



## Wāhanga 4 - Ngā Whakarōpūtanga Kaupapa

### Part 4 - Groups of Activities





## NGĀ WHAKARŌPŪTANGA KAUPAPA

### GROUPS OF ACTIVITIES

#### How to read this section

The work that we undertake relates to 22 activities across six groups. We aggregate and report our financial and service performance information within the six groups of activities for ease of understanding. The level of service measures and targets are set in our Long Term Plan 2021-2031. This is our second annual report to this Long Term Plan.

The six groups of activities are:

1. **Governance and Partnerships**
2. **Policy and Regulation**
3. **Integrated Catchment Management**
4. **Asset Management**
5. **Emergency Management**
6. **Transport**

#### What we do

We provide a brief description of the activities that make up each group of activities (more detail is provided in the Long Term Plan 2021-2031).

#### Why we do it

We describe the rationale for service delivery of activities and the community outcomes to which the group primarily contributes (as summarised right). Our community outcomes are derived from the vision statement in our *Strategic Plan 2020-2025*: we want “a healthy environment and a resilient and prosperous community”. We also describe any effects that activities have on the four community wellbeings<sup>3</sup>.

<sup>3</sup> Defined in the Local Government (Community Well-being) Amendment Act as social, economic, environmental and cultural wellbeings.

Groups of Activities	Healthy Environment	Resilient Community	Prosperous Community
Governance and Partnerships	○	○	○
Policy and Regulation	○	○	○
Integrated Catchment Management	○		
Asset Management		○	○
Emergency Management		○	○
Transport	○	○	○

#### What we spent

We provide the operating and capital expenditure for each group of activities. More detailed financial information is covered in the financial impact statements in Part 5 – Financials.

#### How did we do?

We provide the Statement of Service Performance for each group of activities. It covers:

- level of service statements (34 in total)
- level of service (performance) measures (58 in total)
- target for year two
- results (with data where needed) for the year expressed as:

●	achieved
●	partially achieved
●	not achieved
●	not measured or not due for reporting this year

- comments to provide context and more information on the performance result
- data and or visual graphics where appropriate.



## MANA WHAKAHAERE ME TE MAHI NGĀTAHI

### GOVERNANCE AND PARTNERSHIPS

#### What we do

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

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

#### Community Representation and Leadership

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

#### Tangata Whenua Partnerships

We engage with tangata whenua as treaty partners and to enable Māori to contribute to the Council's decision-making processes under the Local Government Act. This includes the Māori Committee and the Regional Planning Committee, and direct involvement with hapū and marae.

The Māori Partnerships team is part of a network with the region's other councils – Te Kupenga – which musters cultural collateral as and where needed through whānau tangata (kinship) and manaakitanga (care and support).

#### Community Sustainability

We aim to work together with the community for a sustainable and resilient future, and to also ensure we 'walk the talk' as a leader in climate action in the region. A key part of this activity is to develop and lead a coordinated programme to drive climate action to reduce the region's, as well as our own corporate carbon footprint. This activity includes the Sustainable Homes and Heat Smart programmes, and environmental education including the EnviroSchools programme.

#### Regional Development

We play a broad role in regional economic development by ensuring the natural resource platform upon which both the economy and community relies

on is managed to meet the reasonably foreseeable needs of future generations. We fund Hawke's Bay Tourism on behalf of the region's councils and co-fund the Regional Economic Development Strategy through a regional economic development rate.

#### Why we do it

This group of activities contributes to all three community outcomes.



Healthy Environment



Prosperous Community



Resilient Community

Most of what we do in this group is prescribed by the following legislation:

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

#### What we spent

Actual Operating Expenditure



#### Actual expenditure

\$XX.XX million (XX% under budget)

#### Where that funding came from





## MANA WHAKAHAERE ME TE MAHI NGĀTAHI

### GOVERNANCE AND PARTNERSHIPS

#### How did we do?

We measured 12 aspects of performance for this group of activities



- Achieved
- Partially achieved
- Not achieved
- Not measured

#### Activity: Community Representation and Leadership

**Level of service:** HBRC provides for democratic representation and maintains the integrity of Council processes through transparent and legally compliant practices.

Performance measure & target	Result 2021-22	Result 2022-23	Comments
Triennial election processes are undertaken in accordance with the Local Electoral Act 2001 <b>Target: Achieved</b>	Achieved ●	Achieved ●	Triennial elections were on 8 October 2022 with voting open from 16 September. A Pre-Election Report was published and candidate packs were ready from July 2022. The Declaration of the final results was made on 14 October 2022, and the new Council sworn in on 26 October 2022 in accordance with Local Government Act requirements.
Council meetings are conducted in compliance with statutory requirements and standing orders <b>Target: Achieved</b>	Achieved ●	Achieved ●	All meetings met statutory requirements. There were 16 meetings of the Regional Council and 32 meetings of other committees, including joint committees. Agenda and minutes of all meetings are available <a href="https://hbrc.govt.nz/search/#meetings">hbrc.govt.nz, search: #meetings</a>
Percentage of LGOIMA requests responded to within 20 working days <b>Target: 100%</b>	95% ●	79% ●	There were 147 requests received and 116 completed within 20 working days. Delays in providing information were due to impacts on staff resources caused by the Cyclone Gabrielle response, and the number and complexity of LGOIMA requests post-Cyclone. There was a 93% increase in requests from last year.
Long term plans and annual reports receive 'unmodified' audit opinions <b>Target: Achieved</b>	Achieved ●	Achieved ●	The Annual Report 2021-2022 was adopted with an unmodified audit opinion in December 2022 which was within the extended timeframe. The Long Term Plan 2021-2031, adopted in June 2021, received an unmodified audit opinion.



## MANA WHAKAHAERE ME TE MAHI NGĀTAHI

### GOVERNANCE AND PARTNERSHIPS

#### Activity: Tangata Whenua Partnerships

**Level of service:** HBRC actively involves Māori in its decision-making processes, and engages in strategic relationships with tangata whenua and builds internal capability and capacity to engage effectively.

Performance measure & target	Result 2021-22	Result 2022-23	Comments
Percentage of tangata whenua representatives 'satisfied or very satisfied' with the Treaty-based partnership approach to engagement and decision-making <b>Target Year 2: No survey</b>	Baseline established ● 80% satisfied	<b>Not measured</b> ●	No survey was carried out this year as per the Long Term Plan
Percentage of staff who feel confident to engage with relevant iwi, hapu, post-settlement governance entities, taiwhenua or their representative agencies <b>Target: Increasing trend</b>	51% ●	<b>Not achieved</b> ●	The survey was due to be carried out in February 2023 but was postponed to the following year due to Cyclone disruptions. A cultural development advisor joined the Māori Partnerships team in November 2022. Part of their remit is to work with staff to improve cultural competencies and understanding.
Annual reporting on Mātauranga Māori monitoring and reporting activities <b>Target: Achieved</b>	<b>Not achieved</b> ●	<b>Not achieved</b> ●	This measure is marked not achieved as no formal report was submitted to Council. However, work has been ongoing since our Kaihautū Pūtaiao Mātauranga Māori specialist was recruited in February 2022. They have spent much of their time in recovery efforts specifically regarding the rapid rebuild of stopbanks along the Tūtaekurī river. Their personal knowledge of the area and connection to ngā hapū o Tūtaekurī has expedited repairs of these stopbanks and fostered trust with these hapū. Our Kaihautū Pūtaiao Mātauranga Māori specialist provided expertise on the cultural significance of the rebuild sites and enabled our Rapid Rebuild team to uphold the mana of these sites as they were repaired.  Mātauranga Māori has been a significant part of the Clifton to Tangoio coastal hazards strategy work.



## MANA WHAKAHAERE ME TE MAHI NGĀTAHI

### GOVERNANCE AND PARTNERSHIPS

#### Activity: Community Sustainability

**Level of service:** HBRC delivers environmental education and the EnviroSchools programme across the region to inspire and empower people of all ages to actively engage in creating a sustainable future.

Performance measure & target	Result 2021-22	Result 2022-23	Comments
Number of early childhood centres and schools participating in the EnviroSchools programme <b>Target: Maintain or increase</b>	71 Increased	71 Maintained	One primary school left the EnviroSchools programme this year however, another primary school joined. The reach of EnviroSchools is around 8,600 tamariki.

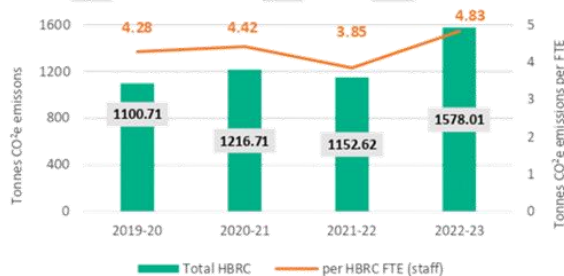
**Level of service:** HBRC develops and leads a coordinated programme to drive climate change action to reduce the region's and its own carbon footprint

Performance measure & target	Result 2021-22	Result 2022-23	Comments
Annual reporting to Council on progress made on coordinated programme of actions <b>Target Year 1: Develop programme</b> <b>Target Year 2: Achieved</b>	Programme developed	Achieved	An annual activity report for climate action was presented to Council at their meeting on 28 June 2023. The report covered technical inputs, an update on the ongoing work to develop a regional emissions reduction plan, joint committee for climate action, cross council collaboration, community engagement and communication and HBRC staff engagement.

Level of emissions related to HBRC's own corporate carbon footprint  
**Target: Improve**

1,152.62 tCO<sub>2</sub>e  
(2021-22 Report)

1,578.01 tCO<sub>2</sub>e  
(2022-23 Report)



\*data for staff FTE is taken from the Quarterly Organisational Performance Report

The 2022-23 *HBRC Carbon Inventory Report* was released in September 2023. The graph (left) gives the results over four years and shows a 37% increase in emissions from last year.

The baseline year included the Covid-19 lockdown where offices were shut between March and May 2020 so does not provide a true representation of a full year. The recovery efforts and rapid rebuild since 14 February have accounted for the majority of the rise in emissions due to increased use of vehicles and plant.

This report provides the best information to hand, and the results may be adjusted as sector methodology for reporting emissions is refined.

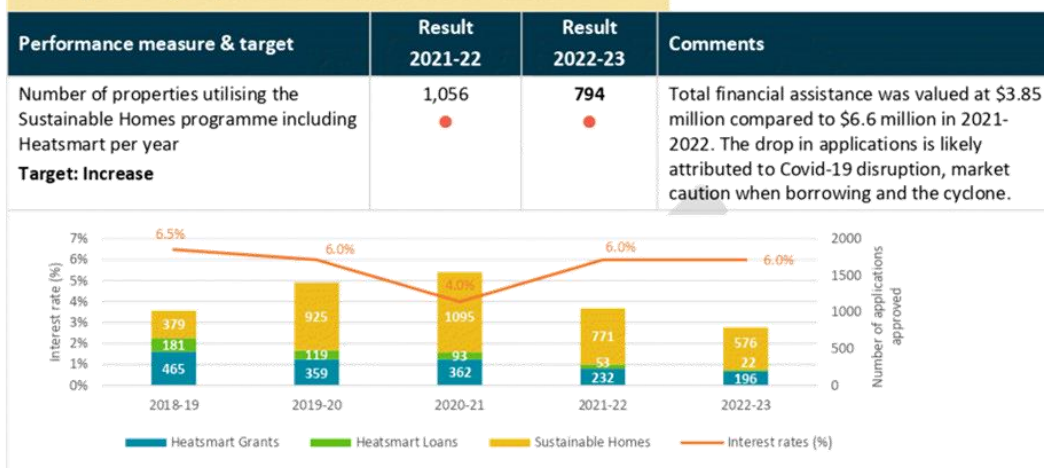
The report included direct and indirect emissions (Scope 1-3), excluding employee commuting, CDEM office buildings, Napier Port, and other HBRC activities.



## MANA WHAKAHAERE ME TE MAHI NGĀTAHI

### GOVERNANCE AND PARTNERSHIPS

**Level of service:** HBRC will promote and facilitate sustainable solutions to reduce energy consumption and regional greenhouse gas emissions and improve air quality for environmental and health benefits.



### Activity: Regional Development

**Level of service:** HBRC will co-invest in regional economic development organisations for the benefit of the Hawke's Bay economy.

Performance measure & target	Result 2021-22	Result 2022-23	Comments
Funding agreements with performance targets and reporting requirements are in place <b>Target: Achieved</b>	Achieved ●	Achieved ●	There are two funding agreements: 1. A funding agreement with HB Tourism for \$1.52 million. KPIs were reported on in their 2021-2022 Annual Report. 2. The new Regional Economic Development Agency was established in November 2022 with a new CE on board from August 2023. A funding agreement and KPIs have been drafted and will apply next financial year.



## KAUPAPA HERE ME TE WAETURE

### POLICY AND REGULATION

#### What we do

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

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

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

#### Policy Planning and Implementation

We develop, review, and evaluate the Resource Management Act 1991 (RMA) planning documents. A significant focus is the development of the Kotahi Plan which will implement the Essential Freshwater policies and regulations that came into force in September 2020.

We provide statutory advocacy of our resource management policies and interests through submissions and various exchanges with other resource management agencies.

We include Policy Implementation (regulation) which ensures that HBRC has the necessary internal processes in place to be able to implement required regulations and communicate them to external stakeholders.

#### Consents

We may issue resource consents for taking, use, damming, diverting water, for discharges to land, water or air. Also for activities in the coastal environment and for a variety of land activities that are covered by rules in the plans, standards, and regulations. We also give advice and education on resource management matters.

#### Compliance and Pollution Response

We monitor resource consents and check activities comply with regional plan rules or national regulations and standards. This includes a 24-hour/7 day-a-week pollution response service that ensures compliance by acting on environmental complaints, incidents, and breaches.

#### Maritime Safety

We monitor and enforce the Navigation and Safety Bylaw, and provide navigation aids to ensure the region's navigable waters are safe for people to use. Through the Harbourmaster, HBRC provides advice and education to commercial and recreational users on water safety and safe boating.

#### Why we do it

This group of activities contributes to all three community outcomes:



Healthy Environment



Prosperous Community



Resilient Community

The empowering legislation for these regulatory functions include:

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

#### What we spent



#### Actual expenditure

**\$XX.XX million (XX% under budget)**



## KAUPAPA HERE ME TE WAETURE POLICY AND REGULATION

### Where that funding came from



### How did we do?

We measured 12 aspects of performance for this group of activities



- Achieved
- Partially achieved
- Not achieved
- Not measured

### Activity: Policy Planning and Implementation

**Level of service:** HBRC establishes and maintains appropriate policies and plans that promote the integrated management of the region's natural and physical resources, protects the community from resource management related risks, and assists the Council in carrying out its legislative functions.

Performance measure & target	Result 2021-22	Result 2022-23	Comments
Compliance with statutory timeframes as set by legislation <b>Target: Achieved</b>	Achieved ●	Achieved ●	All statutory timeframes were complied with, noting some plans are under review. TANK and Outstanding Water Bodies (OWB) appeals processes continue. Evidence is currently being prepared for OWB by experts. A further memo is to be submitted to the Environment Court regarding the revised order of topics to be discussed in mediation for TANK.

**Level of service:** HBRC will regularly submit on national direction, plan and consenting matters.

Performance measure & target	Result 2021-22	Result 2022-23	Comments
All matters logged in the Statutory Advocacy Register. All submissions to be posted on HBRC website <b>Target: Achieved</b>	Achieved ●	Achieved ●	In total 12 submissions have been made and posted to <a href="https://www.hbrc.govt.nz">hbrc.govt.nz</a> , search: <a href="https://www.hbrc.govt.nz/search/#hbrcsubmissions">#hbrcsubmissions</a>



## KAUPAPA HERE ME TE WAETURE

### POLICY AND REGULATION

#### Activity: Consents

**Level of service:** HBRC will efficiently and effectively process resource consent applications under the Resource Management Act 1991 to enable the lawful use and sustainable management of natural and physical resources.

Performance measure & target	Result 2021-22	Result 2022-23	Comments
Percentage of resource consents processed within statutory timeframes in the Resource Management Act <b>Target: 100%</b>	100% ●	100% ●	All timeframes have been met with a total of 644 applications received over the year, and 362 consents issued. Heretaunga Plains water take consents are still processed as a group and in line with the TANK provisions.
Overall allocation of water from each water resource is allocated up to but not exceeding the allocation limits set in the Regional Plan <b>Target: &lt;=100%</b>	87% surface water take ● (Tukituki only) 45% ground water stream depleting take ● (Tukituki only)	92% surface water take ● (Tukituki only) 47% ground water stream depleting take ● (Tukituki only)	Water allocations in the Tukituki catchment are managed under the Tukituki Catchment Plan, operative 1 October 2015. Allocation limits in the TANK catchments are subject to the notified but not yet operative TANK Plan Change. All other allocations are under review as part of the Kotahi Plan.

#### Activity: Compliance and Pollution Response

**Level of service:** HBRC will monitor consent holders and enforce non-compliance to ensure resource consent conditions are met to protect the environment and human health.

Performance measure & target	Result 2021-22	Result 2022-23	Comments
Percentage of consents monitored each year as per the adopted risk-based Compliance Monitoring Strategy <b>Target: 95% (high risk), 90% (all others)</b>	97% ● 95.9% ●	62% ● 85% ●	This measure was not achieved in part due to Cyclone Gabrielle and staff turnover. There are many of the priority one consents for which monitoring reports are issued after the period so this current low number is provisional and will be increased as reports are completed at a later date.
Percentage of monitored consents which receive an overall grade of full compliance <b>Target: 90%</b>	91% ●	87.6% ●	Total number of consents monitored was 2,700. This measure is not achieved in part due to a number of water take inspections completed identifying non-compliance with meter verification and bore security, and a large drop off in bore security work completed after the cyclone due to capacity issues. This meant these takes weren't rectified in the normal numbers.



## KAUPAPA HERE ME TE WAETURE

### POLICY AND REGULATION

Performance measure & target	Result 2021-22	Result 2022-23	Comments
Percentage of significant non-compliance where action is taken in accordance with HBRC's Enforcement Policy within 6 months <b>Target: 100%</b>	100% ●	80% ●	Significant non-compliance was identified with 10 resource consents of which 8 were addressed in accordance with the Enforcement Policy.

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

Performance measure & target	Result 2021-22	Result 2022-23	Comments
Maintain a 24-hour/7 day a week duty management/pollution management response system <b>Target: Achieved</b>	Achieved ●	Achieved ●	The Pollution Hotline was staffed by the Pollution Response team (2 dedicated Officers, Senior Investigator and a Team Leader) during normal working hours. The afterhours service was staffed by the Pollution Response team plus an additional 3 officers from the Compliance team, who work a 7-week rotation roster.

**Level of service:** HBRC will identify and maintain a register of contaminated sites to ensure public health and safety and environmental protection.

Performance measure & target	Result 2021-22	Result 2022-23	Comments
A Selected Land Use Register (SLUR) of potentially and confirmed contaminated sites is maintained <b>Target: Achieved</b>	Achieved ●	Achieved ●	HBRC maintains a list of hazardous industries and activities (HAIL) in our selected land use register (SLUR), including a public facing portal.  General enquiries increased following Cyclone Gabrielle and were sent to various members of the Urban & Industrial Compliance team.



## KAUPAPA HERE ME TE WAETURE

### POLICY AND REGULATION

**Level of service:** 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.

Performance measure & target	Result 2021-22	Result 2022-23	Comments
An operative Tier 2 Oil Spill Plan and a trained and qualified oil spill response team is in place at all times <b>Target: Achieved</b>	Achieved ●	Achieved ●	HBRC has an in-date and operative Tier 2 Plan, approved in August 2021 and under a 3-yearly review cycle. An externally contracted Regional On-Scene Commander (ROSC) is in place until an HBRC ROSC is trained (scheduled for quarter one 2023-2024). There are 17 responders trained, with 3 booked for the initial responder training in the new financial year.

### Activity: Maritime Safety

**Level of service:** HBRC will provide local navigation safety control of shipping and small craft movements through bylaw enforcement, navigation aids, signage, and education programmes to ensure the region's navigable waters are safe for people to use.

Performance measure & target	Result 2021-22	Result 2022-23	Comments
Maintain a Maritime New Zealand accredited Hazard Identification/Risk Assessment and Safety Management System for the Napier Pilotage Area <b>Target: Achieved</b>	Achieved ●	Achieved ●	The HBRC Safety Management System was reviewed late 2022 in conjunction with Napier Port to ensure both documents were consistent. This was carried out after the construction of Wharf 6 (Te Whiti) and the associated dredge programme. Risk assessments are presently being reviewed. This will include any additional risks identified as part of the renewal of the MoU with Napier City Council concerning conduct in the Inner Harbour.
Number of maritime incidents occurring per year reported to Maritime New Zealand in accordance with regulations <b>Target: Maintain or decreasing trend* (*3-year rolling average)</b>	44 ●	38 ●	A total of 32 incidents were reported to Maritime NZ for the year. There has been a downward trend in maritime incidents for the last four years. We work closely with Maritime NZ exchanging information on incidents throughout the year.





## TE WHAKAHAERE TŌPŪ I NGĀ WAI

### INTEGRATED CATCHMENT MANAGEMENT

#### What we do

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

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

Activities are a mix of statutory requirements and non-regulatory methods and are required to achieve the land and water outcomes set in our Strategic Plan, the National Policy Statement for Freshwater Management 2020 (NPSFM2020), and Regional Resource Management Plan (RRMP).

#### Environmental Information

We are involved in monitoring the state, condition and use of land, air, water, coast, and marine resources within the region. We also report against relevant standards and guidelines.

Our Water Information Services team provides stewardship and management of legal requirements relating to water take, use and measurement, and provides timely data to both internal and external customers.

#### Environmental Science

We are involved in interpretation of environmental data to gain understanding of the current health of our land, rivers, lakes, and beaches – and how climate change and human use will affect them in the future. We use this information to gain important insights on the health of our natural environment and the processes that drive change in these systems.

HBRC has a statutory responsibility for monitoring the State of Environment locally. This is reported on every three years, with monthly updates, providing important information on any risks of resource use and to inform policy setting.

#### Catchment Management

We work in partnership with landowners to understand and support them in their vision to match their land uses to the land, and to develop sustainable strategies to build resilience to climate change and reduce environmental pressures.

Our role is to support and facilitate community-led efforts at a sub-catchment level to implement sustainable land management practices in line with current regulation and regional rules.

#### Biodiversity and Biosecurity

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

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

#### Why we do it

This group of activities primarily contributes to the following community outcome:



The statutory requirements relate to roles and responsibilities under the following:

- Resource Management Act 1991
- Biosecurity Act 1993
- Soil Conservation and Rivers Control Act 1941

#### What we spent



#### Actual expenditure

\$XX.XX million (XX% under budget)



## TE WHAKAHAERE TŌPŪ I NGĀ WAI

### INTEGRATED CATCHMENT MANAGEMENT

#### Where that funding came from



#### How did we do?

We measured 14 aspects of performance for this group of activities



- Achieved
- Partially achieved
- Not achieved
- Not measured

#### Activity: Environmental Information

**Level of service:** HBRC will collect, monitor, and provide accurate and timely data including a reliable telemetry network.

Performance measure & target	Result 2021-22	Result 2022-23	Comments
Council maintains its International Organisation for Standardisation (ISO) 9001-2015 accreditation for data collection, analysis and storage <b>Target: Achieved</b>	Achieved ●	Achieved ●	HBRC has (ISO) 9001-2015 accreditation for the following teams: Environmental Science, Environmental Information, Consents, Compliance, Harbourmaster, and Works Group (new this year). Our next annual review is scheduled for December 2023.
State of the Environment (SoE) monitoring programmes are in place and results are published on HBRC and LAWA websites for: <ul style="list-style-type: none"> <li>• Climate and Air Quality</li> <li>• Freshwater</li> <li>• Land Science</li> <li>• Marine and Coast</li> </ul> <b>Target: Achieved</b>	Achieved ●	Achieved ●	The Environmental Information field teams collected data for the SoE programmes on time and to relevant standards throughout the year. Some sites and collection methods were changed to allow us to collect as much data as possible due to the weather events over the past six months. Accessing some sites to collect data proved to be a challenge, as did a change in sampling frequency.  Data is published <a href="https://hbrc.govt.nz">hbrc.govt.nz</a> , search: <a href="https://hbrc.govt.nz/search/#SOEmonthly">#SOEmonthly</a> and <a href="https://lawa.org.nz/explore-data/hawkes-bay-region/">lawa.org.nz/explore-data/hawkes-bay-region/</a>



## TE WHAKAHAERE TŌPŪ I NGĀ WAI

### INTEGRATED CATCHMENT MANAGEMENT

#### Activity: Environmental Science

**Level of service:** HBRC will provide accurate and timely analysis and interpretation to decision makers and the community on the State of the Environment for Hawke's Bay.

Performance measure & target	Result 2021-22	Result 2022-23	Comments
A 3-yearly State of the Environment (SoE) Synthesis Report is produced, that meets requirements of NPSFM 2020 Monthly updates are delivered through digital media <b>Target Year 1: 3-yearly SOE Report and 11 monthly updates</b> <b>Target Year 2: 11 monthly updates</b>	SOE Report  11 updates 	<b>12 monthly updates</b> 	This activity involves the entire Science team. Monthly SoE reports were delivered according to scheduled monthly timeframes <a href="https://www.hbrc.govt.nz">hbrc.govt.nz</a> , search: #SOEmonthly

**Level of service:** HBRC will undertake targeted science research and investigations on matters relevant to policy development to inform the Council and community.

Performance measure & target	Result 2021-22	Result 2022-23	Comments
The Science team develops and implements an annual work programme to support plan change requirements and to inform regulatory implementation of the Regional Resource Management Plan (the Plan) <b>Target: Achieved</b>	Achieved 	Achieved 	The Environmental Science team developed its 2022-2023 Operational Plan in June 2022. Post-cyclone, they have completed project plans to support disaster impact assessments and supported the development of projects to inform the Environmental Resilience Pou of the Resilience Plan. With Plan changes currently stalled, they have continued working on those projects to support them eg. the Ruataniwha Groundwater Modelling, and projects to support Plan changes when these recommence eg. re-establishment of baselines for National Objectives Framework attributes.



## TE WHAKAHAERE TŌPŪ I NGĀ WAI

### INTEGRATED CATCHMENT MANAGEMENT

#### Activity: Catchment Management

**Level of service:** HBRC will work with industry, communities, and landowners, to implement good management practices (GMP) in catchments to improve water quality, help mitigate erosion, and increase the protection and enhancement of the region's biodiversity.

Performance measure & target	Result 2021-22	Result 2022-23	Comments
Percentage of land area (by catchment) that operates under a Farm Environment Management Plan (FEMP) as required under the RRMP <i>Note: Other catchments will be added as new management regimes are set through plan changes and national Essential Freshwater requirements</i> <b>Target: 100% Tukituki catchment</b>	94.2% ●	<b>96.1%</b> ●	In total, 1,138 submissions were received that covered 96.1%, or 207,951 hectares of eligible land in the Tukituki catchment. FEMPs are only currently required in the 17 sub-catchments that form the Tukituki catchment and in a 3-year cycle.
Maintain an effective FEMP accredited provider programme with applicants processed to a conclusion within agreed timelines <b>Target: 100% of applicants</b>	100% ●	<b>100%</b> ●	There were 18 approved FEMP providers for the Tukituki. All providers who submit FEMPs to HBRC go through an approval process to ensure they have the adequate qualifications as well as relevant industry and regional knowledge.
Additional area of erodible land, planted with fit-for-purpose erosion control species, transitioned to more sustainable land use or retired and protected <b>Target: 900ha of land under cover</b>	1,459ha ●	<b>776.8ha</b> ●	This is 86% of our target. Projects have been delayed, cancelled, or targeted towards remediation of past Erosion Control Scheme works due to a wet summer and the impacts of Cyclone Gabrielle. HBRC funding is now 50% of the total cost (originally 75%) which enables us to reach more landowners with the available funding.
Additional kilometres of waterway protected annually through erosion mitigation works to reduce sediment, nutrient, and/or bacterial contamination <b>Target: 60km</b>	149.9km ●	<b>21.33km</b> ●	This is 36% of our target. Projects have been delayed or cancelled due to a wet summer, fencing contractor availability and the impacts of Cyclone Gabrielle. Note that under the Erosion Control Scheme we can only fund waterway protection where there is stream bank erosion.



## TE WHAKAHAERE TŌPŪ I NGĀ WAI

### INTEGRATED CATCHMENT MANAGEMENT

Performance measure & target	Result 2021-22	Result 2022-23	Comments
<p>Annual percentage change in stock exclusion and vegetation across the region by land use and stream order - includes all orders of streams including drains</p> <p><i>Source: statistical modelling of riparian condition across agricultural land using high resolution aerial imagery</i></p> <p><b>Target: Increasing trend</b></p>	Not achieved ●	Not achieved ● (Baseline established)	<p>This measure is a year behind therefore marked not achieved, however, establishing a baseline is a significant milestone.</p> <p>Baseline data for the region has been collected by aerial imagery analysis combined with data from the previously surveyed Tukituki catchment. Approximately 22% of surveyed waterways were effectively fenced on both banks and a further 21% were fenced on only one bank. Grass and weeds were the riparian cover across 62% of surveyed waterway length, woody vegetation accounted for 28%, indigenous flax-sedge-rush 6%, woody native 3% and no vegetation 1%. Current stock access was observed at 35% of surveyed waterways and a further 12% and 2% showed past and recent stock access respectively. No evidence of stock access was observed along 51% of surveyed waterways.</p> <p>Post-cyclone imagery covered 84 sites and showed fencing and stock access decreased compared to their pre-cyclone status. No riparian vegetation cover was more prevalent.</p>
<p>Sediment load in tonnes per year in receiving waterbodies (streams/rivers and estuaries)</p> <p><i>Source: 20 ISCO automated sediment samplers in priority catchments with highly erodible land</i></p> <p><b>Target: Reducing load</b></p>	Not achieved ●	Not achieved ●	<p>ISCO sediment sampling has been disrupted due to staff shortages, followed by the loss of some sites during Cyclone Gabrielle. This means the annual load across the region cannot be calculated. NIWA completed a review of the ISCO network and the recommendations are in the process of being implemented, which include correlating event based ISCO data with turbidity to provide a continuous record of sediment load and waterway sediment gauging to ensure load calculations account for the full cross-section sediment profile.</p> <p>The plan is to rebuild the cyclone-impacted network implementing these recommendations in a staged approach (due to cost and resourcing). Region-wide estimates of sediment loads are likely to take a few years to realise but, in the meantime, estimates can be made for the areas where the changes are implemented.</p>



## TE WHAKAHAERE TŌPŪ I NGĀ WAI

### INTEGRATED CATCHMENT MANAGEMENT

**Level of service:** HBRC will engage and liaise with groups of urban and rural water users to encourage efficient and effective water use to maximise the benefits of the water allocated.

Performance measure & target	Result 2021-22	Result 2022-23	Comments
Annual water use efficiency campaign is delivered <b>Target: Achieved</b>	Achieved ●	Achieved ●	Public facing <i>Know Our Water</i> summer campaign was launched in Q2 as a joint initiative with the five Hawke's Bay councils.  For irrigators, the Tier Three Water Demand report was received and reviewed alongside reports on irrigation efficiency.

### Activity: Biodiversity and Biosecurity

**Level of service:** HBRC will work with partners and stakeholders to implement the HB Biodiversity Strategy and Action Plan so biodiversity is enhanced, healthy and functioning.

Performance measure & target	Result 2021-22	Result 2022-23	Comments
Number of Ecosystem Prioritisation sites protected per annum <b>Target Year 1: 2 new, 5 maintained</b> <b>Target Year 2: 3 new, 7 maintained</b>	7 new, 6 maintained ●	4 new, 8 maintained ●	Four new sites were targeted for protection this year through deer fencing, pest plant control and planting, with a further five sites in the process of being finalised.  Eight additional sites are receiving maintenance pest control work, including pest plants and feral ungulate control.  Eight existing sites have received damage due to Cyclone Gabriele and remediation work is either underway or being planned.

**Level of service:** HBRC will manage and limit the risks posed by unwanted pests to protect the health of our community and environment, as prescribed by the Regional Pest Management Plan.

Performance measure & target	Result 2021-22	Result 2022-23	Comments
Maintain and implement current Regional Pest Management Plan and prepare an Operating Plan and Annual Report in accordance with the Biosecurity Act <b>Target: Achieved</b>	Achieved ●	Achieved ●	The Regional Pest Management Plan (RPMP) was operative and up to date, and staff delivered RPMP activities in accordance with the Biosecurity Act. The 2023-2024 Operating Plan and 2022-2023 Annual Report have been compiled and approved.
Area of predator control per annum <b>Target Year 1: No target this year</b> <b>Target Year 2: 10,000 hectares</b>	Not measured ●	14,600ha ● (Whakatipu Māhia)	The Whakatipu Māhia – Predator Free Māhia project includes predator trapping for mustelids across the 14,600 hectare project area.



## TE WHAKAHAERE RAWA

### ASSET MANAGEMENT

#### What we do

There are six activities within the **Asset Management** group of activities:

- Flood Protection and Control Works<sup>4</sup> (rivers, drainage, small schemes)
- Flood Risk Assessment and Warning
- Coastal Hazards
- Regional Water Security
- Open Spaces
- Works Group

#### Flood Protection and Control Works

We administer 25 flood control and drainage schemes throughout the region to reduce the risk of flood and erosion damage. We maintain networks of stopbanks, hydraulic structures and pump stations, and manage the river, stream, and drainage channels to ensure they work as expected during floods to help protect life and property.

This activity also includes gravel management to maintain flood capacity and management of river mouths to reduce unnecessary flooding.

#### Flood Risk Assessment and Warning

We work with other local authorities through liaison, provision of floodplain mapping, catchment management planning, and investigation of specific flooding issues. We operate a comprehensive network of rainfall and river level recorders across the region providing a modern flood warning and forecasting system for the benefit of the region. We provide advice on rainfall and water flows during flood conditions and hazard information for land use planning purposes to encourage community resilience and preparedness.

#### Coastal Hazards

We seek to better understand causes and effects of coastal hazards and work with our territorial authorities, landowners, and communities to find solutions to reduce their impact. Coastal erosion and inundation threats from climate change and associated sea level rise is a significant issue facing our region.

#### Open Spaces

We own and manage Pākōwhai, Pekapeka, Tūtira, and Waitangi Regional Parks, and various river berm areas. Hawea Regional Park is co-owned and co-managed by HBRC in partnership with tangata whenua. We also contribute towards the management of Te Mata Park, and manage the Waipātiki Beach Holiday Park land holding, which is operated through a lease arrangement.

We also manage approximately 105km of pathways that are part of the Hawke's Bay Trails, with the Hawke's Bay Trails forming part of Ngā Haerenga New Zealand Cycle Trails.

We also manage a number of forestry blocks including the Tangoio Soil Conservation Reserve and Waihapua forestry block.

#### Works Group

The Works Group is a business unit of HBRC. It was established to operate at arm's length to ensure the cost-effective delivery of services in a transparent contractual manner. HBRC is the client for the majority of the Works Group's work programme and this is accounted for within the budgets of other activities.

#### Why we do it

This group of activities contributes to the following community outcomes:



Prosperous Community



Resilient Community

The empowering legislation for this group of activities is:

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

<sup>4</sup> 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.

## TE WHAKAHAERE RAWA

### ASSET MANAGEMENT

#### What we spent



#### Actual expenditure

**\$XX.XX million (XX% under budget)**

#### Where that funding came from



#### How did we do?

We measured seven aspects of performance for this group of activities



- Achieved
- Not achieved
- Partially achieved
- Not measured

#### Activity: Flood Protection and Control Works (Rivers, Drainage and Small Schemes)

**Level of service:** HBRC will maintain a cost-effective flood control and drainage network that provides protection from frequent flooding to communities and productive land within designated flood protection schemes in the Heretaunga Plains and Ruataniwha Plains.

Performance measure & target	Result 2021-22	Result 2022-23	Comments
<p>Major flood protection and control works maintained, repaired, and renewed to the standards defined in the relevant scheme Asset Management Plan and annual works programme:</p> <ol style="list-style-type: none"> <li>1. An annual maintenance programme is prepared and delivered.</li> <li>2. Annual capital programme is prepared and delivered (mandatory measure)</li> </ol> <p><b>Target: Achieved</b></p>	Not achieved	Not achieved	<p>The annual maintenance plan was prepared at the start of the 2022-2023 financial year. Maintenance and capital works were behind schedule due to the wet weather which hampered access to assets across the region. Cyclone Gabrielle further impacted the maintenance and capital delivery plans and resulted in a major shift to reactive and remedial works.</p>
<p>Following a flood event, affected areas are surveyed and repairs are programmed:</p> <ol style="list-style-type: none"> <li>1. Following a major flood event, a flood report will be compiled within 6 months of the event (major event is defined as material impact to property or productivity)</li> <li>2. Major event report outcomes incorporated into AMP</li> </ol> <p><b>Target: Achieved</b></p>	Achieved	Achieved	<p>Inspections and surveys post-Cyclone Gabrielle continue. A full repair programme will take a number of years to complete. Due to the size of the event, it is expected that the review will be completed in 12 months rather than 6 months. However, as the cyclone occurred less than 6 months from the end of the financial year, the result is reported as achieved.</p>



## TE WHAKAHAERE RAWA

### ASSET MANAGEMENT

**Level of service:** HBRC will protect and enhance the scheme's riparian land and associated waterways administered by the Regional Council.

Performance measure & target	Result 2021-22	Result 2022-23	Comments
Ecological Management and Enhancement Plans (EMEP) are implemented <b>Target: Achieved</b>	Achieved ●	Achieved ●	EMEPs are being reviewed and implemented where possible. The draft Heretaunga Plains Rivers Re-vegetation 10-year Strategy has been completed with maps loaded to GIS. Improvements to gravel management associated with introduction of the global consents and Tangata Whenua Gravel Operational Groups for the Tūtaekuri, Ngaruroro, and Tukituki Rivers continue.

### Activity: Flood Risk Assessment and Warning

**Level of service:** HBRC provides reliable regional environmental telemetry network monitoring and flood hazard information via a regional web-based platform.

Performance measure & target	Result 2021-22	Result 2022-23	Comments
Percentage of time that priority telemetered rainfall and river level sites are operational throughout the year <b>Target: 98%</b>	99% ●	99% ●	19 sites are identified as priority or critical sites because they provide the earliest, most complete information for an early warning, are less accessible for maintenance in an emergency and can be combined with other information to give a better picture of the situation. Due to a repeater fault during Cyclone Gabrielle, 5 sites were off air for up to 5 days until power was restored but all data has been subsequently retrieved.

### Activity: Regional Water Security (new activity this LTP)

**Level of service:** HBRC will develop and deliver water storage and management solutions that support resilience in the supply of freshwater needs of communities, particularly in the context of projected climate change impacts

Performance measure & target	Result 2021-22	Result 2022-23	Comments
Actions from the Regional Water Assessment are identified and implementation is progressing according to the approved plan <b>Target Year 1: Action plan developed</b> <b>Target Year 2: Implementation on track</b>	Not achieved ●	Not achieved ●	The Regional Water Assessment was adopted in June 2023. A decision was made to wait until further notice before launching a broader public campaign. This measure is reported as not achieved as it is behind schedule as the Action Plan has not been fully developed and agreed.



## TE WHAKAHAERE RAWA

### ASSET MANAGEMENT

#### Activity: Open Spaces

**Level of service:** HBRC will maintain, develop, and provide public access to Council owned regional parks and trails, and investigate affordable new opportunities for multi-purpose benefits.

Performance measure & target	Result 2021-22	Result 2022-23	Comments
Regional Parks and HBRC trails are maintained as per Council's Asset Management Plan (AMP) <b>Target: Achieved</b>	Achieved ●	<b>Not achieved</b> ●	Parks and parts of the HBRC trails were damaged by Cyclone Gabrielle and closed for repairs. Repairs have been completed or are in progress. The maintenance programme was not completed in full due to wet conditions.

**Level of service:** HBRC will demonstrate smart sustainable land use in maximising the multi-purpose benefits of its forestry investments and the Tangoio Soil Conservation Reserve.

Performance measure & target	Result 2021-22	Result 2022-23	Comments
HBRC forests and the Tangoio Soil Conservation Reserve are managed to the standards defined in their respective management plans <b>Target: Achieved</b>	Achieved ●	<b>Achieved</b> ●	Most of the work required for the HBRC forests was carried out for the year as per the respective management plans. The cyclone impacted forestry operations at Tūtira and Waihapua, though almost all activities have been completed and to standard.



## TE WHAKAHAERE MATE WHAWHATI TATA EMERGENCY MANAGEMENT

### What we do

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

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

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

#### ~ Hawke's Bay Civil Defence Emergency Management

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

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

#### ~ HBRC Emergency Management

We maintain an emergency response capability to support the Hawke's Bay CDEM Group. We do this by ensuring that staff are trained to help coordinate a response, including management of Regional Council assets and ensuring essential business continues despite any disaster. We also operate a 24-hour CDEM and Duty Management Service to respond to urgent public enquiries and complaints.

We are also the administering authority for East Coast LAB (Life at the Boundary) – a collaborative programme that brings together scientists, emergency managers, experts, and stakeholders across the East Coast to make

it easy and exciting to learn more about the natural hazards that can affect us.

### Why we do it

This group of activities contributes to the following community outcomes:



The relevant legislation for this function is:

- Civil Defence Emergency Management Act 2002
- Resource Management Act 1991

### What we spent



### Actual expenditure

\$XX.XX million (XX% over budget)

### Where that funding came from



### How did we do?

We measured 8 aspects of performance for this group of activities





## TE WHAKAHAERE MATE WHAWHATI TATA

### EMERGENCY MANAGEMENT

#### Activity: Hawke's Bay CDEM Group

**Level of service:** The Hawke's Bay CDEM Group will educate people about hazards, increase natural hazards knowledge through research, and provide this information for risk reduction measures including land use planning, asset management, and infrastructure.

Performance measure & target	Result 2021-22	Result 2022-23	Comments
A 10-yearly Hazard Research Plan is approved by and reported on annually to the CDEM Group Coordinating Executives Group (CEG) and hazard information is publicly available on the Hawke's Bay Hazard Portal <b>Target: Achieved</b>	Partially achieved ●	Achieved ●	The current <a href="https://www.hbrc.govt.nz/Hazards/">Hazard Research Plan<sup>5</sup></a> was published in June 2015. Hazard information is maintained on Hawke's Bay Hazard Portal <a href="https://www.hbrc.govt.nz/Hazards/">gis.hbrc.govt.nz/Hazards/</a> . CEG receives and reviews new information as it becomes available.
Percentage of surveyed residents that can identify 3 of our top 5 hazards; earthquake, tsunami, volcanic, pandemic or flooding Source: 2-yearly SIL Perception Survey <b>Target Year 1: &gt;50%</b> <b>Target Year 2: No Survey</b>	No survey this year ●	Not measured ●	The survey would normally have been carried out in the last quarter of the year (April-June) but was postponed as our communications post-cyclone needed to be focussed on recovery and land categorisations.  The last survey was carried out between March and May 2021 to help inform the LTP 2021-2031. The survey will be resumed next financial year.

**Level of service:** The Hawke's Bay CDEM Group will increase readiness, and ensure a coordinated and appropriate response and recovery from a civil defence emergency to reduce the impact on people and property.

Performance measure & target	Result 2021-22	Result 2022-23	Comments
An operative Group Plan under the CDEM Act 2002 is in place, reported on annually and reviewed within statutory timeframes by the Joint Committee <b>Target: Achieved</b>	Partially achieved ●	Not achieved ●	The Emergency Management Bill has been introduced to Parliament and submissions to the select committee are due in November 2023. The Group will make a submission. In the meantime resourcing has been submitted to the LTP 2024 so a review of the operative Group Plan can commence next year.
A Group Work Programme implementing the Group Plan objectives is approved and reviewed 6 monthly by the Coordinating Executives Group <b>Target: Achieved</b>	Partially achieved ●	Not achieved ●	Due to the response to Cyclone Gabrielle the implementation of this was effectively suspended. The Group Work Programme is being reviewed by CEG at its next meeting.

<sup>5</sup> <https://www.hbemergency.govt.nz/assets/Documents/Plans-Procedures-and-Strategies/10-Year-HB-Hazard-Research-Plan-CR-2015-098.pdf>



## TE WHAKAHAERE MATE WHAWHATI TATA

### EMERGENCY MANAGEMENT

Performance measure & target	Result 2021-22	Result 2022-23	Comments
A 5-yearly independent assessment of CDEM Group's capability is completed and shows continuous improvement <b>Target:</b> No assessment	No assessment this year ●	No assessment this year ●	No assessment is due until 2023-2024.
Percentage of surveyed residents prepared to cope for at least three days or more on their own <i>Source: 2-yearly SIL Perception Survey</i> <b>Target Year 1:</b> >50% <b>Target Year 2:</b> No Survey	No survey this year ●	Not measured ●	The survey would normally have been carried out in the last quarter of the year (April-June) but was postponed as our communications post-cyclone needed to be focussed on recovery and land categorisations. The last survey was carried out between March and May 2021 to help inform the LTP 2021-2031. The survey will be resumed next financial year.

#### Activity: HBRC Emergency Management

**Level of service:** As the Hawke's Bay CDEM Group's Administering Authority, HBRC will provide an agreed budget and support to enable the Group to achieve the CDEM outcomes agreed to in the Group Plan.

Performance measure & target	Result 2021-22	Result 2022-23	Comments
HBRC provides support to the Hawke's Bay CDEM Group in accordance with a service level agreement <b>Target:</b> Achieved	Achieved ●	Achieved ●	As the administering authority for the Hawke's Bay CDEM Group, HBRC has provided support to the Group in accordance with an agreed roles and responsibilities matrix. HBRC has fully supported the Group's recent responses. Training is well attended by HBRC staff.

**Level of service:** HBRC will ensure it has capability and capacity to respond and manage its assets during a civil defence emergency, including a 24-hour duty management system.

Performance measure & target	Result 2021-22	Result 2022-23	Comments
Maintain established team, training, procedures including Emergency Operations Centre (EOC) Manual and Business Continuity Plan <b>Target:</b> Achieved	Achieved ●	Achieved ●	We are no longer required to maintain EOC as HBRC supports the Group Emergency Coordination Centre, but an HBRC Incident Room is maintained for the provision of an HBRC response to emergencies, including maintenance of pre-established Standard Operating Procedures for Business Continuity. This was tested during Cyclone Gabrielle response and any issues will be identified for corrective actions during the review process.



## NGĀ WAKA

### TRANSPORT

#### What we do

There are two activities within the **Transport** group of activities:

- Transport Planning and Road Safety
- Passenger Transport

#### Transport Planning and Road Safety

We are responsible for regional transport planning and coordination of road safety education and promotion across Hawke's Bay. Key deliverables are the Regional Land Transport Plan and the Regional Public Transport Plan. Both plans are reviewed every three years.

The Regional Transport Committee is a permanent committee required by statute and is involved in the development of the above plans.

RoadSafe Hawke's Bay is a business unit of HBRC as a regional resource providing road safety education, raising driver awareness of key road safety issues, and working with other key stakeholders to reduce the incidence and severity of road traffic crashes. The key focus is to change road user behaviour, making roads safer for people to use.

#### Passenger Transport

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

The Total Mobility Scheme provides subsidised passenger services for those who can't use their own vehicles or use public transport. Services are provided in urban areas within the region and are funded by HBRC and Waka Kotahi.

#### Why we do it

This group of activities contributes to the following community outcomes:



Healthy Environment



Prosperous Community



Resilient Community

The relevant legislation for this activity is:

- Land Transport Management Act 2003
- Resource Management Act 1991
- Local Government Act 2002
- Climate Change Response Act 2002

#### What we spent



#### Actual expenditure

\$XX.XX million (XX% over budget)

#### Where that funding came from



#### How did we do?

We measured 5 aspects of performance for this group of activities



- Achieved
- Partially achieved
- Not achieved
- Not measured



## NGĀ WAKA

### TRANSPORT

#### Activity: Transport Planning and Road Safety

**Level of service:** HBRC will develop and implement the region's transport planning documents to promote integration, a low carbon future, and sustainability of all transport modes and a resilient, efficient and reliable network.

Performance measure	Result 2021-22	Result 2022-23	Comments
Adopted Regional Land Transport Plan (RLTP), Regional Public Transport Plan (RPTP) and Regional Cycling Plan in place <b>Target: Achieved</b>	Partially achieved ●	Achieved ●	The RLTP was adopted in May 2021 and lodged with Waka Kotahi in accordance with statutory timeframes. The next Plan is due in 2024. The RPTP was adopted in September 2022. A Regional Cycling Plan 2015 is in place. All plans can be found at <a href="https://hbrc.govt.nz/search/#aboutplans">hbrc.govt.nz, search: #aboutplans</a>
Percentage of the Hawke's Bay population that use public or active transport for work or education <i>Source: Statistics NZ, bus patronage, cycleway meters</i> <b>Target: Increasing trend</b>	Not reported ● Baseline (7% for work & 38% for education in 2018 Census)	Not achieved ●	This has been marked as <i>not achieved</i> as no alternative ways of measuring this target, other than through the Census, has been developed. Results from the 2023 Census will not be available until May 2024.



## NGĀ WAKA

### TRANSPORT

**Level of service:** HBRC will coordinate and implement sustainable regional road safety initiatives so that Hawke's Bay's transport network is safe and accessible, and the emotional and financial costs of road traffic crashes are reduced.

Performance measure	Result 2021-22	Result 2022-23	Comments
Incidence of deaths and serious injury crashes in our region (per 100,000 people) (mandatory measure) Target: Decreasing trend* (*5-year rolling average)	66.1 ● (combined 5-yr rolling average)	66.4 ● (combined 5-yr rolling average)	HBRC facilitates the delivery of road safety for the five Hawke's Bay councils. Outcomes from the Road Safety section 17A review completed in March 2022 recommended establishing a road safety subcommittee of the technical advisory group, development of a strategy and a rebrand of the website <a href="https://roadsafehb.org.nz">roadsafehb.org.nz</a> to be launched.



At June 2017	At June 2018	At June 2019	At June 2020	At June 2021	At June 2022	At June 2023	
166,839	168,981	171,150	175,644	177,912	181,500	183,700	<a href="#">Experimental administrative population census</a> (source: Stats NZ) <a href="#">Sub-national population estimates for Hawke's Bay</a> (source: Stats NZ)



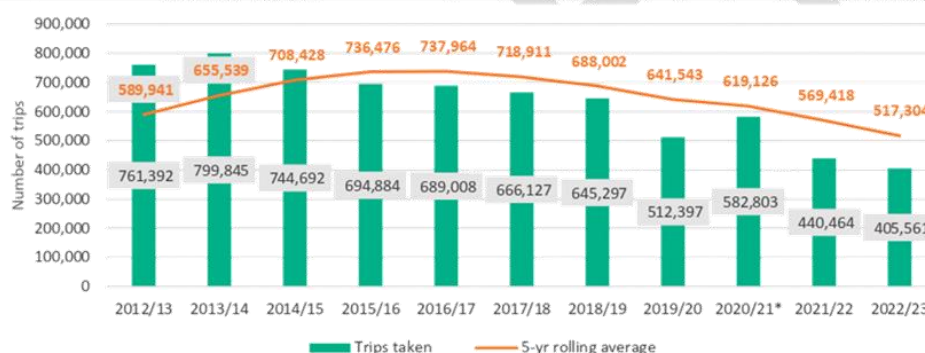
## NGĀ WAKA

### TRANSPORT

#### Activity: Passenger Transport

**Level of service:** HBRC will provide an accessible, integrated public transport service for the people of Hawke's Bay and work with the relevant territorial authority to ensure appropriate service infrastructure to meet transport needs and transition to a low carbon economy.

Performance measure	Result 2021-22	Result 2022-23	Comments
Annual patronage on the Hawke's Bay bus services <b>Target: Maintain or increasing trend* (*5-year rolling average)</b>	569,418 ● (5-year rolling average)	<b>517,304</b> ● (5-year rolling average)	A total of 405,561 trips were undertaken by public transport this year. The regional transport network has had a range of challenges this year. Driver shortages, including illnesses and sick leave, have resulted in cancellation of services throughout the year. Following the cyclone, services were compromised further as bridges and roads were closed causing congestion on other transport routes. This has had an additional negative impact on patronage.



\* data from 1 July- 24 August 2020 had no patronage data due to a transition period in ticketing systems. Patronage numbers from the same period in 2019 was used

Percentage of urban households within 400m of a regular bus route <b>Target Year 1 &amp; 2: 100% Hastings urban area</b>	100% ●	<b>100%</b> ●	MyWay, the on-demand public transport trial, was launched on 7 June 2022 servicing 100% of urban households in the Hastings area within 200m of a regular bus service between 6am-6pm, Monday to Friday. The service has been designed to have 'virtual' bus stopping points no further than 200m from the pick up and drop off points within the defined urban Hastings area.  MyWay did not operate from 14 to 28 February due to power outages, driver displacement, and pressure on support services. From 18 January to 10 February, MyWay only had two of three vans operating, which resulted in a reduction in met demand.
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**HAWKE'S BAY REGIONAL COUNCIL**  
**CORPORATE AND STRATEGIC COMMITTEE**

**Wednesday 20 September 2023**

**Item 8**

**Subject: ORGANISATIONAL PERFORMANCE REPORT FOR THE PERIOD 1 APRIL – 30 JUNE 2023**

**Reason for Report**

1. This item presents the Organisational Performance Report for the period 1 April – 30 June 2023.

**Content of the Report**

2. The report contains four parts:
  - 2.1. **Executive Summary** continues to have a focus on our region's response (pp4-7)
  - 2.2. **Corporate Metrics** that focus on how well we are performing across a number of corporate-wide measures such as employee turnover and corporate carbon footprint (pp 8-14)
  - 2.3. **Level of Service Measures (LOSM)** by group of activities with adopted targets, traffic light status and commentary (pp 15-24)
  - 2.4. **Activity Reporting** by group of activities with non-financial and financial traffic light status and commentary (pp 25-38).
3. Organisational Performance reports were established in 2018. The status and commentary reporting are rolled up from cost centre to activity level. Commentary by cost centre is still available to committee members via the PowerBI dashboard (see points 10-14 below).
4. Staff complete their reporting in a software tool called Opal3. For LOSM and activity reporting, staff select the status (red, amber, green) of non-financial results and provide commentary on what they did in the quarter against their annual work plans. Traffic light status of financial commentary is selected on predetermined parameters with commentary provided by staff.
5. The financial 'lines' are broken down (where applicable) to:
  - 5.1. operating expenditure (opex) which includes external costs, internal time and personnel costs
  - 5.2. capital expenditure (capex) which includes external costs and internal time
  - 5.3. other revenue which includes fees & charges, grants and proceeds from other income – both opex and capex.

**Points of Interest**

6. Corporate metrics (pp 8-14)
  - 6.1. LGOIMA requests jumped to 57 this quarter compared with 37 last quarter. Over the course of the year, we experienced a 93% increase on last year. Requests have been more complex and require more staff resources to complete.
  - 6.2. There are three new graphs from our Customer Experience team around daily feedback sentiment and response time for customer enquiries.
  - 6.3. The quarterly employee turnover has trended downwards this quarter, with the rolling 12-month turnover down to 19.8% from 21.5% last quarter.
7. Levels of service measures (pp 15-24)

- 7.1. These signal the end of year results that will be included in the Annual Report 2022-2023, subject to audit.
- 7.2. The end of year results are 33 achieved (57%), 21 not achieved (36%) and 4 not measured or not due for reporting this year.
- 7.3. The results are spread evenly across the groups as the cyclone has had a significant impact on our levels of service and budgets across the organisation.
- 8. Activity reporting (pp 25-38)
  - 8.1. Staff have reported 19 activities as 'off track' from their usual workplans. This is up from 10 last quarter. This has been as a result of deploying staff and resources to support the response and recovery, and pauses to business as usual.
  - 8.2. Financial reporting largely shows underspend due to paused activity also resulting from the altered work programmes following the cyclone.
  - 8.3. Recovery costs are captured elsewhere and reported to directly to Council.
- 9. The Reporting Dashboard (PowerBI) has additional commentary not included in this report, which is edited for readability.

### **Reporting Dashboard (PowerBI)**

- 10. 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.
- 11. The dashboard also provides committee members with the ability to delve deeper into activities of interest (via cost centres) particularly under Work Programmes. There is often more commentary in the dashboard than on the published report.
- 12. To access the dashboard, please open your PowerBI app on your iPad. The link to the dashboard is <https://shorturl.at/csEQY>. Staff from the Strategy and Performance team are available to go over the dashboard with councillors who would like to review its content.
- 13. Strategic projects commentary and status by schedule, risk, and budget are updated on a monthly basis on the dashboard. They are also included in the Strategic Projects Report that is presented to Council monthly. Note that the last month of updates was July 2023.
- 14. We are continuously improving the dashboard and improving the data reliability across all areas and would appreciate any feedback you have.

### **Decision Making Process**

- 15. 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 Hawke's Bay Regional Council receives and notes the *Organisational Performance Report for the period 1 April – 30 June 2023*.

### **Authored by:**

**Hariza Adlan**  
**PERFORMANCE & DATA ANALYST**

**Sarah Bell**  
**TEAM LEADER STRATEGY AND PERFORMANCE**

### **Approved by:**

**Desiree Cull**  
**STRATEGY AND GOVERNANCE MANAGER**

**Attachment/s**

- 1   Organisational Performance Report Quater 4: 1 April to 30 June 2023





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## Introduction

This Organisational Performance Report is the fourth quarterly report for the 2022-2023 financial year and covers the period of 1 April to 30 June 2023.

The purpose of the report is to provide the Regional Council with an overview of how well we are performing across a number of measures, including corporate measures. It uses the groups of activities from our Long Term Plan 2021-2031 to present non-financial and financial performance using a traffic light reporting approach. It also provides the Regional Council with qualitative information to understand the situation-specific factors affecting performance.

The secondary purpose of the report is to provide the Chief Executive, Executive Leadership Team, and staff with information to ensure alignment of the Regional Council's work programme across different groups and teams to achieve the Regional Council's Strategic Plan outcomes and to ensure a steadfast focus on performance and accountability.

## Executive Summary

This Organisational Performance Report is the last report for year two of our Long Term Plan 2021-2031.

The focus for the Regional Council this quarter remained on Cyclone Gabrielle response and recovery work. The cyclone has had a significant impact on our levels of service (see graphics below) and budgets across the organisation.

This Executive Summary highlights some of the key work not covered in our performance measures as we changed the way we work to attempt to deal with the impact the cyclone has had. This includes how our staff out in the field are working to mitigate risk for communities and also the essential work being done behind the scenes.

...continued over

### Levels of Service Measures - Summary

- 34 Achieved end of year target
- 20 Did not achieve end of year target
- 4 Not measured or not due for reporting this year

## Organisational Performance Report: Q4 2022-2023

*Out in the field:***Rapid repair of stopbanks**

HBRC staff, helped by local contractors, local and out-of-town consultants, and staff from Environment Canterbury and Environment Southland, focused on making permanent repairs to the breached stopbanks, after initially constructing temporary flood protection.

Rapid repairs of around five kilometres of stopbank breaches on the Ngaruroro and Tūtaekurī rivers were completed in early June. Central Hawke's Bay stopbank breaches on the Tukituki and Waipawa rivers were nearly finished with teams working closely with Central Hawke's Bay District Council. We have also been managing significant gravel extraction from rivers and streams across the Central Hawke's Bay district as part of ongoing river management. Three sites that were initially on hold waiting for technical review are now nearing completion.

**Cleaning up**

As a region we have collectively faced tough decisions about how to deal with cyclone and flood waste. In May 2023, we put an exception in place for flood damaged properties within airsheds to responsibly burn waste over winter. A temporary law change came into effect on 5 July 2023 to enable rural landowners to burn cyclone and flood waste on commercial-scale horticultural and agricultural properties not located in the Hastings or Napier airsheds. A fire management plan must be submitted to the Regional Council.

Also in May, Hawke's Bay secured \$133.2 million from central government for removing sediment and debris - \$70.6 million of that was spread across the region's five councils and \$62.6 million was ringfenced for commercial entities. The Regional Council is administering the commercial fund which opened on 7 June 2023 to help commercial entities (including growers and farmers) to

recover some of the costs of cleaning up sediment and debris on their land as a result of the cyclone.

The Silt Recovery Taskforce was established to help locals clean up their homes and properties. It is a joint initiative between the Regional Council and Hastings District Council. The taskforce set up systems to manage silt, debris, and waste to keep as much as possible away from the landfill.

This has been and continues to be a massive job. Taskforce crews, made up of mainly local contractors, were shifting hundreds of truckloads of silt a day. As of 7 July 2023, approximately 470,000 cubic metres of silt had been collected with 23 contractors removing silt, seven contractors managing sites, and four contractors collecting/processing wood. In Wairoa, a project manager was appointed to deal with the huge amount of debris around the district, and particularly along the coast.

**Official Civil Defence response ends**

The Hawke's Bay Civil Defence Emergency Management Group ended its official response in early May after activating on 10 February in preparation for Cyclone Gabrielle.

More than 1000 people worked with our team in the official response, either at the Group Emergency Coordination Centre (in Hastings), the Regional Distribution Centre (set up at the Hawke's Bay Showgrounds), or at Bridge Pa Aerodrome. Most of these people were deployed from outside of Hawke's Bay. We also had people come from overseas to help.

**Supporting the rural recovery**

Staff reoriented their planned work and redeployed many staff to support our rural community. The Rural Recovery team continue to support farmers and growers to understand their needs so they can connect them to appropriate services, assist with individual farm recovery planning, and partner them with appropriate Regional Council programmes.

## Organisational Performance Report: Q4 2022-2023

*Behind the scenes***Providing technical assessment for land categorisation**

We have staff undertaking flood hazard modelling and providing technical assessments to support decision making on land use categorisation and affordable options for flood protection.

Land categorisation community meetings and drop-in sessions started in mid-June. Further technical analysis and assessment has resulted in re-categorisation of many properties.

Another critical role for staff has been negotiating for additional funding for the region and the land categorisation flood mitigation cost sharing agreement with the Government.

**Supporting the Regional Recovery Agency**

We continue to provide support to the Hawke's Bay Regional Recovery Agency (RRA). Central government, with the support of other councils, and the Matariki Governance Group, requested that HBRC manage and administer the Regional Recovery Agency for now as it can provide the required services and has regional jurisdiction. The RRA is not currently a registered entity and has no bank account, or ability to execute any agreement with any stakeholders such as the Government for funding agreements. Importantly, doing this means recovery work can continue while other arrangements for the Regional Recovery Agency are explored.

**Environmental resilience planning**

We submitted the first edition of our Environmental Resilience Plan to the Regional Recovery Agency on 28 April 2023. This Plan along with Locality Plans for the district and city councils and some community and iwi groups, fed into the Regional Recovery Plan and Action Plan.

**Managing the Regional Disaster Relief Trust**

We continued to manage the Hawke's Bay Disaster Relief Trust on behalf of the region's councils. The Disaster Relief Trust was closed on 21 July 2023 and paid out nearly \$6.5 million to 4,630 applicants, plus \$2.3 million to local councils for grants to be paid to owners of yellow and red-stickered properties.

**Preparing cost recovery claims**

Additional staff have been employed to assist our Finance team in the substantial job of preparing NEMA (National Emergency Management Agency) and insurance claims to recover costs incurred through both the Regional Council response and the Hawke's Bay Civil Defence Emergency Management Group (CDEM) response. The Regional Council administers CDEM on behalf of the region's councils.

CDEM welfare costs to the year-end are \$8.5 million. Staff have identified \$6 million is recoverable. NEMA has to date paid the Regional Council \$4 million for welfare claims with a further \$2 million with NEMA for review. The majority of the \$2 million claim is for helicopter operator invoices. Some of these flights were for non-welfare purposes and will not be refunded by NEMA. NEMA has been made aware of this issue and are working with staff to find a solution.

Staff continue to work with our Assets team and other staff to finalise costs for infrastructure damage and business interruption to compile insurance claims.

We have received a prepayment of \$4.25 million from insurance in preparation for our submissions.

**Significant increase in LGOIMA requests**

We received 57 Local Government Official Information and Meeting Act (LGOIMA) requests – almost three times the number of requests we receive on average a quarter. Requests have been complex and have required significant amount of staff time.

## Organisational Performance Report: Q4 2022-2023

**Annual Plan 2023-2024 budgeting**

Following Cyclone Gabrielle, we had to take a hard look at our budget and previously planned work for 2023-2024. We had to make some tough choices and reprioritise work so we could respond to the recovery and reduce our previously forecast 14.5 percent average rate increase, conscious of the impacts of the cyclone and increased costs-of-living on people. We were able to reduce rates to an average 6 percent increase and we introduced a Regional Cyclone Recovery charge to help with response and recovery costs that we don't expect to be covered by other sources.

**Other key happenings**

- We had changes at the helm of the organisation with new interim Chief Executive Bill Bayfield starting on 18 April until our newly appointed Chief Executive Dr Nick Peet was able to start. Mr Bayfield took over from our Te Pou Whakarae Pieri Munro who was acting Chief Executive (following James Palmers' departure to the Ministry for the Environment). Dr Peet started in the Chief Executive position in early July.
- On 12 April, HBRC released its report on the make-up of the woody debris that washed up against bridges, on beaches, and ended up on flooded areas.
- On 12 April, staff identified Alligator weed at Lake Whatumā in Central Hawke's Bay. Alligator weed is an invasive pest and recognised as a severe threat to agriculture and biodiversity. A delimiting survey later found the main outbreak is on the northern and eastern edges of the lake, where it was well established. It was also found at the head of the Mangatarata Stream.
- Scientists from around Aotearoa New Zealand pitched in and continue to help the Hawke's Bay region understand the impacts of Cyclone Gabrielle on lakes and estuaries.
- In April, HBRC commissioned an independent review of the region's flood scheme assets and river management programmes.
- On 1 May, the Biodiversity Hawke's Bay Environmental Enhancement contestable fund opened, supporting individuals and groups with projects to advance biodiversity in the region. We partnered with Biodiversity HB to trial the fund and provided \$50,000 towards it.
- On 15 May, HBRC received \$3.6 million from MPI's Hill Country Erosion Fund to work with the farming community to help protect erosion-prone land and keep productive soils on farms and out of waterways.
- On 22 May, the first meeting of the Climate Action Joint Committee was held. The governance group will oversee climate mitigation and adaptation, and is made up of representatives from the Regional Council, HBRC's Māori Committee, PSGE Post (Treaty) Settlement Group Entities, Central Hawke's Bay District Council, Napier City Council, Hastings District Council, and Wairoa District Council.
- We announced new bus fares starting 1 July 2023 following half price bus fares ending on 30 June. People can apply for the Community Connect concession which enables free fares for 5-12-year olds, half price fares for 13-24 year olds and Community Services Card holders, and permanent half price Total Mobility fares for card holders of the Total Mobility service.
- In June 2023, Hawke's Bay's first Regional Water Assessment was publicly released. It is the first report of its kind completed in Aotearoa New Zealand and provides a regional stocktake of our freshwater system and analysis of future supply and demand trends. It provides baseline data and options to inform decisions about how we manage water and make our region more resilient – both with not enough water or drought, and too much water or severe-weather events.



## Corporate Metrics

Our people are our greatest asset working to deliver services to meet outcomes outlined in our Long Term Plan 2021-2031.

Our work supports our community, and it is important we ensure customers have the best experience possible with the Regional Council. With climate change a major operations driver, we are also working to reduce our corporate carbon footprint.

This section provides a snapshot of:

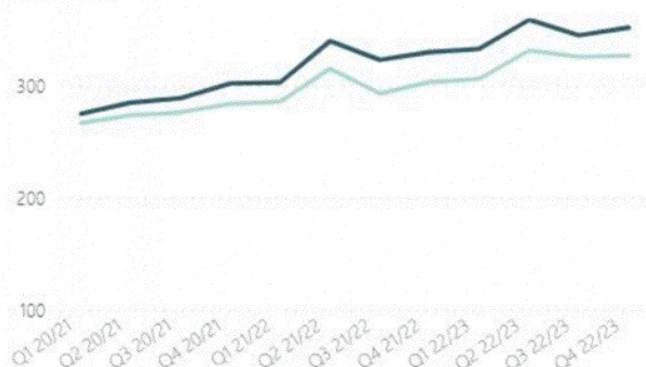
- staff numbers and turnover
- reported health and safety incidents
- LGOIMA requests
- customer experience (new graphs)
- website and social media reach
- media enquiries
- corporate carbon footprint measures.

## People and Capability

### Employee Count



● Staff ● FTE



### Vacancies and recruitment

In response to Cyclone Gabrielle, we have continued to recruit additional roles. Of the 46 vacancies for this quarter, 14 new staff are scheduled to start in the next quarter. New talent will be joining HBRC that will help support us achieve our work programmes while continuing the recovery work following the cyclone.

### Resignations:

Resignations totalled 22 for this quarter (down 2 from last quarter). Of these, 15 were permanent employees. Information collected through exit surveys and interviews shows that new career opportunities are a major contributing factor of staff deciding to leave HBRC. We are working to address this by building internal career pathways for staff. In this quarter, 36% of exit survey respondents say that they are leaving for personal reasons unrelated to the job.

## Organisational Performance Report: Q4 2022-2023

### Turnover

129

New starters over past 12 months

65

Resignations over past 12 months

### Our employees

We currently have a total of 352 staff, totalling 326.8 full-time equivalent (FTE). It is positive to see declining resignation numbers and many successful recruitment rounds as we progress into the new financial year. These trends support HBRC's return to business-as-usual work, providing our existing staff with more support, and enabling people to take leave after the busy period we have all been through. Staff have been encouraged to ensure their work/life balance is working for them, and were gifted a wellbeing day on 18 July to encourage everyone to take a day of rest.

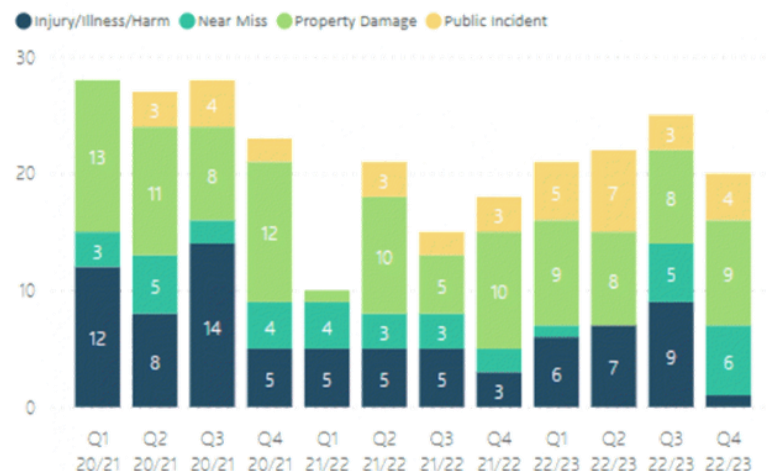
### Employee turnover (permanent staff only)



## Organisational Performance Report: Q4 2022-2023

## Health, Safety and Wellbeing (HSW)

### Incidents Reported



#### Health & Safety incidents\*

During and after Cyclone Gabrielle, staff have been exposed to more aggressive behaviour from the public than is typical. This behaviour was spread across the roles, but more concentrated in the areas of Customer Experience and the Recovery Grant teams.

Nine instances of property damage were reported. Some involved vehicle incidents or public property.

#### Corrective actions

- Dealing with Aggressive People training has been delivered to all front-line staff and some field staff
- Property damage was either replaced or fixed. Training assessments were completed, and training in 4WD and quad bike were delivered where required.

### Staff Wellness

Employee Assistance Programme and psychologists continue to support staff. Our HSW team arranged team specific workshops with psychologists to debrief and support staff mental health. Flu vaccination clinics were carried out and vouchers were provided for those not able to attend.

Hawke's Bay Marathon registrations are being supported to encourage staff participation with HBRC branded activewear provided. The Nutrition Clinic delivered a lunchtime presentation for staff regarding sleep, nutrition and stress.

Security has been on site at times to support staff in the reception area at the Dalton Street office.

#### Training for staff

The Community Engagement Safety Plan is a risk assessment tool developed by HSW team, and was presented to and approved by our Executive Leadership Team. Workshops have been arranged with teams working in a public arena with the aim to allow them to ascertain risk, consider factors they may not usually think about and put mitigations in place.

Other training provided this quarter included: dealing with aggressive behaviour, first aid, quad bike, LUV, 4WD, and motorbike.

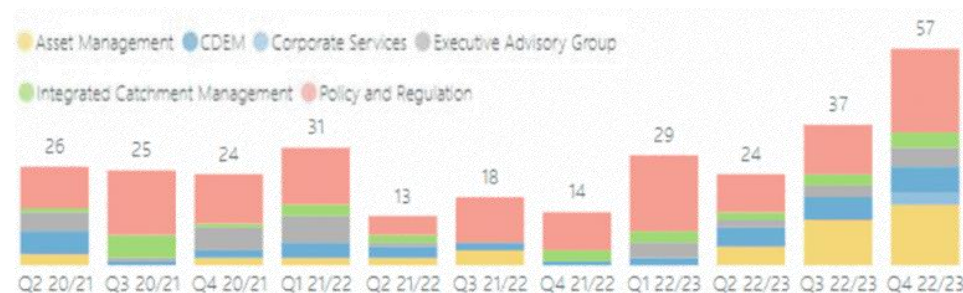
\*Other Health & Safety incidents captured but not reported in the figure include: environmental incidents, hazards, improvement/ideas, and public complaints

## Organisational Performance Report: Q4 2022-2023

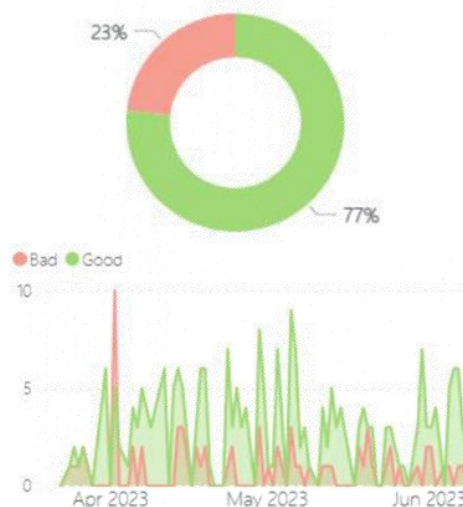
## Customer Services

## Local Government Official Information and Meeting Act (LGOIMA) requests

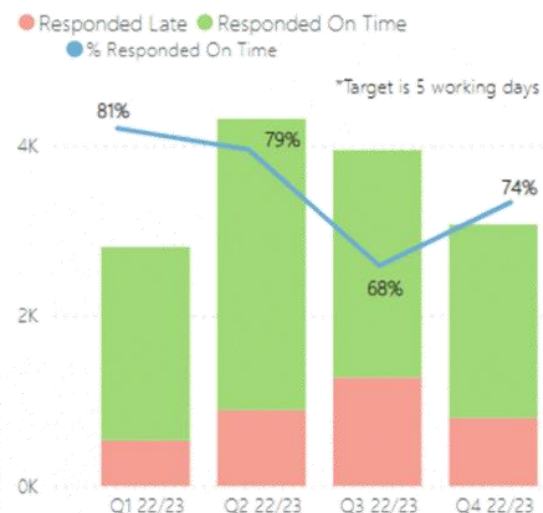
The 57 LGOIMA requests received this quarter demonstrate the scale and pace that requests are coming in. In total 19 were not provided with the information requested within the required timeframe. Four of those were granted a timeframe extension to provide the information under LGOIMA sections 14(1)(a) and (b) "substantial research and collation required".



## Daily Feedback this quarter



## Response time for customer enquiries\*



## Customer Experience

The Customer Experience (CX) team has been dealing with public enquiries in the aftermath of Cyclone Gabrielle. There has been a whole new level of complexity to the role with information from all areas of HBRC being given to the CX team at pace. The team is dealing with some challenging conversations on a daily basis. Five months on from Cyclone Gabrielle, callers are becoming increasingly frustrated and are demanding to talk to someone. We are also managing to resolve a number of calls ourselves without having to refer them on to the wider organisation.

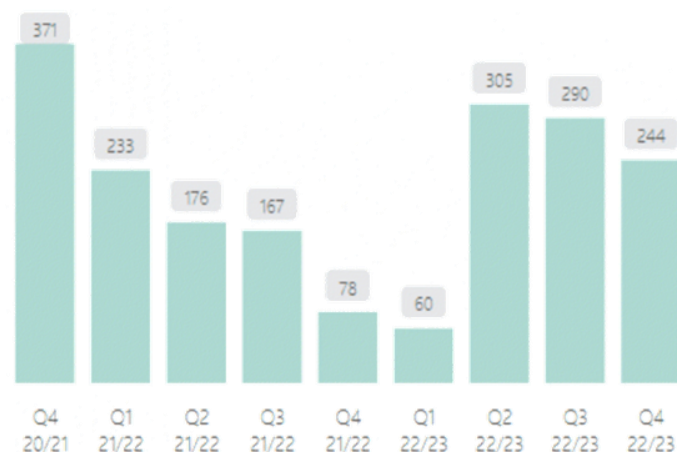
Rates and MyWay enquiries are still topping the category list.



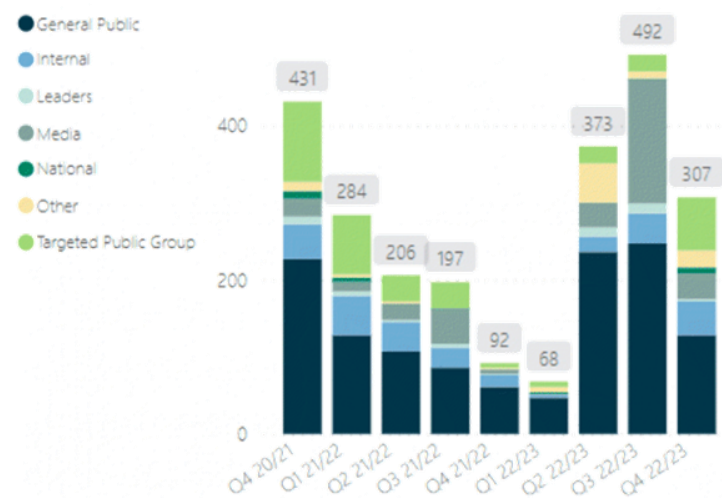
## Organisational Performance Report: Q4 2022-2023

## Communications and Engagement

## Items in Communications Log

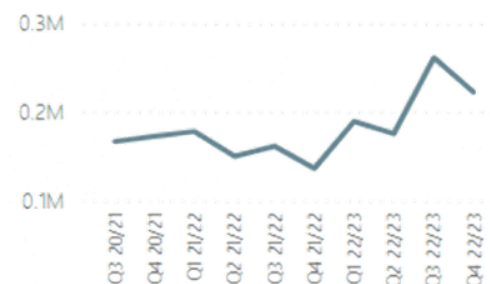


## Items in Communications Log by audience



## Website

Number of HBRC Website Page Views



## Social Media

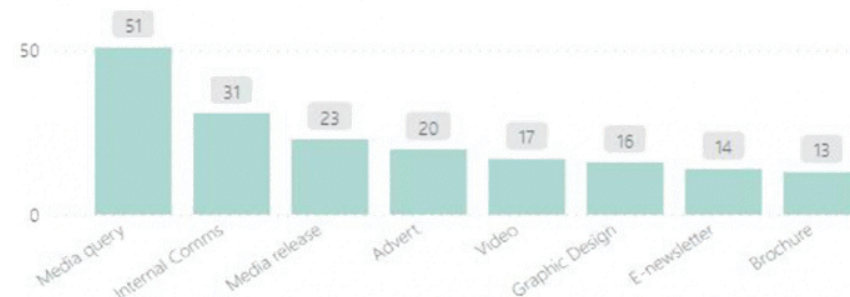
Total Reach on Facebook



The Communications & Engagement Team has been stretched beyond its capacity with a massive increase in demands for work in the post-cyclone environment.

We held six Facebook Live sessions this quarter on Land Categorisations, stopbanks and slit which proved highly valuable for engaging with the community around topics of high interest. Media enquiries have decreased post Cyclone Gabrielle although still contribute to LGOIMA requests.

## Items in Communications Log by type



Organisational Performance Report: Q4 2022-2023

Corporate Facilities and Fleet

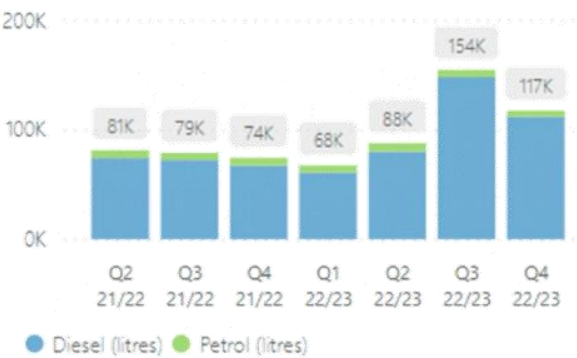
Vehicles



Vehicles and Fleet

This final quarter sees a reduction in HBRC’s total fleet vehicles from 156 to 149. There are requests for additional vehicles however given the current situation we are retaining vehicles scheduled to be replaced, rather than sourcing additional fleet. We still intend to increase the number of petrol (passive) hybrids in our fleet to continue in the reduction of our carbon footprint.

Fuel Use



Fuel

This quarter has seen a reduction in costs for fuel as we move out of the initial response phase of the cyclone. HBRC is part of the All-of-Government contracts which means fuel prices have remained fairly stable. The significant drop in diesel use of approximately 36,000 litres shows the post-cyclone easing of demand across HBRC related to immediate response work. Work is still in progress to encourage vehicle sharing and driving reduction.

Energy use



Energy use

Gas consumption increased as we move into the colder months and relied on gas boilers to power heating systems. Electricity has decreased this quarter as offices move to business as usual from the extended operation of facilities during response.

# Corporate Carbon Footprint and Air Travel

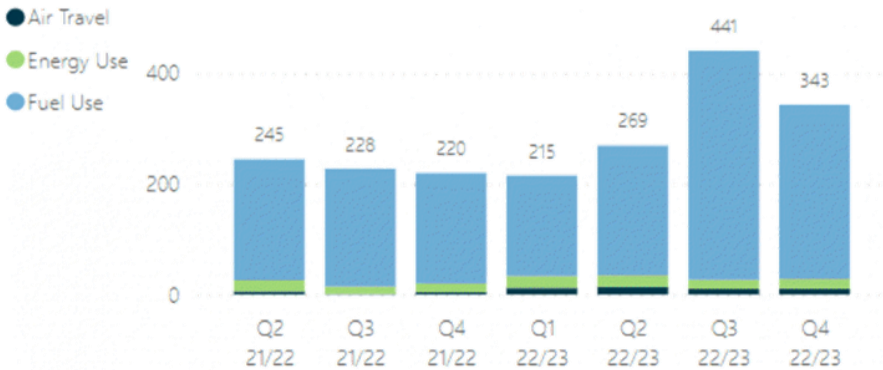
## Air Travel



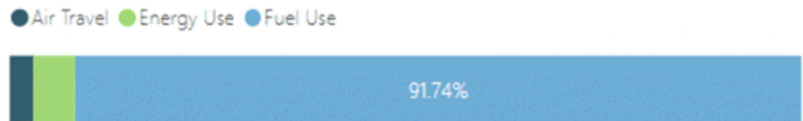
**Air travel**

The increase in air travel in this financial year has highlighted that our policy (which is for staff to consider using video technology attendance as an alternative to air travel where possible) may need reviewing to put more controls around staff travel.

## CO<sub>2</sub> Emissions (tonnes)



## CO<sub>2</sub> Quarterly Emissions



Category	CO2 Tonnes Emitted	Prior Qtr Change	Year Increase
Energy Use	17.98	7%	12%
Air Travel	10.40	4%	160%
Fuel Use	315.03	-24%	58%
Total	343.41	-22%	56%

### Carbon emissions

Our corporate carbon emissions have come down from last quarter however this is still trending high. Diesel consumption is still the biggest factor as we respond to the Cyclone Gabrielle rebuild, although this is lessening.

### Carbon credits

At the end of the quarter, our Carbon Holding Account had a total balance of 161,307 NZU, comprising 146,400 NZU post 1989 and 14,907 pre 1990. This puts our overall carbon portfolio value at approximately \$6.61 million, noting this is based on market rates of NZ\$41 as at 30 June 2023 (source: carbonnews.co.nz). The market rate has dropped \$13 from last quarter.

HBRC is in the process of developing a carbon trading policy.



## Level of Service Measures

### by group of activity

Each quarter we monitor and report on the 58 level of service measures as outlined in our Long Term Plan 2021-2031.

The figure on the next page provides a summary of the level of service measures and how they are tracking by our six groups of activities:

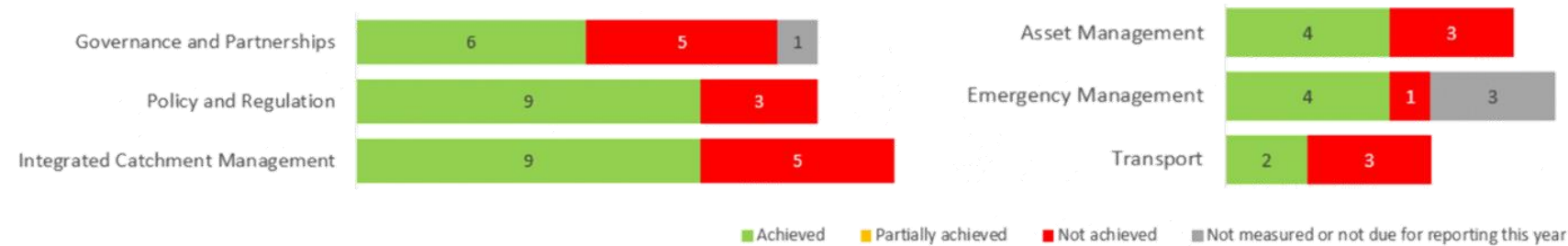
1. Governance & Partnerships
2. Policy & Regulation
3. Integrated Catchment Management
4. Asset Management
5. Emergency Management
6. Transport

These groups of activities in our long-term plan are made up of 22 activities, 34 levels of service statements, and 58 level of service measures.

A traffic light reporting approach is used to show results against targets.

# Level of Service Measures

## Summary—by Group of Activities



## Summary of results

### Governance and Partnerships

Measure	Target	Q1	Q2	Q3	Q4	YTD Result	Status	End of Year Commentary
Triennial election processes are undertaken in accordance with the Local Electoral Act 2001	Achieve	Achieved	Achieved	Achieved	Achieved	Achieved	●	All election activities completed within timeframes including statistics delivered to the Department of Internal Affairs.
Council meetings are conducted in compliance with statutory requirements and Standing Orders	Achieve	Achieved	Achieved	Achieved	Achieved	Achieved	●	In total, 48 meetings of the Regional Council and other committee meetings were held through the year, all in compliance with statutory requirements and Standing Orders.
Percentage of LGOIMA requests responded to within 20 working days	100%	93%	92%	78%	68%	79%	●	147 LGOIMA requests were received throughout the year and 116 were completed within the timeframes. Delays in providing information were due to the complexity in requests and impacts on staff resources caused by the Cyclone Gabrielle response.
Funding agreements with performance targets and reporting requirements are in place	Achieve	Achieved	Achieved	Achieved	Achieved	Achieved	●	Funding contracts are in place. The new Regional Economic Development Agency (REDA) was established in November 2022, and a new CE joined in August 2023. REDA is based at the new Business Hub in the former Post Office Building in Hastings. Both REDA and Hawke's Bay Tourism report direct to the Corporate & Strategic Committee.
Long Term Plans and Annual Reports receive "unmodified" audit opinions	Achieve	Achieved	Achieved	Achieved	Achieved	Achieved	●	All current documents have received an unmodified audit opinion.

## Organisational Performance Report: Q4 2022-2023

## Level of Service Measures

## Governance and Partnerships cont.

Measure	Target	Q1	Q2	Q3	Q4	YTD Result	Status	End of Year Commentary
Percentage of tangata whenua representatives "satisfied or very satisfied" with the Treaty-based partnership approach to engagement and decision making	No survey	-	-	-	-	-	●	No survey was required this year.
Percentage of staff who feel confident to engage with relevant iwi, hapū, post settlement governance entities, taiwhenua or their representative agencies	Increase trend (51%)	n/a	n/a	Not measured	n/a	<b>Not achieved</b>	●	Annual staff engagement-level survey was due to be undertaken in Q3 but now not likely until next financial year.
Annual reporting on mātauranga Māori monitoring and reporting activities	Achieve	n/a	n/a	n/a	Not achieved	<b>Not achieved</b>	●	This measure is marked not achieved as no formal report was submitted to Council. However, work has been ongoing since our Kaihautū Pūtaiao Mātauranga Māori specialist was recruited in February 2022. Much of their time has been spent in recovery efforts specifically regarding the rapid rebuild of stopbanks along the Tūtaekurī river. Personal knowledge of the area and connection to ngā hapū o Tūtaekurī has expedited repairs of these stopbanks and fostered trust with these hapū. Mātauranga Māori has a significant role in the Clifton to Tangoio coastal hazards strategy work.
Number of early childhood centres and schools participating in the EnviroSchools programme	Maintain/Increase	70	70	71	71	<b>71</b>	●	One new primary school—Te Pohue school—has joined the programme this year.
Number of properties utilising the Sustainable Homes programme including Heatsmart per year	Increase (1,056)	349	153	86	206	<b>794</b>	●	The cumulative 12 months total is 794 properties using the programme and \$3.85 million expended. The volumes are down due to a combination of factors including Cyclone Gabrielle and a fall in demand for borrowing in the current financial climate.
Annual reporting to Council on progress made on coordinated programme of actions (climate action)	Achieve	n/a	n/a	n/a	Achieved	<b>Achieved</b>	●	An annual report covering progress in 2022-2023 was provided to Council on 28 June 2023. The report covered technical inputs, regional emissions reduction plan, joint committee for climate action, cross council collaboration, community engagement and communication, and HBRC staff engagement.
Level of emissions related to HBRC's own corporate carbon footprint (source: ekos, Carbon Inventory Report)	Improve 1152tCO <sub>2e</sub>	n/a	n/a	n/a	1,578.01 tCO <sub>2e</sub>	<b>1,578.01 tCO<sub>2e</sub></b>	●	This shows a 37% increase in emissions from last year. The recovery efforts and rapid rebuild since 14 February have accounted for the majority of increase in emissions due to increased use of vehicles and plant.

## Organisational Performance Report: Q4 2022-2023

## Level of Service Measures

## Policy and Regulation

Measure	Target	Q1	Q2	Q3	Q4	YTD Result	Status	End of Year Commentary
Compliance with statutory timeframes as set by legislation	Achieve	Achieved	Achieved	Achieved	Achieved	Achieved	●	TANK and Outstanding Water Bodies (OWB) appeals processes continue to progress. Evidence is currently being prepared for OWB by experts. A further memo is to be submitted to the Environment Court regarding the revised order of topics to be discussed in mediation for TANK.
All matters logged in the Statutory Advocacy Register. All submissions to be posted on HBRC website	Achieve	2	4	3	3	Achieved	●	In total 12 submissions have been made and posted to <a href="https://www.hbrc.govt.nz">hbrc.govt.nz</a> , search: <a href="https://www.hbrc.govt.nz/search/#hbrcsubmissions">#hbrcsubmissions</a>
Percentage of resource consents processed within statutory timeframe in Resource Management Act	100%	100%	100%	100%	100%	100%	●	All timeframes have been met with a total of 644 applications received over the year, and 362 consents issued. Heretaunga Plains water take consents are still processed as a group and in line with the TANK provisions.
Overall allocation of water from each water resource is allocated up to but not exceeding the allocation limits set in the Regional Plan	</=100% Tukituki	n/a	88%	92%	92%	92%	●	The overall direct take surface water allocation from the Tukituki catchment remains at 92%. All sub-catchment areas remain at or within the surface (direct take) allocation limits. Stream depletion groundwater is 47% allocated over the total catchment. Groundwater in Zones 1, 2 and 3 is fully allocated.
Percentage of consents monitored each year as per the adopted risk-based Compliance Monitoring Strategy	95% high risk 90% other	On track	On track	Off track	Off track	62% high risk 85% other	●	This is in part due to Cyclone Gabrielle and staff turnover. There are many of the priority one consents for which monitoring reports are issued after the period so this current low number is provisional and will be increased as the reports are completed over the coming months.
Percentage of monitored consents which receive an overall grade of full compliance	90%	n/a	71.6%	89%	87.6%	87.6%	●	This is not achieved in part due to a number of water take inspections completed identifying non-compliance with meter verification and bore security, and a large drop off in bore security work completed after the cyclone due to capacity issues. This meant these takes weren't rectified in the normal numbers.
Percentage of significant non-compliance (SNC) where action is taken in accordance with HBRC's Enforcement Policy within 6 months	100%	100%	100%	100%	80%	80%	●	Significant non-compliance (SNC) has been identified with 10 consents, 8 of these have been rectified, ceased or are part of a long term upgrade programme.

## Organisational Performance Report: Q4 2022-2023

## Level of Service Measures

## Policy and Regulation cont.

Measure	Target	Q1	Q2	Q3	Q4	YTD Result	Status	End of Year Commentary
Maintain a 24-hour/7 day a week duty management/ pollution management response system	Achieve	Achieved	Achieved	Achieved	Achieved	Achieved	●	The Pollution Hotline is staffed by the Pollution Response Team (PRT) during normal working hours. The afterhours service is staffed by the PRT plus 3 officers from the Compliance team, who currently work on a 7-week rotation roster.
A Selected Land Use Register of potentially and confirmed contaminated sites is maintained	Achieve	Achieved	Achieved	Achieved	Achieved	Achieved	●	HBRC maintains a list of hazardous industries and activities (HAIL) in our selected land use register (SLUR), including a public facing portal. General enquiries increased following Cyclone Gabrielle and were sent to various members of the Urban & Industrial Compliance team.
An operative Tier 2 Oil Spill Plan and a trained and qualified oil spill response team is in place at all times	Achieve	Achieved	Achieved	Achieved	Achieved	Achieved	●	HBRC has an in-date and operative Tier 2 Plan. There is a externally contracted Regional On-Scene Commander (ROSC) until a HBRC ROSC is trained (booked for Q1 2023-34). There are 17 responders trained, with the remaining 3 booked for training next quarter.
Maintain a Maritime New Zealand accredited Hazard Identification/Risk Assessment and Safety Management System for the Napier Pilotage Area	Achieve	Achieved	Achieved	Achieved	Achieved	Achieved	●	The HBRC Safety Management System was reviewed late 2022 in conjunction with Napier Port to ensure both documents were consistent. This was carried out after the construction of Wharf 6 (Te Whiti) and the associated dredge programme. Risk Assessments are presently being reviewed. This will include any additional risks identified as part of the renewal of the MoU with Napier City Council concerning conduct in the Inner Harbour.
Number of maritime incidents occurring per year reported to Maritime NZ in accordance with regulations	Maintain or decreasing trend	Tracking below rolling average		Tracking below rolling average		38 (3-yr rolling average)	●	A total of 32 incidents were reported to Maritime NZ for the 2022-2023 year. There has been a downward trend in maritime incidents for the last four years.

## Integrated Catchment Management

Measure	Target	Q1	Q2	Q3	Q4	YTD Result	Status	End of Year Commentary
Council maintains its International Organisation for Standardisation (ISO) 9001-2015 accreditation for data collection, analysis and storage	Achieve	On track	On track	On track	On track	Achieved	●	HBRC has (ISO) 9001-2015 accreditation for the following teams: Environmental Science, Environmental Information, Consents, Compliance, Harbourmaster, and Works Group. Annual review is in December 2023.

## Organisational Performance Report: Q4 2022-2023

## Level of Service Measures

## Integrated Catchment Management cont.

Measure	Target	Q1	Q2	Q3	Q4	YTD Result	Status	End of Year Commentary
SOE monitoring programmes are in place and results are published on HBRC and LAWA websites for: - Climate and Air Quality - Freshwater - Land Science - Marine and Coast	Achieve	Achieved	Achieved	On track	Achieved	Achieved	●	Data for SOE has been collected and delivered on time and to the relevant standards. Some sites and collection methods were changed to allow us to collect as much data as possible due to the weather events over the past six months. Accessing some sites to collect data proved to be a challenge, as did a change in sampling frequency. Data is published <a href="https://hbrc.govt.nz">hbrc.govt.nz</a> , search: <a href="https://lawa.org.nz">#envirodata</a> and <a href="https://lawa.org.nz">lawa.org.nz</a>
A 3-yearly State of the Environment Synthesis Report is produced, that meets requirements of NPS-FM 2020. Monthly updates are delivered through digital media	12 monthly updates	3 updates	3 updates	3 updates	3 updates	Achieved	●	Monthly SOE reports have been delivered and posted to <a href="https://hbrc.govt.nz">hbrc.govt.nz</a> , search: <a href="https://twitter.com/SOEMonthly">#SOEMonthly</a>
The Science team develops and implements an annual work programme to support plan change requirements and to inform regulatory implementation of the Regional Resource Management Plan	Achieve	Achieved	Achieved	Achieved	Achieved	Achieved	●	The Environmental Science team developed its 2022-2023 Operational Plan in June 2022. Post-cyclone, we have completed project plans to support disaster impact assessments and supported the development of projects to inform the Environmental Resilience Pou of the Resilience Plan. With Plan changes currently stalled, we have continued working on those projects to support them eg the Ruataniwha Groundwater Modelling, and projects to support Plan changes when these recommence eg re-establishment of baselines for National Objectives Framework attributes.
Percentage of land area (by catchment) that operates under a Farm Environment Management Plan (FEMP) as required under the RRMP	100% Tukituki	n/a	95.4%	96.1%	96.1%	96.1%	●	725 FEMP re-submissions, plus 413 Low Intensity submissions have been received. FEMPs are only required in the 17 sub-catchments that form the Tukituki catchment.
Maintain an effective FEMP accredited provider programme with applicants processed to a conclusion within agreed timelines	100% of applicants	100%	100%	100%	100%	100%	●	There are 18 approved FEMP providers for the Tukituki catchment.
Additional area of erodible land, planted with fit-for-purpose erosion control species, transitioned to more sustainable land use or retired and protected	900ha under cover	373.8ha	187.43ha	126.63ha	88.94ha	776.8ha	●	This is 86% of our target. Projects have been delayed, cancelled, or targeted towards remediation of past Erosion Control Scheme works due to a wet summer and the impacts of Cyclone Gabrielle.
Additional kilometres of waterway protected annually through erosion mitigation works to reduce sediment, nutrient and/or bacterial contamination	60km	9.43km	3.95km	6.63km	1.32km	21.33km	●	This is 36% of our target. Note that under the Erosion Control Scheme we can only fund waterway protection where there is stream bank erosion.

## Organisational Performance Report: Q4 2022-2023

## Level of Service Measures

## Integrated Catchment Management cont.

Measure	Target	Q1	Q2	Q3	Q4	YTD Result	Status	End of Year Commentary
Annual percentage change in stock exclusion and vegetation across the region by land use and stream order *includes all orders of streams including drains	Increasing trend	n/a	n/a	n/a	Baseline established	<b>Baseline established</b>	●	This measure is a year behind therefore marked not achieved, however, establishing a baseline is a significant milestone. Baseline data for the region was collected by aerial imagery analysis combined with data from the previously surveyed Tukituki catchment. Approximately 22% of surveyed waterways were effectively fenced on both banks and a further 21% were fenced on only one bank. Grass and weeds were the riparian cover across 62% of surveyed waterway length, woody vegetation accounted for 28%, indigenous flax/sedge/rush 6%, woody native 3% and no vegetation 1%. Current stock access was observed at 35% of surveyed waterways and a further 12% and 2% showed past and recent stock access respectively. No evidence of stock access was observed along 51% of surveyed waterways.
Sediment load in tonnes per year in receiving waterbodies (streams/rivers and estuaries). (Source: 20 ISCO automated sediment samplers in priority catchments with highly erodible land)	Reducing load	Off track	Off track	Off track	Off track	<b>Not achieved</b>	●	ISCO sediment sampling has been disrupted due to staff shortages, followed by the loss of some sites during Cyclone Gabrielle. Unfortunately, this means the annual load across the region cannot be calculated. NIWA completed a review of the ISCO network and the recommendations are in the process of being implemented. This includes correlating event-based ISCO data with turbidity to provide a continuous record of sediment load and waterway sediment gauging to ensure load calculations account for the full cross-section sediment profile.
Annual water use efficiency campaign is delivered	Achieve	Achieved	Achieved	Achieved	Achieved	<b>Achieved</b>	●	Public facing <i>Know Our Water</i> summer campaign was launched in Q2 as a joint initiative with the five Hawke's Bay councils. For irrigators, the Tier Three Water Demand report was received and reviewed alongside reports on irrigation efficiency.
Number of Ecosystem Prioritisation sites protected per annum	3 new, 7 maintained	n/a	4 new, 8 maintained	4 new, 8 maintained	4 new, 8 maintained	<b>4 new, 8 maintained</b>	●	Deer fencing, pest plant control, and planting is underway at 4 new sites with a further 5 sites in the process of being finalised. Eight existing sites are receiving maintenance pest control work, including pest plants and feral ungulate control.
Maintain and implement current Regional Pest Management Plan (RPMP) and prepare an Operating Plan and Annual Report in accordance with the Biosecurity Act	Achieve	Achieved	On track	On track	Achieved	<b>Achieved</b>	●	The 2023-2024 Operating Plan and 2022-2023 Annual Report have been compiled and approved by the General Manager, Integrated Catchment Management.
Area of predator control per annum	10,000ha	n/a	14,600ha	14,600ha	14,600ha	<b>14,600ha</b> (Whakatipu Māhia)	●	Cyclone Gabrielle caused significant challenges for the project with roading issues limiting travel between Napier and Māhia. The project team continues to scope what transitioning the project to an external organisation could look like.

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## Organisational Performance Report: Q4 2022-2023

## Level of Service Measures

## Asset Management

Measure	Target	Q1	Q2	Q3	Q4	YTD Result	Status	End of Year Commentary
Major flood protection and control works maintained, repaired and renewed to the standards defined in the relevant scheme Asset Management Plan and annual works programme: 1. An annual maintenance programme is prepared and delivered. 2. Annual capital programme is prepared and delivered	Achieved	Underway	Underway	Off track	Off track	Not achieved	●	The annual maintenance plan was completed as per the contract at the start of the 2022-2023 financial year. Maintenance and capital works were behind schedule due the extreme wet weather which was hampering access to the assets across the region. Cyclone Gabrielle has impacted severely on the capital and maintenance delivery plan and has seen a major shift to reactive and remedial works.
Following a flood event, affected areas are surveyed and repairs are programmed: 1. Following a major flood event, a flood report will be compiled within 6 months of the event 2. Major event report outcomes incorporated into AMP	Achieved	Achieved	n/a	n/a	n/a	Achieved	●	Inspections and surveys post-Cyclone Gabrielle continue. A full repair programme will take a number of years to complete. Due to the size of the event, it is expected that the review will be completed in 12 months rather than 6 months. As cyclone occurred less than 6 months from the end of the financial year, this has not exceeded the measure for 2022-2023.
Ecological Management and Enhancement Plans (EMEP) are implemented	Achieved	On track	On track	Off track	On track	Achieved	●	EMEPs are being reviewed and implemented where possible. The draft Heretaunga Plains Rivers Re-vegetation 10-year Strategy has been completed with maps loaded to GIS. Improvements to gravel management associated with introduction of the global consents and Tangata Whenua Gravel Operational Groups for the Tūtaekuri, Ngaruroro, and Tukituki Rivers continue.
Percentage of time that priority telemetered rainfall and river level sites are operational throughout the year	98%	n/a	98%	n/a	99%	99%	●	19 sites are identified as priority or critical sites because they provide the earliest, most complete information for an early warning, are less accessible for maintenance in an emergency and can be combined with other information to give a better picture of the situation. Due to a repeater fault during Cyclone Gabrielle, 5 sites were off air for up to 5 days until power was restored but all data has been subsequently retrieved.
Actions from the Regional Water Assessment are identified and implementation is progressing according to the approved plan	Implementation on track	Underway	Underway	Underway	Underway	Not achieved	●	The Regional Water Assessment was adopted in June 2023. A decision was made to wait until further notice before launching a broader public campaign. This measure is behind schedule as the Action Plan has not been fully developed and agreed.
Regional Parks and HBRC trails are maintained as per Council's Asset Management Plan	Achieved	n/a	Achieved	Off track	Off track	Not achieved	●	Parks and parts of the HBRC trails were closed for repairs following Cyclone Gabrielle. Repairs have been completed or are in progress. The maintenance programme was not completed in full due to wet conditions.
HBRC Forests and the Tangoio Soil Conservation Reserve are managed to the standards defined in their respective management plans	Achieved	Underway	Underway	Underway	Underway	Achieved	●	Most of the work required for the HBRC forests has been carried out for the year as per the respective management plans. The cyclone impacted the delivery of items at Tūtira and Waihapua, though almost all other activities have been completed.

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## Organisational Performance Report: Q4 2022-2023

## Level of Service Measures

## Emergency Management

Measure	Target	Q1	Q2	Q3	Q4	YTD Result	Status	End of Year Commentary
A 10-yearly Hazard Research Plan is approved by and reported on annually to the CDEM Group Coordinating Executives Group (CEG) and hazard information is publicly available on the Hawke's Bay Hazard Portal	Achieve	On track	On track	On track	Off track	Achieved	●	The current Hazard Research Plan was approved by the CEG. Hazard information is maintained on Hawke's Bay Hazard Portal <a href="https://gis.hbrc.govt.nz/Hazards/">gis.hbrc.govt.nz/Hazards/</a> . New information is added as completed and approved.
Percentage of surveyed residents that can identify 3 of our top 5 hazards; earthquake, tsunami, volcanic, pandemic or flooding (source: 2-yearly SIL Perception Survey)	>50%	n/a	n/a	n/a	n/a	Not measured	●	Survey was planned for Q4, however this was delayed due to Cyclone Gabrielle.
An operative Group Plan under the CDEM Act 2002 is in place, reported on annually and reviewed within statutory timeframes by the Joint Committee	Achieve	On track	On track	On track	Off track	Not achieved	●	The Emergency Management Bill was introduced to Parliament this quarter and submissions to the select committee are due in November 2023. The Group will make a submission. In the meantime resourcing has been submitted to the LTP 2024 so a review of the operative Group Plan can commence next year.
A Group Work Programme implementing the Group Plan objectives is approved and reviewed 6 monthly by the Coordinating Executives Group	Achieve	On track	On track	On track	On track	Achieved	●	A two-year Group Work Programme was approved by CEG and endorsed by the Joint Committee this quarter. Due to the response to Gabrielle the implementation of this was effectively suspended. The Group Work Programme is being reviewed by CEG at its next meeting.
A 5-yearly independent assessment of CDEM Group's capability is completed and shows continuous improvement	No assessment	-	-	-		Not required	●	No assessment required this year.
Percentage of surveyed residents prepared to cope for at least three days or more on their own (source: 2- yearly SIL Perception Survey)	>50%	n/a	n/a	n/a	n/a	Not measured	●	Survey was planned for Q4, however this was delayed due to Cyclone Gabrielle.
HBRC provides support to the Hawke's Bay CDEM Group in accordance with a service level agreement	Achieve	On track	On track	On track	On track	Achieved	●	As the administrative authority for the Hawke's Bay CDEM Group, HBRC has provided support to the Group in accordance with an agreed roles and responsibilities matrix. HBRC has fully supported the Group's recent responses.
Maintain established team, training, procedures including Emergency Operations Centre Manual and Business Continuation Plan	Achieve	On track	On track	On track	On track	Achieved	●	This was tested during Cyclone Gabrielle response and any issues will be identified for corrective actions during the review process.

## Organisational Performance Report: Q4 2022-2023

## Level of Service Measures

## Transport

Measure	Target	Q1	Q2	Q3	Q4	YTD Result	Status	End of Year Commentary
Adopted Regional Land Transport Plan (RLTP), Regional Public Transport Plan and Regional Cycling Plan in place	Achieve	Achieved	Achieved	Achieved	Achieved	<b>Achieved</b>	●	The Regional Public Transport Plan was adopted in August 2022. The Regional Land Transport Plan is currently being prepared and on-track for adoption in May 2024. A regional Cycling Plan is in place. All plans can be found at <a href="https://hbrc.govt.nz">hbrc.govt.nz</a> , search: #aboutplans
Percentage of the Hawke's Bay population that use public or active transport for work or education	Increasing trend	n/a	n/a	n/a	n/a	<b>Not achieved</b>	●	No alternative ways of measuring this target, other than through the Census, had been developed. Results from the 2023 Census will not be available until May 2024.
Incidence of deaths and serious injury crashes in our region (per 100,000 people)	Decreasing trend	Tracking above rolling average		Tracking above rolling average		<b>66.4</b> 5-year rolling average	●	Data from Waka Kotahi through their Crash Analysis System indicates that there were 13 fatalities and 111 serious injuries on Hawke's Bay roads this financial year. Outcomes from the Road Safety section 17A review completed in March 2022 recommended establishing a road safety subcommittee of the technical advisory group, development of a strategy and a rebrand of the website <a href="https://roadsafehb.org.nz">roadsafehb.org.nz</a> to be launched.
Annual patronage on the Hawke's Bay bus services	Maintain or increasing trend	125,147	110,657	73,397	96,360	<b>517,304</b> 5-year rolling average	●	A total of 405,561 trips were undertaken by public transport this year. The regional transport network has a range of challenges following the cyclone whereby not all services have resumed operating at previous levels which has had an additional negative material impact on patronage.
Percentage of urban households within 400m of a regular bus route	100% Hastings urban area	100%	100%	100%	100%	<b>100%</b>	●	MyWay, the on-demand public transport trial, services urban households in the Hastings area within 200m. The service operates between 6am-6pm, Monday to Friday. There were some disruptions to this service during the year. Driver shortages resulted in only 2 of the 3 available buses were operating for periods of time.

## Organisational Performance Report: Q4 2022-2023

# Activity Reporting

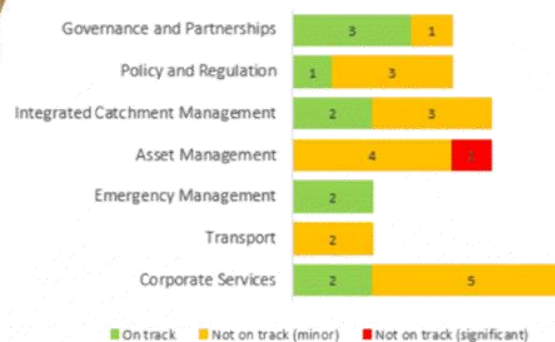
## by group of activity

This section provides an overview of performance by activity. It includes:

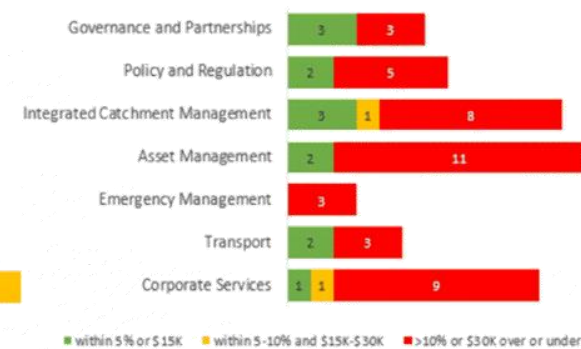
- a summary for both financial and non-financial performance by group of activity (see figures below)
- individual activity reporting within the six groups of activities
- a traffic light reporting approach to show financial and non-financial results
- financial reporting is year to-date

## Performance Summary

### Non Financial (by 30 activities)





### Financial (by 58 cost and income lines)





## Governance and Partnerships

### Community Representation and Leadership

Type	Status	Commentary
Non financial		A more normal rhythm was restored to the council meeting schedule this quarter. There were 4 Regional Council meetings, 8 Committee meetings, 5 Joint Committee meetings and 10 Council briefing sessions/ workshops held during the quarter. All public meetings were notified and conducted lawfully. A highlight was the first ever Climate Action Joint Committee meeting held on 22 May 2023. There has been a significant increase in LGOIMA requests received from 24 (Q2), 37 (Q3) to 57 this quarter. Of the 57 LGOIMA requests received, 38 were provided with the information within the target 20 working days. Delays were due to the number and complexity of requests post-Cyclone.
Operating expenditure		Underspent by 19% with the majority of that unspent contingency funding. Excluding this, the year-end result is on budget (i.e. within 5%).

### Tangata Whenua Partnerships

Type	Status	Commentary
Non financial		HBRC has maintained active relationships with tangata whenua, formally through Regional Planning Committee (RPC, 9 appointees) and the Māori Committee (13 representatives). Tangata whenua have voting rights on other committees of HBRC. This quarter, there was one meeting each of the Māori Committee and the RPC. The Māori committee confirmed nominations to HBRC committees, and received reports on the Cyclone Gabrielle response and the spatial climate vulnerability assessment. The RPC also confirmed nominations to HBRC committees, and received reports on the Cyclone Gabrielle response and other policy updates. Support for the adoption of the six freshwater management units necessary for the Kotahi plan was deferred to a future meeting. Other tangata whenua engagement regarding Te Mana o te Wai has been stalled by Cyclone Gabrielle and momentum was lost. Increased workloads across HBRC and tangata whenua since the cyclone has slowed progress to completing contracts of work ongoing.
Operating expenditure		Underspent by 70% due to significant delays as a consequence of Cyclone Gabrielle pausing of key components of the Kotahi work programme. During this quarter there was not a lot of financial expenditure other than for meeting expenses. Contracts to initiate work to support Te Mana o te Wai stalled following the cyclone.





### Regional Development

Type	Status	Commentary
Non financial		Since the cyclone, the Regional Economic Development Agency (REDA) has proactively worked with the Regional Recovery Agency to coordinate implementation of the Regional Recovery Plan. The shareholding parties are now ready to move forward with incorporating the organisation, which will proceed over the next two months. Operations of the Business Hub can then be transferred. The draft funding agreement and associated KPIs have been developed and will be discussed with councils. Meanwhile, the new CE for REDA starts in August and REDA is working on its programme of work.  Hawke's Bay Tourism presented to the Corporate & Strategic Committee in June on the effects of the cyclone on Tourism and first viewing of a website <b>tematauamaui.com</b> in partnership with Ngā Toi (a creative agency) ahead of a public launch.
Operating expenditure		On budget. Business Hub and REDA activities funded from HBRC contribution and topped up by other council contributions (balance held on behalf to be transferred to REDA once the new organisation is incorporated). Hawkes Bay Tourism Funding is collected in rates by HBRC and paid directly on a monthly basis (\$1.52m per annum).

## Organisational Performance Report: Q4 2022-2023



## Governance and Partnerships contd

### Community Sustainability

Type	Status	Commentary
Non financial		HBRC promotes sustainability using incentives, education, advocacy, and leadership. There were 74 applications to Sustainable Homes (including Heatsmart), compared to 73 in Q3 and 152 in Q2. For the whole year, 794 homes were helped with \$3.8M in expenditure. Volumes and spend are down this year due to the cyclone and a fall in demand for borrowing. EnviroSchools was stable at 71 schools and ECEs. Three education roles were filled resulting in a full-strength team. Secondary Schools Careers programme is being worked on and will include classroom sessions, workshops, mentorship and work experience with HBRC professionals to help promote pathways to council employment as well as leadership in the community. Compilation of HBRC's carbon footprint is underway and on-track for reporting. There was a significant increase in diesel used at Works Group bulk fuel store, connected to the reliance on fuel to power backup generators, large plant and pumps over Cyclone Gabrielle.
Operating expenditure		Underspent by 17% due to work disruptions due to the cyclone.
Capital expenditure		Underspent by 35% which reflects the reduced number of Sustainable Homes applications.
Other revenue		Slightly under budget by 4% and relates to income from Sustainable Homes and Environmental Education.

## Policy and Regulation




### Policy Planning

Type	Status	Commentary
Non financial		The Policy team has been undertaking business as usual including TANK and Outstanding Water Bodies (OWB) plan changes, making submissions to central government legislation and Orders in Council, as well as supporting other parts of HBRC in response to Cyclone Gabrielle, such as the development of the Environmental Resilience Plan. Work progresses with iwi/Māori standing up contracts for Te Mana o Te Wai Visions and values for the Freshwater Planning Instrument under the National Policy Statement for Freshwater Management.
Operating expenditure		Underspent by 48% due to significant delays as a consequence of Cyclone Gabrielle pausing key components of the Kotahi work programme. During this quarter there was not a lot of financial expenditure from the Policy budgets other than for consultants providing expert evidence for the OWB Environment Court Hearings.




## Organisational Performance Report: Q4 2022-2023

## Policy and Regulation contd




## Consents

Type	Status	Commentary
Non financial		A total of 362 consents were issued and within statutory timelines. There has been a turnover of staff with successful recruiting to maintain numbers. There were two positions vacant at year end with the intention of filling one and holding the other. Cyclone Gabrielle has led to a change in consent application load. A lot of time has been spent in providing advice on recovery consenting requirements including the emergency provisions of the Resource Management Act and the subsequent Orders in Council.
Operating expenditure		Overspent by 21%. This is mostly due to consultancy costs associated with three major applications that were notified, and their required hearings.
Other revenue		Revenue through fees & charges, with allowance for work in progress, ended the year in line with budget. However, with the additional consultancy costs, and a larger proportion of staff time spent on non-recoverable activities post the cyclone (eg: providing advice), additional general rates will be required to cover the total costs of providing the consent activities.

## Compliance and Pollution Response

Type	Status	Commentary
Non financial		Cyclone Gabrielle still has an impact on the entire Compliance team both operationally and on staff. The monitoring of consents is ramping up, though which consents are monitored is closely scrutinised taking into consideration which consent holders have been affected by the cyclone. Some big industrial sites are still not up and running but the respective officers are in regular contact with them. The Pollution Response team's workload is still high dealing with cyclone-related activities and non-compliance. Recruitment still continues, with new appointments being made during the quarter but still not up to full FTE.
Operating expenditure		Underspent by 35% due to vacancies in the team and decreased access to sites post-cyclone.
Other revenue		Under budget by 20%. The consequences of reduced activity is the reduction in associated revenue.

## Maritime Safety

Type	Status	Commentary
Non financial		The 2018 Navigation Safety Bylaw is presently under review and work has progressed towards the consultation scheduled for September/October. The joint Port and Harbour Marine Safety Code with Napier Port and HBRC was submitted on time at the end of June. Risk assessments and Safety Management System for the Napier Pilotage Area have also been under review to identify additional risks as part of the renewal of the MoU with Napier City Council concerning conduct in the Inner Harbour.
Operating expenditure		Overspent by 15% is partly due to unplanned costs associated with the Navigation Safety Bylaw review and consultation.
Other revenue		Slightly over budget due to user recoveries for marine event advertising, and additional hot work permit income and jet ski registrations.

## Integrated Catchment Management

### Environmental Information

Type	Status	Commentary
Non financial	●	The Environmental Information team managed to collect process and save data during the last quarter despite some challenging access issues. Sites were repaired and plans drawn up to make them as resilient as possible. The Water Information Service (WIS) Technical Advisor has left (contract ended) and replacement has been recruited. The WIS team continue to engage with customers regarding damaged properties and meters and is passing on advice from the Compliance team around potential leniency if cyclone impacted.
Operating expenditure	●	On budget.
Capital expenditure	●	Underspent by 19% largely from the groundwater information equipment budget.
Other revenue	●	Under budget by 16% largely related to reduced fees and charges as per Council agreement to reduce the annual freshwater science charges for water quality activity (to discharge consent holders) for the period following the cyclone.

### Environmental Science

Type	Status	Commentary
Non financial	●	The Environmental Science team developed its 2022-2023 Operational Plan in June 2022. Post Cyclone Gabrielle, these resources have been diverted where appropriate, including project plans to support disaster impact assessments and the development of projects to inform the Environmental Resilience Pou of the Resilience Plan. Resource shortages (staff) have impacted on some discipline (predominantly hydrology and groundwater), and delayed the implementation of NPS-FM monitoring plans and accounting. Despite these shortages, the science team has implemented post-cyclone monitoring, and have been leveraging funding from a variety of sources. Highlights include: study of lake sedimentation at Lake Tūtira, LiDAR complete regional resurvey, flood frequency analyses, post-cyclone air quality survey, post-cyclone groundwater study and ecological assessments of natural habitats. Large multiyear projects SkyTEM and Ruataniwha groundwater modelling are largely on target with minor slippage.
Operating expenditure	●	Underspent by 25% largely due to staff shortages and challenging recruitment.
Capital expenditure	●	Underspent by 72% due to drilling delays caused by Cyclone Gabrielle and existing shortage of contractors.
Other revenue	●	Under budget by 6% largely related to reduced fees and charges as per Council agreement to reduce the annual freshwater science charges for water quality activity (to discharge consent holders) for the period following the cyclone.

## Organisational Performance Report: Q4 2022-2023

## Integrated Catchment Management contd

## Catchment Management

Type	Status	Commentary
Non financial	●	Due to a wet summer and the impacts of Cyclone Gabrielle, Erosion Control Scheme (ECS) projects have been delayed, cancelled, or targeted towards the remediation of past ECS works. We achieved a total of 776.80 hectares this year, which is 86% of our target of 900 hectares. We have also achieved a total of 21.34km length of the waterways protected this year, which is 36% of our target of 60km. Under the ECS, we only fund waterway protection where there is stream bank erosion. Harvesting of poles started in late May and will be completed by early July. Fifteen protection and enhancement projects have been established across the region targeting improved water quality and biodiversity outcomes through fencing, native planting and pest animal/plant control. The Land for Life draft business case was submitted to MPI end of June.
Operating expenditure	●	Underspent by 38%. Over half of that is Erosion Control Scheme (ECS) budget not spent due to ongoing wet weather from winter to summer, followed by the cyclone. And Land for Life underspend for the business case. The balance of the underspend is for Environmental Protection and Enhancement projects which have been delayed due to cyclone impacts.
Capital expenditure	●	Underspent by 78% relating to Land for Life activity.
Other revenue	●	Under budget by 13% mostly related to the delayed delivery of the Whakakī Lake enhancement programme, which in turn delays the income from MfE as this is expected upon project completion.



## Biosecurity and Biodiversity

Type	Status	Commentary
Non financial	●	<p>Cyclone Gabrielle hindered access for a portion of the year to various places, and this has affected our overall delivery, with the timings of pest control being somewhat interrupted.</p> <p>Pest plants: our operational plan was delivered, with additional work as Alligator weed was found in our region in Q3. All MPI-funded wilding conifer work was completed and three privet were removed in Q3. Most woolly nightshade properties were visited and Chilean needle grass continues to be a focal point of the community.</p> <p>Pest animals: rats continue to be a focus for the public. Possum control work has continued throughout the relevant PCAs, on budget and time.</p> <p>Biodiversity: Five wetlands are being monitored. The 1 Billion Tree planting programme is completed. Four new Priority Ecosystems have deer fencing, pest plant control and planting underway, with a further five sites being finalised. Eight sites were cyclone-damaged, and remediation work is underway.</p>
Operating expenditure	●	Underspent by 14% due to weather disruptions causing delays in project progress.
Other revenue	●	Over budget by 117% due to additional funding agreements for the extension of the Predator Free control work in Whakatipu Māhia and DOC Department of Conservation's Jobs for Nature.

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## Integrated Catchment Management contd

### Rural Recovery (Catchment Policy Implementation)

Type	Status	Commentary
Non financial		The impact of Cyclone Gabrielle has impacted on planned activities with catchment activity developed and delivered in the context of response and recovery, versus business as usual. Catchment activity has been delivered through a collaborative model, and in particular through the Rural Advisory Group (RAG). This has maintained a high level of engagement and delivery, with reduced cost to HBRC with a shared investment across sector groups and government agencies.
Operating expenditure		Underspent by 11% due to the lower cost of delivery and engagement. As identified in non-financial, reduced cost of engagement is relative to timing through Cyclone Gabrielle where engagement has been delivered through a shared cost model. This is not likely to continue into the future, and HBRC cost of community engagement, policy implementation is expected to be delivered.




## Asset Management

### Flood Protection and Control Works (Rivers, Drainage and Small Schemes)





Type	Status	Commentary
Non financial		Part of this activity is managed by Scheme managers in the Operations team. Maintenance work was carried out as per contract with continuing delays due to wet conditions and significant interruption due to assessment and repairs following Cyclone Gabrielle. Staff have been involved in priority cyclone response. Work continues on the Strategic Enterprise Asset Management system in development, and is expected to improve efficiency and reporting. Focus is on asset mapping and information as part of the implementation.  The capital programme activity is managed by our Regional Projects team. After works were put on hold during the Rapid Rebuild phase, the capital programme has resumed this quarter. Some gravel extraction has occurred and several extraction contracts have been extended to better enable contractors to reach their contracted volumes. The Ngatarawa Stopbank Upgrade contract recommenced in June, although has been effected by wet weather.
Operating expenditure		Overspent by 12%. Gravel extraction was moved from capital to operating expenditure. For other activity, this was slowed this year due to the limited ability to carry out maintenance work due to an exceptionally wet season and cyclone damage.
Capital expenditure		Underspent by 75% similarly due to delays caused by an unusually wet season and work paused following the cyclone. Consenting activities also played a part in delays. Gravel extraction was moved from capital to operating expenditure at end of year budget wrap ups.
Other revenue		Under budget by 55% due to being behind in the work programme directly resulting in delays to funding.

## Asset Management contd

### Flood Risk Assessment and Warning

Type	Status	Commentary
Non financial		Work continued on implementing the flood warning system for the Tukituki catchment. It was partially implemented when Cyclone Gabrielle occurred. The Engineering team has been working on catchment reviews, hydrodynamic modelling for flood hazard planning and mapping. Cyclone Gabrielle impacted the activity and diverted staff time away from this work. In terms of the telemetry system, due to a repeater fault during Cyclone Gabrielle a number of sites were off air for approximately five days until power was restored but all data has been subsequently retrieved.
Operating expenditure		Overspent by 17% due to the additional unbudgeted activity of land categorisation and other recovery related work.
Capital expenditure		The Flood Forecasting system was underspent by 69% as the system was being created using staff time instead of planned consultants.

### Open Spaces

Type	Status	Commentary
Non financial		Open Spaces is managed by teams from Regional Assets and Operations and cover our Regional Parks, Hawke's Bay Trails and forestry work. This activity has been affected by the cyclone and not all planned maintenance activities have been carried out. Furthermore, large sections of the cycle network have been damaged and closed pending repairs. Forestry plans have been put on hold for most of the forests north of Napier due to issues with access. The regional parks, for the most part, were not too badly affected by the cyclone and were able to be opened relatively quickly following the event. Most capital projects have been put on hold due to issues with staff availability and the need to resource our cyclone response. The two major capital projects in the regional parks - Hawea Historical Park and Waitangi Park stage 3 - have been deferred to the next financial year.
Operating expenditure		Underspent by 15% due to some maintenance work not carried out.
Capital expenditure		Underspent by 76% due to two major Hawea & Waitangi projects being deferred as a result of the impact of Cyclone Gabrielle. The Ahuriri Regional Park project was also deferred. The Ahuriri Regional Park is budgeted at around \$1M per year.
Other revenue		Under budget by 79% due to delays in harvesting of our forests.

## Asset Management contd

### Coastal Hazards

Type	Status	Commentary
Non financial	●	Parts of this activity has been delayed due to the focus on the Cyclone Gabrielle response and vacancies of staff. These delays limited the progress of the Clifton to Tangoio Coastal Hazards Strategy and the Coastal Processes work. Additional renourishment work was carried out at Westshore this quarter as part of a follow up from Cyclone Gabrielle.
Operating expenditure	●	Underspent by 46% due to the slowing down of work in this area.
Other revenue	●	Under budget by 78% and work output is related to the funding of completed work.

### Regional Water Security

Type	Status	Commentary
Non financial	●	The Regional Water Assessment final report was publicly released at the end of June. A decision around launching a broader public campaign is on hold. A Water Demand Assessment report focused on the Industrial and Territorial water users has been issued and is under review alongside another independent report on potential opportunities. The Heretaunga Water Storage project has engaged independent technical peer reviewers of the Tonkin & Taylor Stage 2 technical study for Option 3 dam site. The Terrestrial Ecologist revisited the dam site post-cyclone to provide revised mapping, data and initial observations of its impact. The CHB Managed Aquifer Recharge Pilot has issued and reviewed draft consent conditions, and applicant's comments/amendments have been proposed. Mana whenua input was sought, and consent conditions reflect a commitment to form an alliance with Tamatea mana whenua, overlay and incorporate Mātauranga Māori. A final consent decision is expected in the near future.
Operating expenditure	●	Underspent by 61% due to the time delays for the Regional Water Assessment and CHB Managed Aquifer Recharge Pilot projects. The Heretaunga Water Storage project will not have sufficient budget for progress the feasibility phase without additional funding approved.

## Organisational Performance Report: Q4 2022-2023

## Emergency Management

### Hawke's Bay CDEM Group




Type	Status	Commentary
Non financial	●	The Cyclone Gabrielle response and the post-response work has been challenging. Despite this, progress was made prior to the cyclone in terms of implementing the corrective actions from the Covid-19 and November 2020 Napier Floods. Some of this was evident and contributed to the cyclone response which was at a much larger and complex scale than any other events the Group has had to respond to in the past. At the same time staff turnover in what is a small team has added further challenges and delays to implementing the Group work programme. Recruiting is hard with strong demand across the sector for experienced staff. The Group has maintained a capability to respond to emerging events. This is a priority. A key part of this is maintaining and building relationships with the emergency services and other key partners which continue to be strong.
Operating expenditure	●	The Cyclone Gabrielle response costs means that this budget is significantly overspent. We are currently working through the NEMA claims process and other recovery processes to recover as much of these costs as possible. However, it is likely that a significant overspend in this area will remain.
Other revenue	●	

### HBRC Emergency Management





Type	Status	Commentary
Non financial	●	The Cyclone Gabrielle response and the post-response work has been challenging for the HBRC team. Staff turnover has also added to challenges in training and maintaining experience levels. Over the last 12 months there has been a succession of weather events which have required the Asset Management and Science Groups to provide impact analysis and support to the CDEM response. The HBRC Incident Management Team (IMT) has activated on a number of occasions in the reporting period. After each event a review is held and any corrective actions identified. The IMT has also held training sessions and all team members are required to attend Coordinated Incident Management System (CIMS) training organised by the CDEM Group. The challenge is the involvement of the same people in recovery and the general fatigue of staff. This is monitored and strategies put in place if needed, but this is an area of risk.
Operating expenditure	●	The overspend in this area is as a result of the Cyclone Gabrielle response and recovery. Some of these costs will be recovered from central government and this process is being worked through.

## Transport

### Transport Planning and Road Safety

Type	Status	Commentary
Non financial		In the Road Safety function, a new strategic direction and framework has been developed and finalised in line with the Section 17(a) recommendation. Staff have been working collaboratively with key stakeholders to develop the RoadSafe Hawkes Bay strategy for each TLA. RoadSafe Hawkes Bay rebrand is being developed and associated collateral are being developed. A review focusing on redefining the activity list and objectives is underway.
Operating expenditure		Underspent by 23% due to the delay in the programme of advertising and education for RoadSafe.
Other revenue		Over budget slightly by 7%.

### Passenger Transport




Type	Status	Commentary
Non financial		Cyclone Gabrielle disruption of goBay services continued into this quarter. With the Redclyffe Bridge out of action, the Napier-Hastings commuter service was compromised (noting that from 28 August, route 12 will be reinstated via Redclyffe Bridge, route 11 will extend back out to Havelock North and route 15 will extend back out to Bayview). Congestion on the expressway continued to be problematic for all road traffic and unfortunately due to driver shortages not all services resumed. MyWay in Hastings continues to perform well. The trial has met its successful ridership targets, however we can see that the service is vulnerable to driver shortages and struggles to meet demand during peak time. The Total Mobility trip numbers continue to be strong.
Operating expenditure		Overspent by 14% as indexation and the operating cost of passenger transport, including Total Mobility and MyWay exceeds forecasted budgets. Low passenger numbers compromise fare revenue.
Capital expenditure		Unspent but hoists are on order now.
Other revenue		Over budget by 49% due to performance deductions incurred by goBay for missed trips due to driver shortages and Cyclone Gabrielle triggering force majeure.

## Corporate Services

### Strategy & Governance

Type	Status	Commentary
Non financial		Strategy and Governance was busy with the return of regular council and committee meetings this quarter, and Annual Plan development including a 2-week feedback process. The Governance team were back to full strength by the end of April with the successful recruitment of a Governance Advisor and the return of our Senior Advisor from CDEM Group. The Governance team worked with Strategic Pay to facilitate an independent review of remuneration for PSGE and Taiwhenua appointees on council committees. Our Senior Project Manager who heads up the Project Management Office was seconded to HBRC's Recovery team and the Manager was Executive Officer to the Interim CEO. Our Strategy & Performance team delivered the Annual Plan 2023-24 engagement document and coordinated community feedback to Council, and worked with our Finance team to deliver the Annual Plan 2023-24. Key ongoing work for the Strategy team is the Revenue & Financing Policy review, Organisational Performance reporting and the Long-Term Plan development.
Operating expenditure		Underspent by 25% This was largely due to a timing issue with budgeted consultancy costs for the Long Term and Annual Plans, that has not been incurred yet (the costs are accrued in the two years between long term plans to smooth rating). Internal time was under budget as the team was not at full capacity (due to a vacancy filled part way through a quarter, and a secondment to the recovery team).

### Information and Communications Technology (ICT)

Type	Status	Commentary
Non financial		There were a lot of staff movement in the ICT this quarter. Our Senior Business Analyst took up the role of Technical Delivery Team Lead, and secondments for other team members were put in place as we help ensure the Recovery team is well staffed. A project for the CDEM group is on track to deliver by end of August. Other projects such as SEAM, Synergy and Insurance have monthly reporting through the Strategic Projects report to Council. System upgrades continued with Local Maps and GIS enterprise environments complete. Support of recovery activities included building of survey, mapping tools and cartographic map production. We assisted central government with procurement panel advice and vendor selection for regional wide LiDAR and aerial photography datasets (central government funded). Our workplan activities have been focused on the migration of GIS Desktop Software Users to modern software (ArcGIS Pro). A sector driven EDMS solution was reviewed for RFP. An HBRC nomination for sector-wide Technical Advisory Group was submitted. Other recovery work is ongoing supporting the Silt Taskforce, Woody Debris, Rural Recovery and Insurance.
Operating expenditure		Operating expenditure underspent by 26% and capital expenditure underspent by 61%. Significant underspends in digital transformation work programme persisted into this quarter, due to the suspension or slowing of work on the Finance and Biodiversity systems. The cause of this was the unavailability of business teams to assist with scoping. Teams pivoted to focus on tasks that we could achieve independently (such as technical improvements to systems), and support work in new workstreams to prepare for digitisation (rapid rebuild, sediment and debris, rural support). Resource shortages and staff turnover in project roles continue to be a challenge. In ICT infrastructure and support, we're seeing higher demands for desktop computing and cybersecurity services, but these are offset by lower than expected demands on our data storage systems.
Capital expenditure		

## Organisational Performance Report: Q4 2022-2023

## Corporate Services contd

## People and Capability

Type	Status	Commentary
Non financial	●	P & C Advisory prioritised recruitment this last quarter to support the organisation with the increased workloads resulting from the cyclone. The Works Group wage negotiations have been implemented. Preparation for the salaried staff collective agreement bargaining was completed (bargaining to commence in August) and clauses will be updated and modernised. Management 101 - the manual for leaders - was finalised and printed. The first internally developed and run recruitment training with managers completed. Managing Performance internal training module content was completed. Talent mapping unable to be achieved due to cyclone and managers being too busy. Our Health, Safety and Wellbeing team (see page 10) has been busy monitoring incidents, training and implementing the staff wellness programme.
Operating expenditure	●	Overspent by 14% due to an increase in salary protection insurance costs, increased recruitment expenditure and health & safety training related to continued staff turnover.

## Māori Partnerships

Type	Status	Commentary
Non financial	●	The Māori Partnerships team has been busy supporting the organisation and community with the aftermath of Cyclone Gabrielle. Relationship management has been vital. Our Senior Advisor was instrumental in preparing staff and council for the Pōwhiri of Dr Nic Peet on 10 July. Our Kaihautū Pūtaiao Mātauranga Māori specialist has spent their time in recovery efforts; specifically regarding the rapid rebuild of stopbanks along the Tūtaekurī river. Their personal knowledge of the area and connection to ngā hapū o Tūtaekurī has expedited repairs of these stopbanks and fostered trust with these hapū. Our Kaihautū Pūtaiao Mātauranga Māori specialist provided expertise on the cultural significance of the rebuild sites and enabled our Rapid Rebuild team uphold the mana of these sites as they were repaired. Having this capability allows HBRC to, 1) engage with mana whenua around site of cultural significance, 2) a new perspective on scientific data trends.
Operating expenditure	●	Underspent by 25% due to staff time being costed to the response and recovery efforts, and a delay in recruitment of two members of the small team (one was recruited in November 2022 and the other in February 2022). The post-cyclone work and other factors have stalled some workplans as the team responded to the ongoing needs of recovery.

## Communications and Engagement

Type	Status	Commentary
Non financial	●	The Comms & Engagement team has been stretched beyond its capacity with two key team members departing for other opportunities and a massive increase in demands for its work in the post-cyclone environment. The inevitable lag time in finding replacements meant bringing in short-term contractors to plug some of the gaps. One new activity begun in this quarter was the irregular Facebook Live sessions which proved highly valuable for engaging with the community around topics of high interest.
Operating expenditure	●	Overspent by 12% due to unbudgeted work including hiring a consultant to conduct an overall review of our post-cyclone communications strategy and Facebook Live sessions as part of the recovery communications.

## Organisational Performance Report: Q4 2022-2023

## Corporate Services contd

## Corporate Support

Type	Status	Commentary
Non financial	●	There has been a focus on longer term accommodation solutions and maximizing existing office space noting the additional strain extra recovery staffing has put on office space. The demand for fleet vehicles has increased which drove the retention of vehicles through replacement schedules in 2022-2024. Staff completed the year's Carbon Footprint data collation in preparation for verification and audit.
Operating expenditure	●	On budget.
Capital expenditure	●	Underspent by 30% mostly due to delay in the accommodation refurbishments project due to consent and engineering delays combine with impacts from the cyclone.
Other revenue	●	Under budget by 96% due to change in financial accounting treatment for sale of replaced fleet assets, and holding fleet longer.

## Finance, Treasury, and Procurement

Type	Status	Commentary
Non financial	●	The Finance team continue to experience a significant increase in workload resulting from the cyclone. In the months from April to June we: 1) progressed NEMA welfare claims, 2) begun the forensic accounting analysis to develop the insurance claims, 3) continued the administration of the Disaster Relief Fund, 4) finalised agreements and budgets for additional government funding for the region, including setting up the administration processes for the residential and commercial silt and debris funds, and 5) provided analysis to support negotiations with Treasury on the land categorisation flood mitigation cost sharing agreement with central government. Also this quarter we progressed the 2023-24 Annual Plan and 2023-24 rate setting processes, prepared for the financial year-end processing and development of the Annual Report 2022-23, and progressed the Revenue and Financing Policy review.
Operating expenditure	●	Over budget by 16%, mostly relating to the investment fund management and tax expenses not itemised in the budget (but covered by investment income).
Other revenue	●	Under budget by 5% due to shortfall in the Port of Napier dividend (~\$3.5m) and fair value losses in the property investment portfolios (~\$1.5m) due to softening in the property market. This is offset slightly by an improved investment portfolio value and additional interest earnings from cashflow.

## Risk, Quality and Assurance

Type	Status	Commentary
Non financial	●	The quality and controlled document deliverables are progressing as planned. The rollout of two internal audit reviews - Data Analytics & Organisational Change and Consolidation and Prioritisation (OCCP) – have been extended due to the Crowe (HBRC's outsourced internal audit provider) being restructured and moving their operations for HBRC to Melbourne. Crowe Melbourne is actively engaged to finalise the OCCP audit and will commence the HBRC's Data Analytics Audit. It was agreed with Audit and Risk Committee that the risk framework used to deliver on HBRC's risk policy be reviewed by an independent and refreshed. A new framework was agreed and rolled out.
Operating expenditure	●	Underspent by 41% due to one role moving from the Risk to the ICT team, and risk maturity work being deferred into next year. The remaining budget for internal audit was paused as cyclone related reviews replacing any enterprise internal audits.

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## Organisational Performance Report: Q4 2022-2023

## How Metrics are Calculated

**Employee count (p 9)** is the total count of all staff employed by HBRC. This includes staff employed on casual and fixed term (eg students) contracts. This is calculated as at the end of the quarter.

**Full time equivalents (FTE) (p 9)** are the total FTEs as at the end of the quarter. Staff employed on casual contracts are counted as a 0 FTE.

**Turnover (p 9)** is calculated by averaging the staff count (previous end of quarter staff + current end of quarter staff divided by 2). This is then divided by the number of resignations. Only resignations of permanent staff are included in this figure.

**Health and Safety Incidents (p 10)** are all the incidents reported in HBRC's health & safety software Hasmate.

**LGOIMA (p 11)** are all the LGOIMA requests that are registered in our LGOIMA register on SharePoint.

**Daily feedback (p 11)** tracks the customer satisfaction score by date. This data is sourced from Zendesk.

**Response time (p 11)** is captured on Zendesk to track the response time to customers within the target of 5 working days.

**Communications Log (p 12)** tracks media queries and team activity by type, logged by staff on SharePoint.

**Website and social media (p 12)** data is sourced from Google and Facebook analytics.

**Vehicle number, fuel usage and fuel CO<sub>2</sub> emissions (pp 13 & 14)** data is provided by our internal systems and our fuel suppliers.

**Energy usage and energy CO<sub>2</sub> Emissions (pp 13 & 14)** data is provided to HBRC by our energy suppliers.

**Air Travel (p 14)** data is provided to HBRC by our travel agent.



**HAWKE'S BAY REGIONAL COUNCIL**  
**CORPORATE AND STRATEGIC COMMITTEE**

**Wednesday 20 September 2023**

**Item 9**

**Subject: HAWKE'S BAY TOURISM ANNUAL REPORT**

**Reason for Report**

1. This item provides an outline of HB Tourism's Annual report (attached), and an overview of activities and funding sources, and of performance against key indicators.

**Background**

2. Hawke's Bay Tourism is reliant upon funding via two primary means – Hawke's Bay Regional Council, and membership fees and investment/support from tourism businesses who belong to the Hawke's Bay Tourism Industry Association. Additional turnover is generated by the summer and winter F.A.W.C! series and additional marketing/industry initiatives.
3. Hawke's Bay Tourism is a limited liability company owned by its shareholders, the Hawke's Bay Tourism Industry Association.
4. It has an independent board of 6 directors, including a representative from Hawke's Bay Regional Council (Cr Sophie Siers).

**Key Performance Indicators**

5. The 'Funding Agreement for the Operation of a Regional Tourism Organisation' (the Agreement) between Hawke's Bay Regional Council (HBRC) and HB Tourism requires HBTL to deliver KPIs in accordance with the Agreement and current accepted best practices applicable to the tourism industry and tourism promotion.

Market share

6. HBT set an ambitious target for 23/24 – aiming to achieve 4% market share of domestic visitor spend. This was, effectively, setting ourselves an increase of 14.3% from the previous year's target.
7. Due to international borders reopening, an increase in visitation to Auckland (Auckland had suffered during Covid with a series of specific city lockdowns), and the resulting Cyclones Hale and Gabrielle, market share achieved was, understandably, lower than targeted and our result was 3.2% market share.

Industry Contribution

8. The tourism sector continues to support Hawke's Bay Tourism and invest in joint marketing initiatives.
9. The target of \$200,000 cash investment was surpassed by 57% - \$313,113.50. The target of \$50,000 of in-kind support was surpassed by 122% - \$111,113.
10. Our efforts in generating public relations exposure resulted in an equivalent advertising value of \$5.3m EAV.
11. In 2020 Hawke's Bay Tourism offered businesses free membership as a means of bringing the sector together for purposes of capability and communications throughout the Covid-19 period. Paid membership was reintroduced from 22/23 and as a result we saw a reduction in membership (with the majority being businesses that either closed or sold).

Value of Tourism for Hawke's Bay Economy

12. An analysis undertaken by specialist economic impact modelling agency Hughes Economics, Auckland (January '23) indicates that the total direct visitor spending in Hawke's Bay over the

year ended October 2022, of \$696 million, has a total direct plus flow-on or multiplied GDP or economic activity impact within the region of \$666.31 million and a total flow-on employment impact in the area of 9,468 full/part-time employees.

13. The total GDP impact for the visitor spending in 2022 represents an approximate 7% of total 'all industries' regional GDP and ranks the visitor industry 3rd (after processing/manufacturing and agriculture) amongst the different industry sectors in the region.
14. Total visitor industry GDP in the region grew at an estimated annual average rate of 5-6% over the 2012-2022 interval, compared to the 'all industries' growth figure of 4.7%.
15. The employment impact of the Hawke's Bay visitor industry is estimated to represent 9-10% of total employment in the region.
16. Examples of the results of HBT's work over the past decade have included: the now pivotal role for the agency in the growth and development of the region's visitor industry; overall significant visitor spending growth (especially in the domestic sector); increased visitor duration in the region and share of national commercial accommodation night-stays; significantly increased business numbers and new building investment activity within visitor industry-related industries; development of an annual programme of major events catering for both Hawkes Bay residents and visitors; and major upgrading and development of new Local Government and other organisation community/visitor facilities and amenities.
17. Analysis undertaken by ESL indicates that HBRC annual grant figures of \$1.85 million (2019), \$1.88 million (2020), \$1.94 million (2021) and \$2.08 million (2022), compared to the actual grant for these years of \$1.52 million would have resulted in at least a stable annual Council grant allocation in real or inflation-adjusted terms, during the above period.
18. Over 2012-2022, HBT's total expenditure grew at an annual average 6.8%, similar to the growth in total revenue. Over the period, the agency's operating expenses have comprised 40% of its total expenditure and marketing/events/industry partner expenditure the balance of 60%. Staff remuneration has comprised approximately 70% of total operating expenses.

#### Funding

19. HBRC funding for HBT has largely remained a flat-line base of \$1,520,000 since 2016 (with the one-year exception 2017/18), without CPI adjustment.

	Hawke's Bay Regional Council investment	Annual NZ CPI (y/e JUN)
2015/16	\$1,220,000	
2016/17	\$1,520,000	1.7%
2017/18	\$1,820,000	1.5%
2018/19	\$1,520,000 (decrease)	1.7%
2019/20	\$1,520,000 (no increase)	1.5%
2020/21	\$1,520,000 (no increase)	3.3%
2021/22	\$1,520,000 (no increase)	7.3%
2022/23	\$1,520,000 (no increase)	6%
2023/24	\$1,520,000 (no increase)	

20. MBIE recognised the importance of tourism to New Zealand, and provided one-off additional investment funds to regional tourism organisations to revitalise and maintain tourism demand throughout Covid. As such, Hawke's Bay Tourism received:
  - a. 2020/21 \$750,000 (Strategic Tourism Asset Protection Programme – STAPP)
  - b. 2021/22 \$1,000,000 (Tourism Communities: Support, Recovery and Re-Set Plan)
  - c. 2021/25 \$603,000 (Regional Events Fund)
21. Excluding a small budgeted amount attributed to the Regional Events Fund for the 23/24 and 24/25 years, the other funds are exhausted.

22. MBIE funding was made available to RTOs that could demonstrate a commitment to retaining RTO investment from local government e.g. Government funding is not a substitution for local government funding.
23. Hawke's Bay Tourism is grateful for the support of Hawke's Bay Regional Council as we achieved laudable results during unprecedented and impactful events.

### Decision Making Process

24. 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 *HB Tourism Annual report* report.

### Authored by:

**Andrew Siddles**  
**ACTING GROUP MANAGER CORPORATE**  
**SERVICES**

### Approved by:

**Andrew Siddles**  
**ACTING GROUP MANAGER CORPORATE**  
**SERVICES**

### Attachment/s

- 1   Hawke's Bay Tourism Annual Report 2023





## Value of tourism in Hawke's Bay (pre-cyclone)

- **\$696m** total annual direct visitor spending in Hawkes Bay
- **1 in 10** employed (**9,468**)
- Visitor industry **3<sup>rd</sup>** highest contributor to regional GDP (after processing/manufacturing and agriculture).  
**7%** of total 'all industries'.

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## A year of two halves

Return of international visitors

Record NOV & DEC on spend

Cyclone devastation

minus \$50m downturn

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## Key Performance Metrics



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# Key Performance Indicators – results 2022/23

HBT Annual Report FY23

Key Performance Indicator	Measure		Performance
<ul style="list-style-type: none"> <li>Visitor spend, benchmarked against national performance.</li> </ul>	<ul style="list-style-type: none"> <li>Increase our market share of domestic visitor spend to 4%</li> <li>Data provided by MBIE's Tourism Electronic Card Transactions.</li> </ul>		Tracking at 3.20% to Y/E June 23
<ul style="list-style-type: none"> <li>Increase industry contribution</li> </ul>	<ul style="list-style-type: none"> <li>\$200k cash</li> <li>\$50k in kind</li> <li>Increased membership numbers</li> </ul>		<ul style="list-style-type: none"> <li>✓ \$311,131.50 cash</li> <li>✓ \$111,113 contra</li> <li>✓ c. \$5.3 EAV</li> <li>Membership:-28 (off the back of discontinuation of free membership offered during Covid, and some business closures)</li> </ul>
<ul style="list-style-type: none"> <li>Develop membership engagement on climate change mitigation and adaptation – environmental sustainability</li> <li>Increase in members signing up to Tourism Industry Aotearoa's "Tourism Sustainability Commitment"</li> <li>Support/align to HBRC's organisational commitments.</li> </ul>	<ul style="list-style-type: none"> <li>No less than 50 members signed up to TIA Sustainability Commitment</li> <li>Promote low-impact transport and energy reductions solutions (e.g. cycle trail that connects food and wine country tourism operators)</li> </ul>		<ul style="list-style-type: none"> <li>✓ 52 businesses signed up</li> <li>✓ Workshops with TIA undertaken OCT '22</li> <li>✓ Discussions with EIT to ascertain to sustainability alignment.</li> </ul>

(Green – on-track; Amber – in progress; Red – not on track, requires attention)

# Key Performance Indicators results 2022/23 *cont'd*

HBT Annual Report FY23

Key Performance Indicator	Measure		Performance
<ul style="list-style-type: none"> <li>Māori Tourism Development</li> </ul>	<ul style="list-style-type: none"> <li>Work with partners to support the development of a regional identity and story framework for region-wide use based on Te Matau-a-Māui</li> <li>Increased story building capability amongst tourism operators</li> </ul>		<ul style="list-style-type: none"> <li>✓ Continuation of Cultural Brand Framework mahi – Destination Te Matau-a-Māui</li> </ul>
<ul style="list-style-type: none"> <li>Industry advocacy.</li> <li>Support existing tourism operators to develop new products, and expand into new markets</li> </ul>	<ul style="list-style-type: none"> <li>Deliver annual series of workshops to build industry capability</li> <li>Support Hawke's Bay Regional Council with tourism expertise and support</li> </ul>		<ul style="list-style-type: none"> <li>✓ Workshops undertaken in August, September and October – marketing, branding, cruise, sustainability</li> </ul>
<ul style="list-style-type: none"> <li>Lead the implementation of the Hawke's Bay Destination Management Plan</li> </ul>	<ul style="list-style-type: none"> <li>Achieve support and partnership from key stakeholders to commence actions from DMP.</li> </ul>		<ul style="list-style-type: none"> <li>✓ Plan circulated to Council Mayors, CEOs, MBIE, RTNZ</li> </ul>

(Green – on-track; Amber – in progress; Red – not on track, requires attention)

# Domestic Visitor Economy Overview

HBT Annual Report FY23

## 1.42m

Annual unique  
domestic visitors



## \$374m

Value of Domestic  
Tourism Electronic  
Card Transactions  
(excludes cash & online)



## 861k

Domestic guest  
nights in commercial  
accommodation



## 3.20%

Share of Domestic  
Tourism Electronic  
Card Transactions



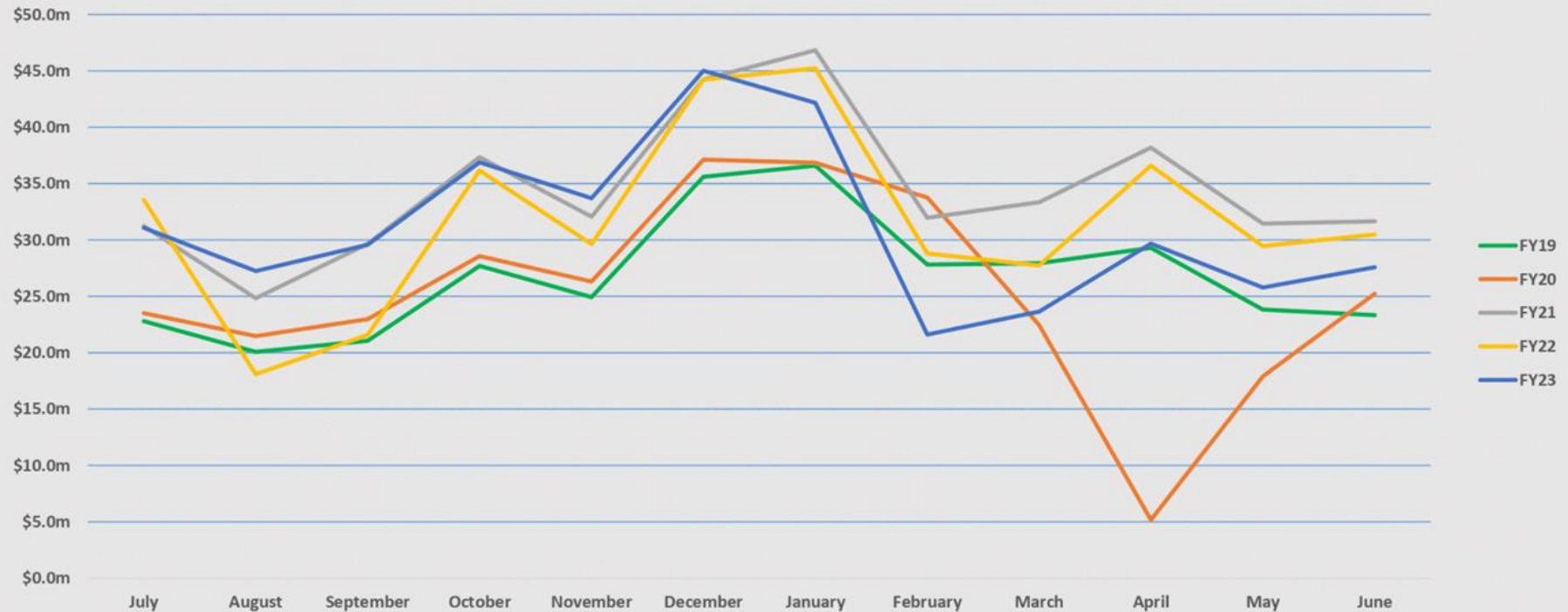
## 2.4

Average nights  
stayed per guest  
in commercial  
accommodation



# Domestic Tourism Electronic Card Transactions

HBT Annual Report FY23



# Domestic tourism card transactions by district

HBT Annual Report FY23

## \$374m

Hawke's Bay  
total region



## \$23m

Central Hawke's  
Bay District



## \$159m

Hastings District



- For 12 months to June 2022
- Domestic visitors only
- Point of sale card transactions  
– no cash or digital payments

## \$176m

Napier City



## \$16m

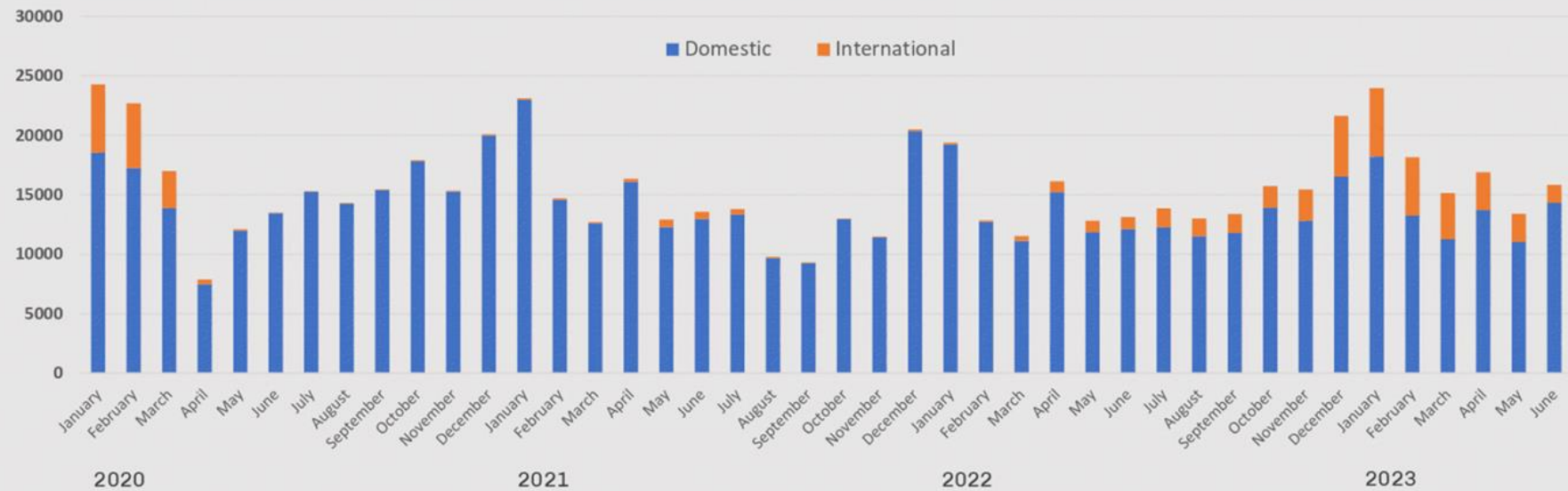
Wairoa District



# Visitor Estimates

*Monthly average counts at midday, via mobile data*

HBT Annual Report FY23



# Commercial Accommodation

HBT Annual Report FY23

Annual Occupancy Overall
53.2%
Last year
44.1%
National occupancy
53.8%

Annual Occupancy Hotels
75.3%
Last year
55.4%
National occupancy
66.8%

Annual Occupancy Motels & Apartments (>20)
81.7%
Last year
66.7%
National occupancy
73.4%

Annual Occupancy Motels & Apartments (6-20)
80.2%
Last year
68.6%
National occupancy
70.9%



Annual Occupancy Backpackers
Data set too small
Last year
Data set too small
National occupancy
64.5%

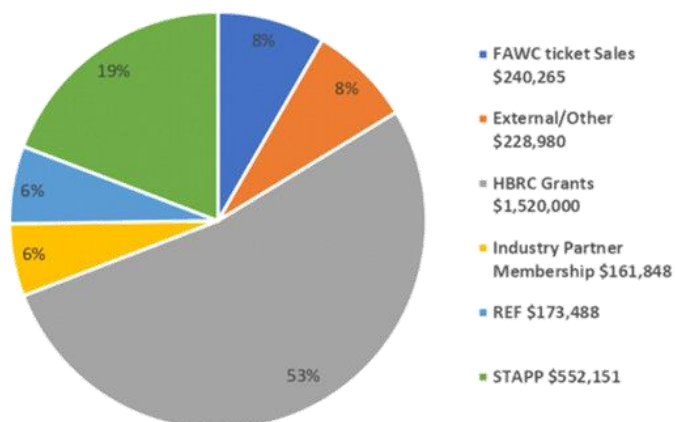
Annual Occupancy Holiday Parks-Campgrounds
30.1%
Last year
32.1%
National occupancy
29.3%

Annual Occupancy Lodges & Boutique
Data set too small
Last year
Data set too small
National occupancy
51.6%

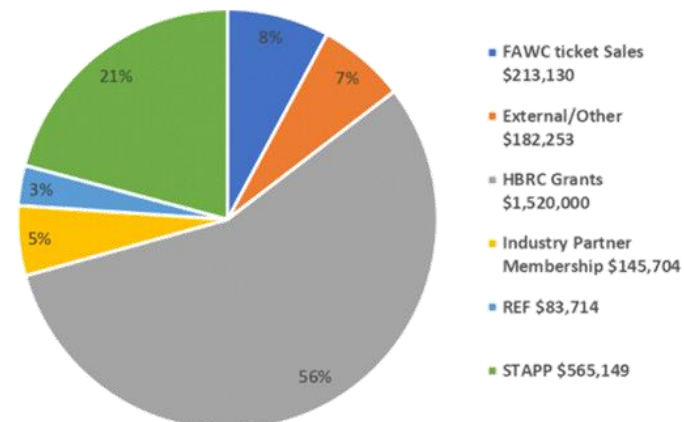
# FY22 Income sources % of overall income

HBT Annual Report FY23

## FY23 – total \$2.88m



## FY22 – total \$2.71m



\*FAWC ticket sales impacted by Summer FAWC postponement and event cancellations due to restrictions

## Activity highlights



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# Digital channels summary

HBT Annual Report FY23

**607,753**TOTAL sessions on  
hawkesbaynz.com**309,747**ORGANIC sessions on  
hawkesbaynz.com**194,364**pageviews on  
operator listings*And the winner for  
the most views is:***Enigma Escape  
Rooms****\*\*5,066\*\*****102k**Facebook  
likes**14.3k**Instagram  
followers**24.7k**database  
subscribers**2.1m**Social media  
reach

# Topline Media and PR results

HBT Annual Report FY23

## \$5.3m

Equivalent Advertising Value (EAV)  
for media coverage. ↑ 29%

## 316m

Total potential readership  
from 243 pieces of  
media coverage ↑ 30%

## 19

in-region media famils  
hosting key journalists ↑ by 2pax



# Consumer Events

HBT Annual Report FY23



- ✓ 48 events
- ✓ \$176k ticket sales
- ✓ 91% rated Excellent or Good
- ✓ 28% of ticket sales to visitors  
(excludes visitor tickets bought by locals)



- ✓ 59 events
- ✓ \$185k ticket sales
- ✓ 93% rated Excellent or Good
- ✓ 19% of ticket sales to visitors  
(excludes visitor tickets bought by locals)

## Regional Events Fund support allocated to:



Hawke's Bay  
Yoga Festival



# Great Wine Capitals launch

HBT Annual Report FY23

Coverage earned: 23 May 2023 – 1 July 2023

Pieces of coverage: 63+

Equivalent Advertising Value: \$1,695,907

Potential audience reach: 166,001,133



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**HAWKE'S BAY REGIONAL COUNCIL**  
**CORPORATE AND STRATEGIC COMMITTEE**  
**Wednesday 20 September 2023**

**Item 10**

**Subject: HBRIC LTD QUARTERLY UPDATE**

**Reason for Report**

1. This item presents the HBRIC quarterly update.

**Financial Reporting**

2. HBRIC's consolidated annual report for the year ended 30 June 2023 is in the audit process at the time of distribution of this report. The unaudited Financial Report is attached to this report for perusal.
3. HBRIC's YTD financial statements as at 30 June 2023 are attached to this report.
4. Key Items to note:
  - 4.1. Statement of Financial Performance
    - 4.1.1. Year-end surplus of \$7.2 million (excluding fair value movements through other comprehensive income)
    - 4.1.2. Year-end \$628k interest income
    - 4.1.3. \$7.04 million of dividend revenue received from Napier Port Holdings Limited (NPHL) in the year, with \$6.87 million paid to HBRC
  - 4.2. Statement of Financial Position
    - 4.2.1. Decrease in net assets of \$25 million to \$344 million for the year to 30 June 2023.
    - 4.2.2. NPHL share price had decreased during the year 9% from \$2.75 to \$2.50 – total decrease is \$ 27.5m
    - 4.2.3. Increase in managed fund value \$43.2m to \$45.6m at year-end 30 June 2023

**Managed Funds**

5. The funds remain under management in compliance with Council's SIPO.
6. The value of managed funds with HBRIC after divestments as at 30 June 2023 amounted to \$45.6 million, a movement of approximately +\$2.43m (+5.63%) year to date

HBRIC Managed Funds Performance Summary					
Fund	01/07/22 balance	YTD Divestments	30/6/23 balance	YTD gain / (loss)	YTD % gain / (loss)
Jarden	13,672,448	-	14,641,342	968,894	7.09%
Mercer	29,535,219	-	30,996,948	1,461,729	4.95%
<b>HBRIC Total</b>	<b>43,207,667</b>	<b>-</b>	<b>45,638,290</b>	<b>2,430,623</b>	<b>5.63%</b>

**FoodEast**

7. The following summary is drawn from FoodEast Haumako (FoodEast) Q4 report to Limited Partners for the 3 months ended 30 June 2023.
  - 7.1. The key operational focus has been construction, with Building B enclosed and scheduled for completion at the end of the calendar year. The Building A slab has been laid with completion scheduled for Q1 2024.

- 7.2. The FoodEast board is working through a rental valuation to validated the rentals in the financial forecasts and notes prospective tenant interest has increased now that construction is well underway.
8. To date, HBRIC had only appointed one director out of a total of its four possible appointees. In consultation with the FoodEast board and the other limited partners HBRIC has now completed a director recruitment process and is happy to report the appointment of three new directors, all with deep food industry and food innovation experience:
  - 8.1. Dr Nicky Solomon – Nicky holds a Phd in Food Science and is a business development manager for the NZ Food Innovation Network and the Manager of the HB Regional Food & Fibre Programme.
  - 8.2. Christie Campbell – Christie’s experience spans multiple industries including FMCG, wine, clothing retail, financial services and local government across all disciplines including marketing, ecommerce, sales, finance, operations, business development, legal and corporate governance.
  - 8.3. Richard Shirtcliffe – Richard brings deep executive and governance credentials to the table with an impressive portfolio of experience and achievement, including Noho, Coffee Supreme, Tuatara Brewing, phil&teds.
9. In addition, FoodEast has confirmed the appointment of Michael Basset-Foss and interim CEO (six months).
10. These appointments mark a significant change in the resourcing of the project as it transitions to an operational footing. Following discussions with the HBRIC Board it has been agreed that Craig Foss will step aside at the forthcoming AGM as a founding director and Chair for the next phase of the project. HBRIC has acknowledged Mr Foss’s contribution to the project over many years, with particular regard to the challenges the project has faced in relation to cost pressures in the construction sector generally.

### **Napier Port**

11. On 16th August Napier Port released unaudited financial results for the nine months to 30 June 2023 with reduced earnings for the 9 months as the impact of Cyclone Gabrielle weighed on exports from the region. (Q3 net operating activities decreased 44.4% , reported net profit after tax, with the benefit of insurance income of \$3.5m decreased 40.2% to \$7.0m) It was expected earnings in the third quarter would be reduced, however adverse weather in June and July further challenged the 9 month result. The effects from the cyclone are anticipated to persist into the fourth quarter, but the Port retains confidence of an increase in cargo in the new financial year. The upcoming cruise season is showing strong forward bookings suggesting it could be the busiest season yet and this along with high interest from shipping lines creates a measure of confidence in Napier Port’s long-term volume growth potential.

### **Other**

12. HBRIC continues to support HBRC’s Investment Strategy review currently underway, including Council’s decision to recruit two new independent directors, Debbie Birch and Jonathan Cameron, who have since been appointed to HBRIC’s board and attended their first meeting in July.

### **Decision Making Process**

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

### **Recommendations**

That the Corporate and Strategic Committee receives and considers the *HBRIC Ltd quarterly update*.

**Authored by:**


Jess Bennett  
SENIOR MANAGER - FINANCE RECOVERY

Tracey O'Shaughnessy  
TREASURY & INVESTMENTS ACCOUNTANT

**Approved by:**

Tom Skerman  
HBRIC COMMERCIAL MANAGER

**Attachment/s**

1   HBRIC unaudited consolidated annual report to 30 June 202324

2   HBRIC Finacials to June 2023



**Hawke's Bay Regional Investment  
Company Limited**

**Annual Report  
for the year ended 30 June 2023**

Draft

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Hawke's Bay Regional Investment Company Limited  
Chairman's report  
30 June 2023

**Chairman's report**

[Placeholder]

Draft

Hawke's Bay Regional Investment Company Limited  
Chairman's report  
30 June 2023  
(continued)

[Placeholder]

Draft

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Dan Druzianic  
(Chairman)

**Hawke's Bay Regional Investment Company Limited**  
**Directors' report**  
**30 June 2023**

## Directors' report

The Directors hereby present their report and financial statements of the Hawke's Bay Regional Investment Company Limited for the year ended 30 June 2023.

### Reporting entity

The Hawke's Bay Regional Investment Company Limited ('the Company', or 'the Parent') was incorporated in New Zealand on 21 February 2012 and is 100% owned by Hawke's Bay Regional Council ('Council'). The Company is domiciled in New Zealand.

The Group financial statements are for the Company and its subsidiaries (together 'the Group'). The subsidiaries are Port of Napier Limited ('Napier Port'), Napier Port Holdings Limited ('NPHL') and Foodeast GP Limited ('Foodeast').

### Registered office

159 Dalton Street  
 Napier South  
 Napier 4110  
 New Zealand

### Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at and for the year ended 30 June 2023.

### Principal activities

#### **Parent company**

The Company owns 55% (2022: 55%) of Napier Port Holdings Limited, who is the 100% owner of the Port of Napier Limited. Napier Port Holdings Limited is listed on the New Zealand Stock Exchange (NZX).

The Company currently owns 67% (2022: 67%) of Foodeast GP Limited, who is a limited partner in the HB Food Innovation Hub Limited Partnership.

#### **Subsidiary companies**

Port of Napier Limited's principal activities are the commercial operation of Napier Port.

Napier Port Holdings Limited was incorporated 12 June 2019 to act as a holding company of the Port of Napier.

Foodeast GP Limited is a council-controlled organisation (CCTO) for the purposes of the Local Government Act 2002. The company was incorporated on 1 July 2021.

### Remuneration of directors

Remuneration paid to directors during the year was as follows:

	2023 \$
<b>Parent company</b>	
D W Druzianic (Chairman)	45,000
R J Barker (retired 8 January 2023)	-
N Kirton	-
C R R Foss (retired 8 January 2023)	-
W J Foley (appointed 14 December 2022)	-

**Hawke's Bay Regional Investment Company Limited**  
**Directors' report**  
**30 June 2023**  
(continued)

**Directors' report (continued)**

	2023 \$
<b><i>Subsidiary companies - Port of Napier Limited and Napier Port Holdings Limited</i></b>	
A J MacLeod (retired 16 December 2022)	67,021
S Moir	86,600
D Puketapu	86,850
E J Harvey	81,885
V Tremaine	86,850
R Barker (retired 16 December 2022)	44,347
B O'Keeffe	109,300
K A Clegg (appointed 1 August 2022)	69,750
D W Druzianic (appointed 1 August 2022)	69,500
<b><i>Subsidiary companies - Foodeast GP Limited</i></b>	
C R R Foss	44,694
A T Gray	35,000
A L Gilmour (appointed 7 June 2023)	1,667

**Board committees**

As at 30 June 2023 the Board of the parent company had no separate committees.

**Directors' interests**

The Company maintains an interests register in which particulars of certain transactions and matters involving the directors are recorded. These are requirements under the Companies Act 1993. The following notices have been received from directors disclosing their interests in other companies.

**Parent company**

<b>Director</b>	<b>Interest declared (as at reporting date)</b>
D W Druzianic (Chairman)	Consultant, Moore Markhams Hawke's Bay Limited Director, Bostok New Zealand Limited Director, Hawke's Bay Independent Brewery Limited Director, Hawke's Bay Community Fitness Centre Trust Director, Unison Networks Director, Unison Contracting Services Ltd Director, Port of Napier Limited Director, Napier Port Holdings Limited Trustee of trusts associated with various directors of companies which may from time to time have interests to be noted
R J Barker	Councillor, Hawke's Bay Regional Council Director, Napier Port Holdings Limited Director, Port of Napier Limited Director, Fifteen Two Limited Principal, Rick Barker Consulting Chief Crown Negotiator
N Kirtou	Councillor, Hawke's Bay Regional Council Director, Good Shepherd Transport Limited Employment, Hohepa Services Limited

**Hawke's Bay Regional Investment Company Limited**  
**Directors' report**  
**30 June 2023**  
(continued)

**Directors' report (continued)****Parent company (continued)****Director**

C R R Foss

**Interest declared (as at reporting date)**

Councillor, Hawke's Bay Regional Council

Director, Nikau One Limited

Director, Magpie Investments Limited

Director, Foss Limited

Director, Afrimat Australasia Limited

Director, Trusted Foods Limited

Director, Hawke's Bay Tourism

Director, Foodeast GP Limited

Chair, CarbonClick Limited

Associated with an entity which owns 5,384 shares in Napier Port

Will Foley

Councillor, Hawke's Bay Regional Council

Director / Shareholder, Foley Farming Enterprises

Sunset Court Motel, Subsidiary of Foley Farming

Trustee / Beneficiary, WJ Filey Trust

Beneficiary / Lessee of Assets, P&amp;R Foley Family Trust

**Subsidiary companies - Port of Napier Limited and Napier Port Holdings Limited****Director**

A J MacLeod (Chairman)

(retired 16 December 2022)

**Interest declared (as at reporting date)**

Chair / Shareholder, Silverstripe Limited

Chair, Hold Fast Investments Limited

Member, IHC-Board Appointments Committee

Director, Silverstripe Trustee Limited

Trustee, Big Brothers Big Sisters Hawke's Bay

Chair, Trade Window Holdings Limited

S Moir

Director, Todd Family Office Limited

Director, IJAP Limited

Chair, ASB Bank Investment Committee

Director, Chubb Life Insurance New Zealand Limited

**Subsidiary companies - Port of Napier Limited and Napier Port Holdings Limited (continued)****Director**

D Puketapu

**Interest declared (as at reporting date)**

Director, Manawanui Support Limited

Director, Ngati Porou Holding Company Limited &amp; subsidiaries

Director, Tamaki Redevelopment Company Limited &amp; subsidiaries

Director, New Zealand Cricket

Director, New Zealand Olympic Committee

**Hawke's Bay Regional Investment Company Limited**  
**Directors' report**  
**30 June 2023**  
(continued)

**Directors' report (continued)**

D Puketapu                      Director, DNA Designed Communications Limited  
    Director, Trade Window Holdings Limited  
    Shareholder of Napier Port Holdings Limited

**Subsidiary companies - Port of Napier Limited and Napier Port Holdings Limited (continued)**

<b>Director</b>	<b>Interest declared (as at reporting date)</b>
V Tremaine	Chair / Director, Riverland Water Holdings Pty Limited (ACN 074 419 846) Chair / Director, Riverland Water Pty Limited (ACN 073 995 963) Chair / Director, SouthernLaunch.Space Pty Limited (ACN 621 420 504)
E J Harvey	Director, Heartland Bank Limited
B O'Keeffe	Board Advisor, Z Energy Limited Director, Central Air Ambulance Rescue Limited Chair, Hawke's Bay Rescue Helicopter Trust Managing Director, Endzone Commercial Limited ("ECL") Director, Unison Networks Limited Board Advisor, TW Group Limited
R Barker (retired 16 Decemeber 2022)	Chair, Hawke's Bay Regional Council Director, Hawke's Bay Regional Investment Company Limited
K A Clegg	Advisory Group Member, Waitemata New Zealand Capital Advisory Group Director, Auckland Transport Trustee and Beneficiary, M&K Investments Trust Trustee and Beneficiary, Mickyla Trust

**Subsidiary companies - Foodeast GP Limited**

<b>Director</b>	<b>Interest declared (as at reporting date)</b>
C R R Foss	Director, Nikau One Limited Director, Magpie Investments Limited Director, Foss Limited Director, Afrimat Australasia Limited Director, Trusted Foods Limited Director, Hawke's Bay Tourism Director, Hawke's Bay Regional Investment Company Limited Associated with an entity which owns 5,384 shares in Napier Port

**Hawke's Bay Regional Investment Company Limited**  
**Directors' report**  
**30 June 2023**  
(continued)

**Directors' report (continued)**

**Subsidiary companies - Foodeast GP Limited (continued)**

<b>Director</b>	<b>Interest declared (as at reporting date)</b>
A T Gray	Director, Electricity Ashburton Limited
	Director, Artemis Nominees Limited
	Director, Ngati Pukenga Investments Limited
	Director, Quality Roding and Services (Wairoa) Limited
	Director, Nga Hua O Ngati Pukenga Limited
	Director, Centralines Limited
	Director, Te Turapa Wai Ariki Limited
A L Gilmour	Shareholder, Moore Markhams Limited
	Shareholder, MM Advisory Services Limited
	Director, Progressive Meats Limited
	Director/Shareholder, Seven Group Investments Limited
	Director/Shareholder, Gilmour Foundation Limited

**Directors' insurance**

The Company has arranged policies of directors' liability insurance, which together with a deed of indemnity ensures that as far as possible, directors will not personally incur any monetary loss as a result of actions undertaken by them as directors. The insurance does not cover liabilities arising from criminal actions.

**Remuneration of employees**

The number of employees for the Group and Parent, whose total annual remuneration was in the specified bands, is as follows:

<b>Remuneration bands</b>	<b>2023 Group</b>	<b>2023 Parent</b>
\$100,000 - 109,999	32	-
\$110,000 - 119,999	24	-
\$120,000 - 129,999	47	-
\$130,000 - 139,999	29	-
\$140,000 - 149,999	18	-
\$150,000 - 159,999	15	-
\$160,000 - 169,999	8	-
\$170,000 - 179,999	4	-
\$180,000 - 189,999	7	-
\$190,000 - 199,999	4	-
\$200,000 - 209,999	2	-
\$210,000 - 219,999	4	-
\$220,000 - 229,999	1	-
\$230,000 - 239,999	1	-
\$260,000 - 269,999	3	-
\$290,000 - 299,999	1	-
\$310,000 - 319,999	1	-
\$320,000 - 329,999	2	-
\$330,000 - 339,999	1	-
\$340,000 - 349,999	1	-
\$450,000 - 459,999	1	-
\$460,000 - 469,999	1	-
\$770,000 - 779,999	1	-

**Hawke's Bay Regional Investment Company Limited**  
**Directors' report**  
**30 June 2023**  
(continued)

### **Directors' report (continued)**

The annual remuneration specified in the above bands includes payments made to staff under both short term and long term staff incentive schemes and redundancy benefits.

#### **Use of company information**

During the year the Board received no notices from directors of the Company requesting to use company information received in their capacity as directors, which would not otherwise have been available to them.

#### **Board operation**

Operation of the Board is governed by the Constitution of the Company, and the rules, procedures and guidelines adopted by the Board.

#### **Auditors**

The Office of the Auditor-General is appointed as auditor under Section 15 of the Public Audit Act 2001 and Section 70 of the Local Government Act 2002. Ernst and Young New Zealand has been appointed to provide these services. Audit fees are disclosed within the financial statements.

#### **Donations**

The Company and subsidiaries made no donations during the year (2022: nil).

#### **Dividends**

During the year the Company paid fully imputed ordinary dividends of \$6,870,000 (2022: \$9,025,000).

#### **Directors' responsibility statement**

The directors are responsible for ensuring that the financial statements give a true and fair view of the financial position of the Company and the Group as at 30 June 2023 and their financial performance and cash flows for the year ended on that date.

The directors consider that the financial statements of the Company and the Group have been prepared using appropriate accounting policies consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.

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Dan Druzianic  
(Chairman)

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Neil Kirton  
(Director)

Hawke's Bay Regional Investment Company Limited					
Statements of profit or loss					
For the year ended 30 June 2023					
	Notes	Group 2023 \$'000	Group 2022 \$'000	Parent 2023 \$'000	Parent 2022 \$'000
<b>Income</b>					
Port operations		115,981	109,176	-	-
Other income		3,390	2,413	-	-
Dividend income		120	219	7,160	8,469
<b>Operating income</b>	3	119,491	111,808	7,160	8,469
<b>Expenditure</b>					
Employee benefit expenses		(43,054)	(39,229)	-	-
Maintenance expenses		(16,065)	(14,586)	-	-
Depreciation, amortisation and impairment	15,16	(15,858)	(13,026)	-	-
Other operating expenses	4	(20,882)	(16,675)	(500)	(490)
<b>Operating expenditure</b>		(95,859)	(83,516)	(500)	(490)
<b>Operating profit before net finance income</b>		23,632	28,292	6,660	7,979
Finance expenses	5	(5,912)	(64)	-	-
Finance income	5	740	466	629	451
<b>Net finance income</b>		(5,172)	402	629	451
<b>Operating profit after net finance income</b>		18,460	28,694	7,289	8,430
Gain / (loss) from sale of investments		179	(339)	179	(339)
<b>Profit before subvention</b>		(18,639)	28,355	(7,468)	8,091
Subvention payment		(10)	(121)	(10)	(121)
<b>Profit before income tax</b>		18,629	28,234	7,458	7,970
Income tax (expense) / benefit	6	(5,584)	(9,708)	(217)	159
<b>Total tax (expense) / benefit</b>		(5,584)	(9,708)	(217)	159
<b>Profit after tax</b>		13,045	18,526	7,241	8,129
<b>Profit for the year is attributable to:</b>					
Equity holders of the Parent		4,993	8,993	7,241	8,129
Non-controlling interests		8,052	9,533	-	-
		13,045	18,526	7,241	8,129

The above statements of profit or loss should be read in conjunction with the accompanying notes.

Hawke's Bay Regional Investment Company Limited				
Statements of comprehensive income				
For the year ended 30 June 2023				
Notes	Group 2023 \$'000	Group 2022 \$'000	Parent 2023 \$'000	Parent 2022 \$'000
<b>Profit after tax attributable to the shareholder of the Company</b>	<b>13,045</b>	<b>18,526</b>	<b>7,241</b>	<b>8,129</b>
<b>Other comprehensive income:</b>				
<b>Items that will be reclassified to profit or loss:</b>				
Asset revaluation	10(a)(i) 1,560	(3,766)	(25,432)	(75,268)
Changes in fair value of cash flow hedges	10(a)(ii) 2,664	5,454	-	-
Deferred tax on changes in fair value of cash flow hedges	10(a)(ii) (1,658)	(1,456)	-	-
Cash flow hedges transferred to the statements of profit or loss	10(a)(ii) (282)	(255)	-	-
	<u>2,284</u>	<u>(23)</u>	<u>(25,432)</u>	<u>(75,268)</u>
<b>Items that will not be reclassified to profit or loss:</b>				
Changes in fair value of cash flow hedges	10(a)(ii) (5)	(76)	-	-
Cash flow hedges transferred to property, plant and equipment	83	-	-	-
Deferred tax on changes in fair value of cash flow hedges	10(a)(ii) (22)	21	-	-
Revaluation of sea defences	10(a)(i) (1,279)	29,988	-	-
Deferred tax on revaluation of sea defences	10(a)(i) 358	(1,856)	-	-
Movement in other reserves	10(a)(iv) (47)	367	-	-
	<u>(912)</u>	<u>28,444</u>	<u>-</u>	<u>-</u>
<b>Other comprehensive income / (loss) for the year, net of tax</b>	<b>1,372</b>	<b>28,421</b>	<b>(25,432)</b>	<b>(75,268)</b>
<b>Total comprehensive income / (loss) for the year</b>	<b>14,417</b>	<b>46,947</b>	<b>(18,191)</b>	<b>(67,139)</b>
<b>Profit for the year is attributable to:</b>				
Equity holders of the Parent	4,993	8,993	7,241	8,129
Non-controlling interest	8,052	9,533	-	-
	<u>13,045</u>	<u>18,526</u>	<u>7,241</u>	<u>8,129</u>
<b>Total comprehensive income / (loss) for the year is attributable to:</b>				
Equity holders of the Parent	6,453	22,928	(18,191)	(67,139)
Non-controlling interest	7,964	24,019	-	-
	<u>14,417</u>	<u>46,947</u>	<u>(18,191)</u>	<u>(67,139)</u>

The above statements of comprehensive income should be read in conjunction with the accompanying notes.

**Hawke's Bay Regional Investment Company Limited**  
**Statements of financial position**  
**As at 30 June 2023**

	Notes	Group 2023 \$'000	Group 2022 \$'000	Parent 2023 \$'000	Parent 2022 \$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	22	8,869	7,619	5,460	5,253
Trade and other receivables	11	18,492	14,546	87	185
Derivative financial instruments	27	2,529	1,216	-	-
Current tax assets	6	-	819	8	-
Financial assets	17	-	600	-	-
Total current assets		<u>29,890</u>	<u>24,800</u>	<u>5,555</u>	<u>5,438</u>
<b>Non-current assets</b>					
Property, plant and equipment	16	521,349	520,483	-	-
Intangible assets	15	834	1,084	-	-
Interests in joint venture	19	250	-	-	-
Financial assets	17	62,301	59,871	339,002	364,072
Derivative financial instruments	27	3,613	3,990	-	-
Investment properties	20	17,166	14,885	-	-
Deferred tax assets	6	-	-	20	256
Total non-current assets		<u>605,513</u>	<u>600,313</u>	<u>339,022</u>	<u>364,328</u>
<b>Total assets</b>		<u>635,403</u>	<u>625,113</u>	<u>344,577</u>	<u>369,766</u>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	12	15,780	17,503	128	228
Current tax liabilities	6	471	-	-	28
Derivative financial instruments	27	1,132	12	-	-
Lease liabilities	7	209	197	-	-
Total current liabilities		<u>17,592</u>	<u>17,712</u>	<u>128</u>	<u>256</u>
<b>Non-current liabilities</b>					
Provisions for employee entitlements	13	567	493	-	-
Borrowings	21	128,946	129,380	-	-
Derivative financial instruments	27	948	147	-	-
Deferred tax liabilities	6	22,146	20,761	-	-
Lease liabilities	7	40	249	-	-
Deferred income	14	7,000	500	-	-
Total non-current liabilities		<u>159,647</u>	<u>151,530</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>		<u>177,239</u>	<u>169,242</u>	<u>128</u>	<u>256</u>
<b>EQUITY</b>					
Share capital	9	177,500	177,500	177,500	177,500
Reserves	10	177,240	175,263	(6,404)	19,028
(Accumulated losses) / retained earnings	10	(74,403)	(72,526)	173,353	172,982
Equity attributable to equity holders of the Company		<u>280,337</u>	<u>280,237</u>	<u>344,449</u>	<u>369,510</u>
Non-controlling interests		<u>177,827</u>	<u>175,634</u>	<u>-</u>	<u>-</u>
<b>Total equity</b>		<u>458,164</u>	<u>455,871</u>	<u>344,449</u>	<u>369,510</u>
<b>Total liabilities and equity</b>		<u>635,403</u>	<u>625,113</u>	<u>344,577</u>	<u>369,766</u>

Hawke's Bay Regional Investment Company Limited  
Statements of financial position  
As at 30 June 2023  
(continued)

The Board of Directors of Hawke's Bay Regional Investment Company Limited authorised these financial statements presented on pages 10 to 53 for issue on <<DATE>>.

For and on behalf of the Board.

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Dan Druzianic  
(Chairman)

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Neil Kirton  
(Director)

Draft

*The above statements of financial position should be read in conjunction with the accompanying notes.*

Hawke's Bay Regional Investment Company Limited  
Statements of changes in equity  
For the year ended 30 June 2023

Consolidated	Notes	Attributable to equity holders of the Group			Total \$'000	Non- controlling interest \$'000	Total equity \$'000
		Share capital \$'000	Reserves \$'000	Accumulated losses \$'000			
<b>Balance as at 1 July 2021</b>		177,500	161,222	(72,532)	266,190	157,184	423,374
<b>Comprehensive income</b>							
Profit for the year		-	-	8,993	8,993	9,533	18,526
Reserves	10(a)	-	13,935	-	13,935	14,486	28,421
<b>Total comprehensive income</b>		-	13,935	8,993	22,928	24,019	46,947
<b>Transactions with owners</b>							
Share-based payment reserve	10(a)	-	106	-	106	87	193
Dividends	8	-	-	(8,987)	(8,987)	(6,719)	(15,706)
Non-controlling interest arising on investment in limited partnership		-	-	-	-	1,063	1,063
<b>Total transactions with owners</b>		-	106	(8,987)	(8,881)	(5,569)	(14,450)
<b>Balance as at 30 June 2022</b>		177,500	175,263	(72,526)	280,237	175,634	455,871
<b>Balance as at 1 July 2022</b>		177,500	175,263	(72,526)	280,237	175,634	455,871
<b>Comprehensive income</b>							
Profit for the year		-	-	4,993	4,993	8,052	13,045
Reserves	10(a)	-	1,963	-	1,963	(88)	1,875
<b>Total comprehensive income</b>		-	1,963	4,993	6,956	7,964	14,920
<b>Transactions with owners</b>							
Share-based payment reserve	10(a)	-	14	-	14	11	25
Dividends	8	-	-	(6,870)	(6,870)	(5,782)	(12,652)
Non-controlling interest arising on investment in limited partnership		-	-	-	-	-	-
<b>Total transactions with owners</b>		-	14	(6,870)	(6,856)	(5,771)	(12,627)
<b>Balance as at 30 June 2023</b>		177,500	177,240	(74,403)	280,337	177,827	458,164

The above statements of changes in equity should be read in conjunction with the accompanying notes.

Hawke's Bay Regional Investment Company Limited  
Statements of changes in equity  
For the year ended 30 June 2023  
(continued)

Parent	Notes	Attributable to equity holders of the Company			Total equity \$'000
		Share capital \$'000	Revaluation reserve \$'000	Retained earnings \$'000	
<b>Balance as at 1 July 2021</b>		177,500	94,296	173,878	445,674
<b>Comprehensive income</b>					
Profit for the year		-	-	8,129	8,129
Loss on the revaluation of investments	10(a)	-	(75,268)	-	(75,268)
<b>Total comprehensive income</b>		-	(75,268)	8,129	(67,139)
<b>Transactions with owners</b>					
Dividends	8	-	-	(9,025)	(9,025)
<b>Total transactions with owners</b>		-	-	(9,025)	(9,025)
<b>Balance as at 30 June 2022</b>		177,500	19,028	172,982	369,510
<b>Balance as at 1 July 2022</b>		177,500	19,028	172,982	369,510
<b>Comprehensive income</b>					
Profit for the year		-	-	7,241	7,241
Loss on the revaluation of investments	10(a)	-	(25,432)	-	(25,432)
<b>Total comprehensive income</b>		-	(25,432)	7,241	(18,191)
<b>Transactions with owners</b>					
Dividends	8	-	-	(6,870)	(6,870)
<b>Total transactions with owners</b>		-	-	(6,870)	(6,870)
<b>Balance as at 30 June 2023</b>		177,500	(6,404)	173,353	344,449

The above statements of changes in equity should be read in conjunction with the accompanying notes.

**Hawke's Bay Regional Investment Company Limited**  
**Statements of cash flows**  
**For the year ended 30 June 2023**

	Notes	Group 2023 \$'000	Group 2022 \$'000	Parent 2023 \$'000	Parent 2022 \$'000
<b>Cash flows from operating activities</b>					
<b>Cash was provided from:</b>					
Receipts from customers		122,377	112,884	-	-
Dividends received		-	-	7,040	8,250
GST received (net)		819	133	64	84
Interest received		649	366	616	304
		<u>123,845</u>	<u>113,383</u>	<u>7,720</u>	<u>8,638</u>
<b>Cash was applied to:</b>					
Payments to suppliers and employees		(80,509)	(73,800)	(536)	(1,604)
Interest paid		(1)	(6)	-	-
Taxes paid		(3,198)	(8,531)	-	-
Subvention payments made		(107)	-	(107)	-
		<u>(83,815)</u>	<u>(82,337)</u>	<u>(643)</u>	<u>(1,604)</u>
<b>Net cash inflow from operating activities</b>	23	<u>40,030</u>	<u>31,046</u>	<u>7,077</u>	<u>7,034</u>
<b>Cash flows from investing activities</b>					
<b>Cash was provided from:</b>					
Sale of assets		417	1,522	-	1,300
Proceeds from held-to-maturity investments		600	-	-	-
		<u>1,017</u>	<u>1,522</u>	<u>-</u>	<u>1,300</u>
<b>Cash was applied to:</b>					
Purchase of assets		(20,306)	(88,044)	-	-
Investment in subsidiary		-	-	-	(1,601)
Investment in joint venture		(250)	-	-	-
Payments for investment properties		(3,833)	(1,778)	-	-
Payments for held-to-maturity investments		-	(600)	-	-
		<u>(24,389)</u>	<u>(90,422)</u>	<u>-</u>	<u>(1,601)</u>
<b>Net cash outflow from investing activities</b>		<u>(23,372)</u>	<u>(88,900)</u>	<u>-</u>	<u>(301)</u>
<b>Cash flows from financing activities</b>					
<b>Cash was provided from:</b>					
Proceeds from loans and borrowings	32	-	70,000	-	-
Repayment of fair share loans by employees		127	120	-	-
Proceeds from issuance of fixed rate bonds		99,204	-	-	-
Proceeds from grants	14	3,500	500	-	-
Proceeds from partnership capital		-	793	-	-
		<u>102,831</u>	<u>71,413</u>	<u>-</u>	<u>-</u>
<b>Cash was applied to:</b>					
Repayment of loans and borrowings		(100,729)	-	-	-
Repayment of lease liability	32	(197)	(220)	-	-
Acquisition of treasury shares		(354)	-	-	-
Borrowing establishment costs		(4,307)	-	-	-
Dividends paid		(12,652)	(15,706)	(6,870)	(9,025)
		<u>(118,239)</u>	<u>(15,926)</u>	<u>(6,870)</u>	<u>(9,025)</u>
<b>Net cash inflow / (outflow) from financing activities</b>		<u>(15,408)</u>	<u>55,487</u>	<u>(6,870)</u>	<u>(9,025)</u>
<b>Net movement in cash and cash equivalents</b>		<u>1,250</u>	<u>(2,367)</u>	<u>207</u>	<u>(2,292)</u>
Cash and cash equivalents at the beginning of the financial year		7,619	10,062	5,253	7,545
Effects of exchange rate changes		-	(76)	-	-
<b>Cash and cash equivalents at end of year</b>		<u>8,869</u>	<u>7,619</u>	<u>5,460</u>	<u>5,253</u>

The above statements of cash flows should be read in conjunction with the accompanying notes.

**Hawke's Bay Regional Investment Company Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2023**

## **1 General information**

### **(a) Reporting entity**

The Hawke's Bay Regional Investment Company Limited ('the Company') is a wholly owned subsidiary of Hawke's Bay Regional Council formed for the purpose of holding investments in subsidiary organisations. The Company was incorporated on 21 February 2012.

The Group financial statements comprise the financial statements of the Company and its subsidiaries, the Port of Napier Limited ('Napier Port'), Napier Port Holdings Limited ('NPHL') and Foodeast Limited Partnership ('Foodeast').

The Company is considered a Council Controlled Trading Organisation on the basis that it operates for the purpose of making a profit, and is therefore classified for accounting purposes as a for-profit entity.

The financial statements of the Company and the Group are for the year ended 30 June 2023.

### **(b) Basis of preparation**

The financial statements of the Company and the Group have been prepared in accordance with generally accepted accounting practice in New Zealand ('NZ GAAP'). They comply with International Financial Reporting Standards ('IFRS'), New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS'), and other applicable financial reporting standards, as appropriate for for-profit entities.

The statements have been prepared on a historic cost basis, except for fair value investments, sea defences, admin buildings, investment properties and derivative financial instruments which are measured at fair value.

The Company and each of the Group's entities' functional currency is New Zealand dollars (\$), and the statements have been presented in thousands of dollars (\$'000) exclusive of Goods and Services Tax (GST) except for trade accounts payable and receivable, which are stated at GST inclusive amounts.

### **(c) New standards adopted**

No new standards have been adopted in the current reporting period.

### **(d) New standards and interpretations not yet adopted**

There are no standards that are not yet effective that have not been early adopted by the Company and Group and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

### **(e) Use of judgements and estimates**

In the application of NZ IFRS, the Board is required to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In particular, information about significant areas of estimation and critical judgements in applying accounting policies that have a significant effect on the amount recognised in the financial statements are as follows:

- Valuation of sea defences (note 16)
- Valuation of financial instruments (note 27)
- Estimation of useful lives (note 2(g)).

## **2 Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below.

The accounting policies listed below have been consistently applied to all years presented, unless otherwise stated.

### **(a) Basis of consolidation**

The consolidated financial statements comprise the financial statements of Hawke's Bay Regional Investment Company Limited ('the Parent' or 'the Company') and its subsidiaries (as outlined in note 18).

Hawke's Bay Regional Investment Company Limited  
Notes to the financial statements  
For the year ended 30 June 2023  
(continued)

## 2 Summary of significant accounting policies (continued)

### (a) Basis of consolidation (continued)

#### (i) Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

#### (ii) Joint arrangements

Under NZ IFRS 11 *Joint Arrangements* investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group only has joint ventures.

Interests in joint ventures are accounted for using the equity method after initially being recognised at cost in the consolidated balance sheet.

### (b) Trade receivables

Trade receivables are recognised initially at fair value and subsequently remeasured each balance date at amortised cost using the effective interest method less any lifetime expected credit losses.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

### (c) Property, plant and equipment

#### (i) Operational assets

Tugs, cranes and cargo buildings (all Napier Port assets) are stated at deemed cost based on valuations performed as at 30 September 2005 and subsequent additions at cost, less subsequent accumulated depreciation. All other operational assets are accounted for at the historical cost of purchased property, plant and equipment less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Sea defences and administration buildings are measured at fair value, based on periodic valuations by suitably qualified and experienced professionals, less subsequent accumulated depreciation.

The costs of an asset constructed by the Group include the cost of all materials used in construction, direct labour on the project and an appropriate amount of directly attributed costs. Costs cease to be capitalised as soon as the asset is ready for productive use.

Work in progress are costs incurred in the course of bringing assets to the location and condition necessary for their intended service and includes costs of obtaining resource consents where required to proceed with capital projects.

#### (ii) Subsequent costs

Subsequent costs are added to the carrying amount of an item of property, plant and equipment when the cost is incurred if it is probable that future economic benefits embodied with the item will flow to the Company or the Group and the cost can be measured reliably. All other costs are recognised in the statements of profit or loss as an expense during the financial period in which they are incurred.

#### (iii) Revaluation adjustments

Increases in carrying amounts arising from revalued assets are credited to revaluation reserves in equity. Decreases that offset previous increases of the same asset category are charged against revaluation reserves in equity. All other decreases are charged to the statements of profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

#### (iv) Other adjustments

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statements of profit or loss. When revalued assets are sold, the amounts included in revaluation reserves are transferred to the accumulated balance in equity.

Hawke's Bay Regional Investment Company Limited  
Notes to the financial statements  
For the year ended 30 June 2023  
(continued)

## 2 Summary of significant accounting policies (continued)

### (d) Investment property

Investment property is residential and commercial land and buildings held to earn rental income and for capital appreciation. Such property is initially recognised at cost. At each balance date investment property is measured at fair value, representing open market value determined annually by independent, professionally qualified valuers. A gain or loss in value is recorded in the statements of profit or loss for the period in which it arises.

### (e) Financial assets

#### (i) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company and Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company and Group has applied the practical expedient, the Company and Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company and Group has applied the practical expedient are measured at the transaction price.

#### (ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments), and
- Financial assets at fair value through profit or loss.

#### (iii) Financial assets at amortised cost.

NZ IFRS 9.4.1.2 Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Company and Group's financial assets at amortised cost includes trade receivables and related party loans.

#### (iv) Financial assets at fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

#### (v) Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company and Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under NZ IAS 32 Financial Instruments. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised in the statement of profit or loss when the right of payment has been established, except when the Company and Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Company and Group elected to classify irrevocably its equity investments under this category.

#### (vi) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. This category includes derivative instruments and listed equity investments which the Company and Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised as other income in the statement of profit or loss when the right of payment has been established.

Hawke's Bay Regional Investment Company Limited  
Notes to the financial statements  
For the year ended 30 June 2023  
(continued)

## 2 Summary of significant accounting policies (continued)

### (f) Intangible assets

#### (i) Software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their useful lives of between 3 to 10 years.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company and Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

### (g) Depreciation and amortisation

Depreciation is provided on all tangible property, plant and equipment other than freehold land capital dredging, at rates calculated to allocate the assets' cost less estimated residual value over their useful lives.

- Site improvements	10 - 50 years
- Vehicles, plant and equipment	3 - 25 years
- Floating plant	30 years
- Maintenance dredging	8 years
- Wharves and jetties	10 - 80 years
- Buildings	10 - 60 years
- Sea defences	100 - 200 years

Depreciation on crane assets is calculated on a unit-of-production basis with estimated useful lives of 33,000-36,000 operating hours.

Land and capital dredging are not depreciated as they are considered to have indefinite useful lives.

#### (i) Impairment

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds the recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Impairment losses directly reduce the carrying amount of assets and are recognised in the statements of profit or loss.

Hawke's Bay Regional Investment Company Limited  
Notes to the financial statements  
For the year ended 30 June 2023  
(continued)

## 2 Summary of significant accounting policies (continued)

### (h) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statements of financial position.

### (i) Borrowings

On initial recognition all borrowings are recognised at the fair value of consideration received less directly attributed transactions costs. Borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of the loan facility are amortised over the term of the loan.

Borrowings are classified as current liabilities unless the Company and Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

Borrowing costs are recognised as an expense when incurred except to the extent that they are capitalised. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset are capitalised as a part of the cost of that asset.

### (j) Income tax

Income tax expense includes components relating to current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, and any adjustments to income tax payable in respect of prior years.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.

Current tax and deferred tax are measured using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Current and deferred tax is recognised against the profit or loss for the period, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

### (k) Employee benefits

Short-term employee benefits including salaries and wages, annual leave and contributions to superannuation schemes are recognised when they accrue to employees and are measured at undiscounted cost.

The liability for long service leave is recognised and measured at the present value of the expected future entitlements to be made in respect of services provided by employees up to the reporting date. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service.

### (l) Provisions

Provisions are recognised when:

- the Company and Group has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation, and
- the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessments of the time value of money and risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense

Hawke's Bay Regional Investment Company Limited  
Notes to the financial statements  
For the year ended 30 June 2023  
(continued)

## 2 Summary of significant accounting policies (continued)

### (l) Provisions (continued)

Provisions are not recognised for future operating losses.

### (m) Revenue recognition

Port operations services are a series of distinct performance obligations for the provision of marine, berthage and port infrastructure services to the Group's shipping customers as vessels berth which are accounted for as a single performance obligation. Revenue is recognised over time using the percentage of completion method.

Revenue is measured based on the service price specified in the relevant tariffs or specific customer contract. The contract price for the services performed reflects the value transferred to the customer.

Dividend income is recognised when the right to receive payment is established.

### (n) Financial risk management

The Company and Group's activities expose it to a variety of financial risks, including foreign currency risk, liquidity risk, credit risk and cash flow interest rate risk. The Company and Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company and Group's financial performance.

### (o) Accounting for derivative financial instruments and hedging activities

Where all relevant criteria are met, hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item.

#### (i) Classification of derivatives

Derivatives are only used for economic hedging purposes and not as speculative investments.

#### (ii) Hedge ineffectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

#### Forward contracts

For hedges of foreign currency purchases, the Company and Group enters into hedge relationships where the critical terms of the hedging instrument match the terms of the hedged item. The Company and Group therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Company and Group uses the hypothetical derivative method to assess effectiveness.

In hedges of foreign currency purchases, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of the Company and Group or the derivative counterparty.

#### Interest rate swaps

The Company and Group enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The Company and Group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. As all critical terms matched during the year, the economic relationship was considered to be 100% effective. Hedge ineffectiveness for interest rate swaps is assessed using the same principles as for hedges of foreign currency purchases. It may occur due to:

- the credit / debit value adjustment on the interest rate swaps which is not matched by the loan, and
- differences in critical terms between the interest rate swaps and loans.

Hawke's Bay Regional Investment Company Limited  
Notes to the financial statements  
For the year ended 30 June 2023  
(continued)

## 2 Summary of significant accounting policies (continued)

### (o) Accounting for derivative financial instruments and hedging activities (continued)

#### (iii) *Measurement of derivatives*

Forward exchange contracts and options and interest rate swaps are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value at balance date. The fair value of interest rate swaps is determined by reference to market values for similar instruments. The fair value of forward exchange contracts and options is determined by reference to current forward exchange rates for contracts with similar maturity profiles.

### (p) Foreign currencies

Transactions in foreign currencies are translated at the New Zealand rate of exchange ruling at the date of the transaction. At balance date foreign monetary assets and liabilities are translated at the closing rate and exchange variations arising from these are included in the statements of profit or loss.

### (q) Trade and other payables

Trade and other payables are initially recorded at fair value and subsequently at amortised cost using the effective interest method.

Liabilities for wages, salaries and performance payments, including annual leave, expected to be settled within 12 months of the reporting date are recognised in respect of employee services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

### (r) Share-based payments

The cost of share-based payment transactions are spread over the period in which the employees provide services and become entitled to the awards.

The cost of the equity-settled share-based transactions are measured by reference to the fair value of the equity instruments at the date at which they are granted. The cost of equity settled transactions is recognised in the statements of profit or loss, together with a corresponding increase in the share-based payment reserve in equity.

### (s) Share capital

All ordinary shares have no par value, equal voting rights and share equally in dividends and surplus on winding up. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

### (t) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

### (u) Leases

The Company and Group recognises a right-of-use asset and a lease liability at the commencement date of a lease except for short-term operating leases, where the lease term is less than 12 months, or related to low value assets, which are expensed on a straight-line basis over the term of the lease.

Hawke's Bay Regional Investment Company Limited  
Notes to the financial statements  
For the year ended 30 June 2023  
(continued)

## 2 Summary of significant accounting policies (continued)

### (u) Leases (continued)

On initial recognition lease liabilities are recognised at the net present value of the lease payments discounted using the interest rate implicit in the lease. Lease liabilities are subsequently measured at amortised cost.

Right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability. Right-of-use assets are included within property, plant and equipment in the statement of financial position and are subsequently measured on the same basis.

Lease income from operating leases is recognised as income on a straight-line basis over the term of the lease.

### (v) Comparatives

Certain immaterial adjustments have been made to prior year comparatives to align with the current year disclosure.

### (w) Changes in accounting policies

There have been no significant changes in accounting policies during the current year. Accounting policies have been applied on a basis consistent with the prior year.

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Hawke's Bay Regional Investment Company Limited  
Notes to the financial statements  
For the year ended 30 June 2023  
(continued)

### 3 Income

	Group 2023 \$'000	Group 2022 \$'000	Parent 2023 \$'000	Parent 2022 \$'000
<b>Operating income</b>				
Port operations	115,981	109,176	-	-
Property operations	3,390	2,413	-	-
Dividend income	120	219	7,160	8,469
Total operating income	<u>119,491</u>	<u>111,808</u>	<u>7,160</u>	<u>8,469</u>

Rental income on investment properties within property operations was \$20,138 (2022: \$44,000) during the year.

### 4 Other expenses

	Group 2023 \$'000	Group 2022 \$'000	Parent 2023 \$'000	Parent 2022 \$'000
<b>Items Included within other operating expenses:</b>				
Auditors' fees paid to Audit New Zealand for audit of financial statements	-	4	-	4
Auditors' fees paid to Ernst & Young for audit of financial statements	53	44	53	44
Auditors' fees paid to Ernst & Young for audit of subsidiary's financial statements*	291	209	54	61
Directors' fees	828	744	45	45
Credit loss allowance	-	(107)	-	-
Fair value gain on investment property	(2,205)	(2,714)	-	-
Asset retirement expenses	18	54	-	-
Net profit on sale of property, plant and equipment	(259)	8	-	-
Cyclone Gabrielle costs incurred	268	-	-	-
Cyclone Gabrielle insurance income	(3,500)	-	-	-

Auditor remuneration - non audit services comprises a limited assurance engagement.

\*The Company contributed \$54,309 (2022: \$61,000) towards the audit of NPHL's special purpose financial statements.

### 5 Finance income and expenses

	Group 2023 \$'000	Group 2022 \$'000	Parent 2023 \$'000	Parent 2022 \$'000
Interest expense on borrowings	(7,525)	(4,831)	-	-
Lease imputed interest	(21)	(28)	-	-
Less: Interest expense capitalised to PPE	1,634	4,795	-	-
Total finance expenses	<u>(5,912)</u>	<u>(64)</u>	<u>-</u>	<u>-</u>
Interest income	740	466	629	451
Total finance income	<u>740</u>	<u>466</u>	<u>629</u>	<u>451</u>
Net finance income	<u>(5,172)</u>	<u>402</u>	<u>629</u>	<u>451</u>

Hawke's Bay Regional Investment Company Limited  
Notes to the financial statements  
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(continued)

## 6 Taxation

	Group 2023 \$'000	Group 2022 \$'000	Parent 2023 \$'000	Parent 2022 \$'000
<b>(a) Income tax expense</b>				
Net profit before taxation	18,629	28,234	7,458	7,970
Income tax on the surplus for the year @ 28%	5,216	7,906	2,088	2,232
Adjustment to prior year taxation	(4)	2,402	(27)	-
Tax effect of income not recognised for accounting	910	270	910	1,168
Recognise tax benefit of imputation credits on dividends received	-	-	(2,782)	(3,231)
Tax effect of non-assessable items	(1,626)	(886)	(219)	(267)
Taxation effect of non deductible items	1,078	81	238	4
Tax effect of loss offsets	-	(70)	-	(70)
Foreign tax credits	-	5	-	5
Other	10	-	9	-
<b>Income tax expense / (benefit)</b>	<b>5,584</b>	<b>9,708</b>	<b>217</b>	<b>(159)</b>
The taxation charge is represented by:				
Current taxation	4,506	8,643	(19)	97
Deferred taxation	1,078	1,065	236	(256)
<b>Income tax reported in the statements of profit or loss</b>	<b>5,584</b>	<b>9,708</b>	<b>217</b>	<b>(159)</b>
<b>Deferred tax (liability) / asset</b>				
Opening balance	(20,761)	(16,406)	256	-
Deferred deduction on PIE loss through tax expense	(1,078)	(1,065)	(236)	256
Amounts charged or credited direct to equity	(307)	(3,290)	-	-
<b>Closing balance</b>	<b>(22,146)</b>	<b>(20,761)</b>	<b>20</b>	<b>256</b>
Deferred taxation is represented by:				
Accelerated tax depreciation	(12,730)	(9,159)	-	-
Fair value losses on derivatives	-	(1,434)	-	-
Revaluation of sea defences	(9,619)	(11,107)	-	-
Other	203	939	20	256
	<b>(22,146)</b>	<b>(20,761)</b>	<b>20</b>	<b>256</b>
<b>Current tax asset / (liability)</b>				
Current tax asset is represented by:				
Tax payable	(4,489)	(125)	-	(125)
Tax credits utilised to offset current tax	-	97	-	97
Tax receivable	4,018	847	8	-
<b>Current tax asset / (liability) reported in the statements of financial position</b>	<b>(471)</b>	<b>819</b>	<b>8</b>	<b>(28)</b>
<b>Imputation credit account</b>				
Imputation credits available for use in subsequent periods	15,218	12,548	4,961	2,171

Hawke's Bay Regional Investment Company Limited  
Notes to the financial statements  
For the year ended 30 June 2023  
(continued)

## 7 Leases

### As a lessee

	Group 2023 \$'000	Group 2022 \$'000	Parent 2023 \$'000	Parent 2022 \$'000
<b>Right-of-use assets included in plant and equipment</b>				
Balance at 1 July	415	538	-	-
Additions	-	90	-	-
Depreciation	(186)	(213)	-	-
Balance at 30 June	<u>229</u>	<u>415</u>	<u>-</u>	<u>-</u>
<b>Lease liabilities</b>				
Balance at 1 July	446	576	-	-
Additions	-	90	-	-
Interest expense	20	28	-	-
Lease payments - cash	(217)	(248)	-	-
Balance at 30 June	<u>249</u>	<u>446</u>	<u>-</u>	<u>-</u>
<b>Lease liabilities</b>				
Current	209	197	-	-
Non-current	40	249	-	-
	<u>249</u>	<u>446</u>	<u>-</u>	<u>-</u>

The Group leases plant and equipment for port operations typically for fixed periods of 5 to 7 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

### As lessor

The Group leases land and buildings to port users for terms of 1-105 years. The Group manages the risk associated with leased land and buildings by having formal contracts which include obligations on tenants to observe relevant laws, regulations, port operating requirements, and the right to conduct contaminant testing and require reinstatement to agreed standards.

At balance date the following operating lease payments were receivable by the Group:

	Group 2023 \$'000	Group 2022 \$'000	Parent 2023 \$'000	Parent 2022 \$'000
Receivable within one year	2,108	2,087	-	-
Between one and two years	1,905	2,087	-	-
Between two and five years	3,576	5,228	-	-
Over five years	8,748	9,890	-	-
	<u>16,337</u>	<u>19,292</u>	<u>-</u>	<u>-</u>

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## 8 Dividends

	Group 2023 \$'000	Group 2022 \$'000	Parent 2023 \$'000	Parent 2022 \$'000
Interim dividend paid	6,530	4,521	5,000	2,000
Final dividend paid	<u>6,122</u>	<u>11,185</u>	<u>1,870</u>	<u>7,025</u>
Dividends paid	<u>12,652</u>	<u>15,706</u>	<u>6,870</u>	<u>9,025</u>

## 9 Share capital

	Group 2023 \$'000	Group 2022 \$'000	Parent 2023 \$'000	Parent 2022 \$'000
Ordinary shares issued	<u>177,500</u>	<u>177,500</u>	<u>177,500</u>	<u>177,500</u>

All ordinary shares have equal voting rights and share equally in dividends and surplus on winding up.

## 10 Reserves and retained earnings

	Group 2023 \$'000	Group 2022 \$'000	Parent 2023 \$'000	Parent 2022 \$'000
<b>(a) Reserves</b>				
Revaluation reserve	58,231	56,671	(6,404)	19,028
Share-based payments reserve	388	374	-	-
Cash flow hedge reserve	2,432	2,003	-	-
Other reserves	<u>116,189</u>	<u>116,215</u>	<u>-</u>	<u>-</u>
	<u>177,240</u>	<u>175,263</u>	<u>(6,404)</u>	<u>19,028</u>

### Movements:

#### (i) Revaluation reserve

Opening balance	56,671	44,966	19,028	94,296
Attributable to non-controlling interest	414	(12,660)	-	-
Revaluation net of deferred tax	<u>1,146</u>	<u>24,365</u>	<u>(25,432)</u>	<u>(75,268)</u>
Balance at 30 June	<u>58,231</u>	<u>56,671</u>	<u>(6,404)</u>	<u>19,028</u>

The revaluation reserve for the Parent relates to the revaluation of the shares in Napier Port Holdings Limited and shares held through fund managers.

The revaluation reserve for the Group includes the revaluation of the port sea defences and investment properties.

#### (ii) Hedging reserve

Opening balance	2,003	(25)	-	-
Attributable to non-controlling interest	(351)	(1,660)	-	-
Changes in fair value net of deferred tax	<u>780</u>	<u>3,688</u>	<u>-</u>	<u>-</u>
Closing balance	<u>2,432</u>	<u>2,003</u>	<u>-</u>	<u>-</u>

The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments, related to hedged transactions that have not yet occurred.

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### 10 Reserves and retained earnings (continued)

	Group 2023 \$'000	Group 2022 \$'000	Parent 2023 \$'000	Parent 2022 \$'000
<b>(iii) Share-based payments reserve</b>				
Opening balance	374	268	-	-
Attributable to non-controlling interest	(11)	(87)	-	-
Share-based payments	25	193	-	-
<b>Closing balance</b>	<b>388</b>	<b>374</b>	<b>-</b>	<b>-</b>
<b>(iv) Other reserves</b>				
Balance at 1 July	116,215	116,013	-	-
Attributable to non-controlling interest	21	(166)	-	-
Changes in value	(47)	368	-	-
<b>Balance at 30 June</b>	<b>116,189</b>	<b>116,215</b>	<b>-</b>	<b>-</b>

Other reserves reflects the difference between the fair value of the proportion of share capital in Port of Napier Limited attributed to the Company following the issue of shares to non-controlling interests, and the proportion of share capital originally recognised by the Company before the entity listed in August 2019.

### (b) (Accumulated losses) / retained earnings

	Group 2023 \$'000	Group 2022 \$'000	Parent 2023 \$'000	Parent 2022 \$'000
Opening balance	(72,526)	(72,532)	172,982	173,878
Net profit for the year	4,993	8,993	7,241	8,129
Dividends	(6,870)	(8,987)	(6,870)	(9,025)
<b>Closing balance</b>	<b>(74,403)</b>	<b>(72,526)</b>	<b>173,353</b>	<b>172,982</b>

### 11 Trade and other receivables

	Group 2023 \$'000	Group 2022 \$'000	Parent 2023 \$'000	Parent 2022 \$'000
Trade receivables	13,923	13,314	-	-
Receivables from related parties	-	84	-	83
Accruals and prepayments	1,069	1,148	87	102
Cyclone Gabrielle insurance receivable	3,500	-	-	-
<b>Total trade and other receivables</b>	<b>18,492</b>	<b>14,546</b>	<b>87</b>	<b>185</b>

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### 11 Trade and other receivables (continued)

	Group 2023 \$'000	Group 2022 \$'000	Parent 2023 \$'000	Parent 2022 \$'000
The ageing of trade receivables at reporting date is set out below:				
Not past due	12,348	12,561	-	-
Past due 0 - 30 days	1,062	342	-	-
Past due 30 - 60 days	174	94	-	-
Past due > 60 days	28	34	-	-
	<u>13,612</u>	<u>13,031</u>	<u>-</u>	<u>-</u>

The carrying value of trade and other receivables includes an expected credit loss allowance of \$191,000 in respect of trade receivable balance at 30 June 2023 (2022: \$191,000). To measure the expected credit loss allowance amount, historical loss rates are adjusted to reflect forward-looking information. Trade receivables are grouped in accordance with their shared credit risk characteristics and global credit rating historical industry information applied to estimate future default and loss percentage rates. There have been no specific trade receivable balances written-off during the period.

### 12 Trade and other payables

	Group 2023 \$'000	Group 2022 \$'000	Parent 2023 \$'000	Parent 2022 \$'000
<b>Trade and other payables</b>				
Trade payables	7,162	6,928	2	121
Employee entitlement accruals	5,110	5,137	-	-
Trade accruals	3,508	5,438	126	107
	<u>15,780</u>	<u>17,503</u>	<u>128</u>	<u>228</u>

The trade payables carrying value is equivalent to the current fair value.

Employee entitlement accruals also include staff performance incentive payments due.

### 13 Provisions for employee entitlements

	Group 2023 \$'000	Group 2022 \$'000	Parent 2023 \$'000	Parent 2022 \$'000
<b>Non-current</b>				
Provisions for employee entitlements	567	493	-	-
Provisions for employee entitlements	<u>567</u>	<u>493</u>	<u>-</u>	<u>-</u>
<b>Provisions for non-current employee entitlement</b>				
Balance at beginning of year	493	490	-	-
Additional provision made	171	92	-	-
Amount utilised	(97)	(89)	-	-
<b>Balance at end of year</b>	<u>567</u>	<u>493</u>	<u>-</u>	<u>-</u>

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#### 14 Deferred income

For the year ended 30 June 2023, total deferred grant income from the Provincial Growth Fund amounted to \$7,000,000 (2022: \$500,000).

The Group entered into a funding agreement with the Ministry of Business, Innovation and Employment for the development and establishment of the Hawke's Bay Food Innovation Hub. Through the Provincial Development Unit, the Ministry is responsible for administering the Provincial Growth Fund. The total available funding under the agreement with the Provincial Growth Fund is \$12,000,000. The funding will be made available to the Group over a period of time as specific milestones are met.

#### 15 Intangible assets

	Group 2023 \$'000	Group 2022 \$'000	Parent 2023 \$'000	Parent 2022 \$'000
<b>Opening book value at 1 July</b>				
Computer software at cost	8,329	7,994	-	-
Accumulated amortisation	<u>(7,245)</u>	<u>(6,713)</u>	-	-
Net book amount	<u>1,084</u>	<u>1,281</u>	-	-
<b>Current year movement</b>				
Opening net book amount	1,084	1,281	-	-
Additions	333	335	-	-
Transfer / disposals / impairment	12	-	-	-
Current year amortisation	<u>(595)</u>	<u>(532)</u>	-	-
Closing net book amount	<u>834</u>	<u>1,084</u>	-	-
<b>Closing book value at 30 June</b>				
Computer software costs at cost	7,145	8,329	-	-
Accumulated amortisation	<u>(6,311)</u>	<u>(7,245)</u>	-	-
Net book amount	<u>834</u>	<u>1,084</u>	-	-

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## 16 Property, plant and equipment

Group	Port land \$'000	Sea defences \$'000	Site improve- ments \$'000	Wharves and jetties \$'000	Buildings \$'000	Plant and equipment \$'000	Dredging \$'000	Work in progress \$'000	Total \$'000
<b>At 1 July 2021</b>									
Cost	38,656	82,407	69,900	51,591	30,921	134,003	19,786	117,110	544,374
Accumulated depreciation	-	(1,288)	(28,355)	(11,064)	(12,607)	(63,000)	(7,837)	-	(124,151)
Net book amount	<u>38,656</u>	<u>81,119</u>	<u>41,545</u>	<u>40,527</u>	<u>18,314</u>	<u>71,003</u>	<u>11,949</u>	<u>117,110</u>	<u>420,223</u>
<b>At 30 June 2022</b>									
Cost	38,656	110,860	71,883	51,650	31,076	139,891	21,154	187,952	653,122
Accumulated depreciation	-	(96)	(29,348)	(11,769)	(13,413)	(69,512)	(8,501)	-	(132,639)
Net book amount	<u>38,656</u>	<u>110,764</u>	<u>42,535</u>	<u>39,881</u>	<u>17,663</u>	<u>70,379</u>	<u>12,653</u>	<u>187,952</u>	<u>520,483</u>
<b>Year ended 30 June 2023</b>									
Opening net book amount	38,656	110,764	42,535	39,881	17,663	70,379	12,653	187,952	520,483
Additions / transfers	-	31,082	25,354	85,733	3,103	9,346	45,529	(182,168)	17,979
Disposals / transfers	-	-	(1,044)	-	(489)	964	(2)	-	(571)
Revaluations	-	(1,279)	-	-	-	-	-	-	(1,279)
Depreciation charge	-	(470)	(2,917)	(2,205)	(967)	(7,806)	(826)	-	(15,191)
Impairment	-	-	-	-	-	(72)	-	-	(72)
Closing net book amount	<u>38,656</u>	<u>140,097</u>	<u>63,928</u>	<u>123,409</u>	<u>19,310</u>	<u>72,811</u>	<u>57,354</u>	<u>5,784</u>	<u>521,349</u>
<b>At 30 June 2023</b>									
Cost	38,656	140,663	96,092	137,193	32,066	141,136	62,071	5,784	653,661
Accumulated depreciation	-	(566)	(32,164)	(13,784)	(12,756)	(68,325)	(4,717)	-	(132,312)
Net book amount	<u>38,656</u>	<u>140,097</u>	<u>63,928</u>	<u>123,409</u>	<u>19,310</u>	<u>72,811</u>	<u>57,354</u>	<u>5,784</u>	<u>521,349</u>

Plant and equipment includes right-of-use assets relating to leased plant and equipment.

Sea defence assets were revalued to fair value as at 31 March 2022 by AECOM New Zealand Limited. The valuation has been prepared on an optimised depreciated replacement cost basis and in accordance with the NZ Infrastructure Asset Valuation and Depreciation Guidelines published by the NAMS group of IPWEA.

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## 16 Property, plant and equipment (continued)

### Significant estimates – valuation of sea defences

The valuation of sea defences is subject to assumptions and judgements which materially affect the resulting valuation. Such factors include replacement quantities and unit values (including breakwater replacement costs of \$90,000 to \$131,000 per square metre and seawall replacement costs (per square metre) of \$16,000 for demolition, \$26,000 for rock, and \$66,000 for rock revetment). Other factors include the condition and performance of assets, estimated total and remaining effective lives of 70 to 161 years and 5 to 80 years, respectively, and estimated residual values of 20% of replacement cost. Other inputs incorporated into the valuation process include an allowance for project on-costs of 5-6%. An increase in the remaining useful life, the residual value assumption, or in replacement quantities and unit values for sea defence assets will result in an increase in the valuation and vice versa.

The historical cost of the sea defence asset class is \$35,778,000 (2022: \$4,696,000).

The fair value measurement has been categorised as a Level 3 fair value based on inputs which are not based on observable market data.

## 17 Financial assets

	Group 2023 \$'000	Group 2022 \$'000	Parent 2023 \$'000	Parent 2022 \$'000
<b>Financial assets at 30 June</b>				
Equity investments	-	-	276,701	304,201
Investments in managed funds	45,638	43,208	45,638	43,208
Loan receivables	16,663	16,663	16,663	16,663
Held-to-maturity investments	-	600	-	-
<b>Total</b>	<b>62,301</b>	<b>60,471</b>	<b>339,002</b>	<b>364,072</b>
<b>Financial assets for the year ended 30 June</b>				
At beginning of year	60,471	65,145	364,072	439,145
Additions	448	6,838	448	7,939
Revaluation surpluses / (deficits)	2,068	(3,974)	(25,432)	(75,474)
Disposals	(686)	(7,538)	(86)	(7,538)
<b>At end of year</b>	<b>62,301</b>	<b>60,471</b>	<b>339,002</b>	<b>364,072</b>
<b>Financial assets include:</b>				
Shares in Napier Port Holdings Limited	-	-	275,000	302,500
Partnership equity in FoodEast Limited Partnership	-	-	1,701	1,701
Investment in managed funds	45,638	43,208	45,638	43,208
Loan receivable from Hawke's Bay Regional Council	16,663	16,663	16,663	16,663
Term deposit	-	600	-	-
	<b>62,301</b>	<b>60,471</b>	<b>339,002</b>	<b>364,072</b>

### (a) Commitments

At year end the Company had committed \$2.4 million (2022: \$4 million) towards equity investments.

### (b) Impairment

There were no impairment provisions on investments in the current period.

### (c) Shares in Napier Port Holdings Limited

The Company acquired 100% of the shares in Port of Napier Limited from Hawke's Bay Regional Council effective from 25 June 2012 for total consideration of \$177.5 million, paid for by way of a subscription to 177,500,000 ordinary shares in the capital of the Company at the value of \$1 per share.

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### Financial assets (continued)

In August 2019, 45% of the Company's shareholding in Napier Port was listed on the NZX resulting in the Company owning 55% of the Napier Port through its shareholding in Napier Port Holdings Limited. The investment in Napier Port Holdings Limited is measured at fair value based on NZX prices.

(d) *Categories*

*Financial assets designated at fair value through OCI (FVOCI)*

- Equity investment in Napier Port Holdings Limited
- Equity investments held through fund managers (Mercer and Jarden)

*Financial assets at amortised cost*

- Trade receivables
- Related party loans

*Financial assets at fair value through profit or loss*

- Term deposits

### 18 Investments in subsidiaries

The Group's principal subsidiaries at 30 June 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name	Country of incorporation and place of business	Nature of business	Proportion of shares held by the Group 2023 %	Proportion of shares held by the Group 2022 %
Napier Port Holdings Limited	New Zealand	Holding company	55	55
Port of Napier Limited	New Zealand	Port operator	55	55
Foodeast GP Limited	New Zealand	Governance vehicle for Foodeast Limited Partnership	67	67

Foodeast GP Limited ('Foodeast') acts as the general partner of the HB Food Innovation Hub Limited Partnership. Foodeast is developing a commercial and industrial property for the food industry. At 30 June 2023, the development of the investment property was still underway.

### 19 Interests in joint venture

The Group has the following investment in joint ventures:

Name of entity	Place of business / country of incorporation	% of ownership interest 2023	% of ownership interest 2022	Measurement method
Longburn Intermodal Freight Hub Ltd	New Zealand	50 %	33 %	Equity

On 6 March 2023, the Group acquired an additional 17% of the shares in Longburn Intermodal Freight Hub Ltd from Ports of Auckland Limited for \$250,000.

The Parent had no interest in joint ventures.

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## 20 Investment properties

	Group 2023 \$'000	Group 2022 \$'000	Parent 2023 \$'000	Parent 2022 \$'000
<b>Investment properties</b>				
Land and building	17,166	14,885	-	-
Total investment properties	17,166	14,885	-	-
Balance at beginning of year	14,885	10,400	-	-
Net gain from fair value adjustments	2,205	2,436	-	-
Acquisitions	-	1,500	-	-
Capitalised subsequent expenditure	76	549	-	-
<b>Balance at end of year</b>	<b>17,166</b>	<b>14,885</b>	<b>-</b>	<b>-</b>

### Napier Port Holdings Limited

Investment properties were externally valued at 31 March 2023 by Frank Spencer (registered valuer) of Logan Stone Limited, a registered valuer with relevant experience of the property type and location (2022: at 30 June 2022 by William Lawler (registered valuer) of Logan Stone Limited).

The fair value has been determined by the valuer using a market approach based on comparable property sales within the area. The fair value measurement has been categorised as a Level 2 fair value based on inputs which are observable but not quoted prices.

### Foodeast Limited Partnership

Investment properties were externally valued at 30 June 2023 by Mike Penrose (registered valuer) of TelferYoung, a registered valuer with relevant experience of the property type and location (2022: at 30 June 2022 by Sam Glover (registered valuer) of TelferYoung).

The fair value has been determined by the valuer using a market approach based on comparable property sales within the area. The fair value measurement has been categorised as a Level 2 fair value based on inputs which are observable but not quoted prices.

## 21 Loans and borrowings

### Napier Port Holdings Limited (NPHL)

2023	Committed Facilities \$'000	Undrawn Facilities \$'000	Capitalised Loan Costs \$'000	Carrying Value \$'000
<b>Non-current</b>				
Bank facilities (coupon: floating)	80,000	48,000	-	32,000
Fixed rate NZD Bonds	100,000	-	973	96,946
Total non-current	180,000	48,000	973	128,946
2022	Committed Facilities \$'000	Undrawn Facilities \$'000	Capitalised Loan Costs \$'000	Carrying Value \$'000
<b>Non-current</b>				
Bank facilities (coupon: floating)	180,000	50,000	620	129,380
Total non-current	180,000	50,000	620	129,380

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## 21 Loans and borrowings (continued)

The Group has two facilities with Westpac New Zealand Limited and Industrial and Commercial Bank of China (New Zealand) Limited (ICBC New Zealand) which provide total available facilities of \$80 million to fund general corporate purposes. Of the total facilities, \$25 million matures September 2025 and \$55 million matures September 2026.

On 23 September 2022, the Group issued \$100 million of unsecured, unsubordinated, 5.52% fixed rate bonds maturing 23 March 2028.

The facility agreements require that certain covenants are met and will require the Group to maintain or better specified debt coverage, interest coverage, equity and group coverage ratios.

Security for the facilities with the banks is by way of negative pledge over the assets of the Group in respect of both the sale of assets and other security interests.

### **Hawke's Bay Regional Investment Company Limited (the Company)**

The Company has no borrowings as at 30 June 2023 (2022: none).

## 22 Cash and cash equivalents

	Group 2023 \$'000	Group 2022 \$'000	Parent 2023 \$'000	Parent 2022 \$'000
<b>Cash and cash equivalents</b>				
Cash and cash equivalents	8,869	7,619	5,460	5,253
Reconciled to cash flow statement	<u>8,869</u>	<u>7,619</u>	<u>5,460</u>	<u>5,253</u>

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### 23 Reconciliation of surplus after taxation to net cash flows from operating activities

	Group 2023 \$'000	Group 2022 \$'000	Parent 2023 \$'000	Parent 2022 \$'000
Surplus after taxation	13,045	18,526	7,241	8,129
<b>Add non-cash items:</b>	-	-	-	-
Fair value gains	(2,205)	(2,436)	-	-
Depreciation and amortisation	15,878	13,027	-	-
Impairment of assets	-	54	-	-
Loss / (gain) on sale of assets	(438)	347	(179)	339
Share based payments	198	192	-	-
Other non cash items	5,300	(346)	16	(490)
Deferred tax	843	1,065	-	-
Total non-cash items	27,628	11,903	(163)	(151)
<b>(Deduct) / add other adjustments:</b>	-	-	-	-
Finance costs classified as financing activities	5,832	-	-	-
Increase in non-current provisions	75	3	-	-
Total other adjustments	5,907	3	-	-
<b>Movements in working capital:</b>				
Increase / (decrease) in accounts payable	597	(20)	(100)	(916)
(Increase) / decrease in receivables	(426)	588	99	(56)
(Increase) / decrease in tax receivables	1,331	46	-	28
Total movements in working capital	1,502	614	(1)	(944)
Net cash inflow from operating activities	40,030	31,046	7,077	7,034

### 24 Related party disclosures

The Company is 100% owned by Hawke's Bay Regional Council (HBRC). Other related parties include Port of Napier Limited, Napier Port Holdings Limited, and Foodeast GP Limited which are all subsidiaries of the Company.

The Company and Group undertakes transactions with HBRC and its related parties, all of which are carried out on a commercial basis. During the period, no material transactions were entered into with related parties except as disclosed below.

#### (a) Transactions with related parties

##### Transactions between the Group and HBRC

The Group entered into the following transactions with HBRC:

	2023 \$'000	2022 \$'000
Sales of goods and services	112	-
Interest payments received	333	333
Purchases of goods and services	488	130
Payment of dividends	6,870	9,025

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## 24 Related party disclosures (continued)

The Group entered into the following subvention payments with HBRC, noting that subvention payments were made for the tax effect of the losses transferred.

	2023 \$'000	2022 \$'000
Subvention payments	10	121

The Group have the following year end balances arising from sales / purchases of goods and services with HBRC:

	2023 \$'000	2022 \$'000
Intrabusiness receivables	-	84
Intrabusiness payables	360	33

Balance at year end for loan provided by the Company to HBRC:

	2023 \$'000	2022 \$'000
Loan to HBRC	16,663	16,663

### Transactions between the Parent and subsidiaries

The following transactions were entered into between the Parent and its subsidiary, Napier Port Holdings Limited:

	2023 \$'000	2022 \$'000
Dividends received	7,040	8,250

	2023 \$'000	2022 \$'000
Accounts payable	-	45

The amounts owing to related parties are paid in accordance with the Group's normal commercial terms of trade.

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## 24 Related party disclosures (continued)

### (b) Key management compensation

Compensation of the directors and executives, being the key management personnel for group reporting purposes is as follows:

	Group 2023 \$'000	Group 2022 \$'000	Parent 2023 \$'000	Parent 2022 \$'000
<b>Board members</b>				
Remuneration	828	744	45	45
<b>Leadership team</b>				
Short term employee benefits	3,237	3,926	-	-
Share based payments	198	192	-	-
Total key management personnel remuneration	<u>4,263</u>	<u>4,862</u>	<u>45</u>	<u>45</u>

## 25 Commitments

### (a) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	Group 2023 \$'000	Group 2022 \$'000	Parent 2023 \$'000	Parent 2022 \$'000
Property, plant and equipment	1,400	12,365	-	-
Total capital commitments	<u>1,400</u>	<u>12,365</u>	<u>-</u>	<u>-</u>

## 26 Contingencies

### Contingent liabilities:

Under the terms of The Funding Agreement with MBIE, the HB Food Innovation Hub ('The Hub') may only be used to facilitate innovation and collaboration in the Hawke's Bay food, beverage, agritech, horticulture and related activities. If The Hub ceases to be used for these purposes then the grant received from MBIE must be repaid.

Starting one year after The Hub opens, this liability abates at \$2 million per year until it is fully abated after 6 years. At balance date \$7 million of the \$12 million grant had been drawn down.

There are no plans to cease using the The Hub for the required activities so the possibility of repaying the grant is low.

As at 30 June 2023 the Parent and Group had no other contingent liabilities (2022: none).

### Financial guarantees

The Group has financial performance guarantees in place, the maximum callable under the guarantees at 30 June 2023 is \$119,724 (2022: \$121,000).

**Hawke's Bay Regional Investment Company Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2023**  
(continued)

## 27 Financial risk management

### (a) Credit risk

In the normal course of its business the Company and Group incurs credit risk from accounts receivable, related party loans, bank balances and interest rate swap agreements. There is no significant concentration of credit risk and the Company and Group has a policy of assessing the credit risk of significant new customers and monitors the credit quality of existing customers. Counterparties to cash and derivative financial assets are major banks, approved by the directors. The related party loan is to a regional council with a strong statement of financial position that has no history of default. The Company and Group's maximum credit risk exposure is as disclosed in the statement of financial position and there is no collateral or other security held.

The Company and Group has trade receivables as financial assets that are subject to the expected credit loss model under NZ IFRS 9. For trade receivables the Company and Group applies the NZ IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The Company and Group has a loan receivable from Hawke's Bay Regional Council (HBRC) which is subject to the expected credit loss model under NZ IFRS 9. The Company and Group has applied the 12 month expected credit loss allowance approach to measure the expected credit losses for this loan. As at 30 June 2023 the net carrying value of the loan amounted to \$16.6 million (2022: \$16.6 million) and there was no collateral held as security. Due to the strong statement of financial position of HBRC and the nature of the relationship between the group and HBRC, the Company and Group has not recognised any credit losses against this loan as at 30 June 2023 (2022: none).

### (b) Liquidity risk

Liquidity risk is the risk that the Company and Group will not be able to meet its financial obligations as and when they fall due. The Company and Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash and borrowing facilities available to meet its liabilities when due, under both normal and adverse conditions. The Company and Group's cash flow requirements and the utilisation of borrowing facilities are continuously monitored.

The following table sets out the contractual cash flows for all financial liabilities and derivatives:

#### Contractual Maturity Analysis

Group	Notes	Carrying amount \$'000	Cash flows to maturity \$'000	Less than 1 year \$'000	1 - 2 years \$'000	2 - 5 years \$'000	More than 5 years \$'000
<b>2023</b>							
Trade and other payables		7,173	7,173	7,173	-	-	-
Lease liabilities		249	248	209	39	-	-
Loans and bank borrowings		128,946	165,781	7,846	7,846	150,088	-
Interest rate swaps - fair value hedges		2,080	2,198	1,446	901	(149)	-
Interest rate swaps - cash flow hedges		(6,142)	(6,672)	(2,620)	(3,498)	(554)	-
		<u>132,306</u>	<u>168,728</u>	<u>14,054</u>	<u>5,288</u>	<u>149,385</u>	<u>-</u>
<b>2022</b>							
Trade and other payables		6,928	6,928	6,928	-	-	-
Lease liabilities		446	446	197	209	40	-
Loans and bank borrowings		129,380	140,072	5,809	63,453	70,810	-
Interest rate swaps - cash flow hedges		(5,047)	(5,047)	(1,191)	(1,102)	(2,785)	32
		<u>131,707</u>	<u>142,399</u>	<u>11,743</u>	<u>62,560</u>	<u>68,065</u>	<u>32</u>

Hawke's Bay Regional Investment Company Limited  
Notes to the financial statements  
For the year ended 30 June 2023  
(continued)

## 27 Financial risk management (continued)

Parent	Carrying amount	Cash flows to maturity	Less than 1 year	1 - 2 years	2 - 5 years	More than 5 years
<b>2023</b>						
Trade and other payables	2	2	2	-	-	-
Bank borrowings	-	-	-	-	-	-
Interest rate swaps	-	-	-	-	-	-
Forward exchange contracts	-	-	-	-	-	-
	<u>2</u>	<u>2</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>2022</b>						
Trade and other payables	121	121	121	-	-	-
Bank borrowings	-	-	-	-	-	-
Interest rate swaps	-	-	-	-	-	-
Forward exchange contracts	-	-	-	-	-	-
	<u>121</u>	<u>121</u>	<u>121</u>	<u>-</u>	<u>-</u>	<u>-</u>

### (c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and fuel prices, will affect the Company and Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

### (d) Interest rate risk

The Company and Group utilises interest rate caps and swaps to manage interest rate exposures for future periods. The Company and Group's main interest rate risk arises from loans and borrowings with variable rates, which expose the Company and Group to cash flow interest rate risk. Generally, the Company and Group enters into long-term borrowings at floating rates and swaps them into fixed rates. The Company and Group's treasury policy defines the use of approved hedging instruments to manage interest rate exposures within minimum and maximum bands of fixed interest rate cover.

The notional principal amounts (including forward starting swaps) and the expiry period of interest rate swaps at the end of the reporting period were:

	Group 2023 \$'000	Group 2022 \$'000	Parent 2023 \$'000	Parent 2022 \$'000
<b>Interest rate swaps - cash flow hedges (pay fixed)</b>				
Less than 1 year	-	15,000	-	-
2 - 5 years	80,000	50,000	-	-
Greater than 5 years	-	30,000	-	-
	<u>80,000</u>	<u>95,000</u>	<u>-</u>	<u>-</u>

The effects of the interest rate swaps on the Company and Group's financial position and performance are as follows:

Carrying amount (liability)	(6,142)	(5,047)	-	-
Hedge ratio	1:1	1:1	-	-
Change in fair value of outstanding hedging instruments	(6,142)	5,047	-	-
Change in value of hedged item used to determine hedge	6,142	(5,047)	-	-
Weighted average hedged (index) rate	2.50%	2.22%	-	-

Hawke's Bay Regional Investment Company Limited  
Notes to the financial statements  
For the year ended 30 June 2023  
(continued)

## 27 Financial risk management (continued)

	Group 2023 \$'000	Group 2022 \$'000	Parent 2023 \$'000	Parent 2022 \$'000
<b>Interest rate swaps - cash flow hedges (received fixed)</b>				
2 - 5 years	<u>95,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>95,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

The effects of the interest rate swaps on the Company and Group's financial position and performance are as follows:

Carrying amount (liability)	2,080	-	-	-
Hedge ratio	1:1	-	-	-
Change in fair value of outstanding hedging instruments	2,080	-	-	-
Change in value of hedged item used to determine hedge	(2,080)	-	-	-
Weighted average hedged (index) rate	4.07%	-	-	-

### Interest rate sensitivity analysis

At reporting date, if bank interest rates had been 100 basis points higher / lower with all other variables held constant, it would increase / (decrease) post tax profit or loss and other comprehensive income by the amounts shown below.

	<b>Profit or loss</b>		<b>Other comprehensive income</b>	
	<b>100bp increase \$'000</b>	<b>100bp decrease \$'000</b>	<b>100bp increase \$'000</b>	<b>100bp decrease \$'000</b>
<b>2023</b>				
Variable rate loans	(320)	320	-	-
Interest rate swaps - fair value hedges	(3,354)	3,523	-	-
Interest rate swaps - cash flow hedges	-	-	2,440	(2,540)
	<u>(3,674)</u>	<u>3,843</u>	<u>2,440</u>	<u>(2,540)</u>
<b>2022</b>				
Variable rate loans	(1,300)	1,300	-	-
Interest rate swaps - cash flow hedges	616	(656)	2,591	(2,762)
	<u>(684)</u>	<u>644</u>	<u>2,591</u>	<u>(2,762)</u>

### (e) Foreign exchange rate risk

The Company and Group undertakes transactions denominated in foreign currencies from time to time which exposes the Company and Group to changes in foreign exchange rates until such transactions are settled. It is the Company and Group's policy to hedge highly probable foreign currency risks above a certain value threshold as they arise and use forward foreign exchange contracts or foreign currency cash purchases to manage these exposures.

The Group's exposures to financial instrument foreign currency risk at the end of the reporting period were:

	<b>NZD Amount \$'000</b>	<b>Currency Amount \$'000</b>
<b>2023</b>		
EUR cash balances held	<u>-</u>	<u>-</u>
<b>2022</b>		
EUR forward foreign exchange contracts	<u>669</u>	<u>400</u>

Hawke's Bay Regional Investment Company Limited  
Notes to the financial statements  
For the year ended 30 June 2023  
(continued)

## 27 Financial risk management (continued)

### (f) Commodity price risk

There were no commodity swap contracts in place at the reporting date (2022: nil)

### (g) Fair values

#### Financial assets

	Group 2023 \$'000	Group 2022 \$'000	Parent 2023 \$'000	Parent 2022 \$'000
<b>Financial assets at fair value - level 1</b>				
Investments in managed funds	45,638	43,208	45,638	43,208
Investment in Napier Port Holdings Limited	-	-	275,000	302,500
	<u>45,638</u>	<u>43,208</u>	<u>320,638</u>	<u>345,708</u>
<b>Financial assets at fair value - level 2</b>				
Interest rate swaps	6,142	5,206	-	-
	<u>6,142</u>	<u>5,206</u>	<u>-</u>	<u>-</u>
<b>Financial assets at amortised cost</b>				
Cash	8,869	7,619	5,460	5,253
Receivables	13,923	13,400	-	83
Loan receivable	16,663	16,663	16,663	16,663
Term deposit	-	600	-	-
	<u>39,455</u>	<u>38,282</u>	<u>22,123</u>	<u>21,999</u>
<b>Total financial assets</b>	<u>91,235</u>	<u>86,696</u>	<u>342,761</u>	<u>367,707</u>
<b>Financial liabilities</b>				
<b>Financial liabilities at fair value (level 2) - cashflow hedges</b>				
Interest rate swaps	2,080	159	-	-
	<u>2,080</u>	<u>159</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities at amortised cost</b>				
Trade payables	7,162	6,928	2	121
Borrowings	128,946	129,380	-	-
Lease liabilities	249	446	-	-
	<u>136,357</u>	<u>136,754</u>	<u>2</u>	<u>121</u>
<b>Total financial liabilities</b>	<u>138,437</u>	<u>136,913</u>	<u>2</u>	<u>121</u>

The carrying value of all financial assets and liabilities approximates their fair value.

#### Estimation of fair value of financial instruments

The fair value of financial instruments is determined on a hierarchical basis that reflects the significance of the inputs used in making the measurements. The fair value hierarchy is:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**Hawke's Bay Regional Investment Company Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2023**  
(continued)

## 28 Share-based payments

### Fair share plan

At the time of the initial public offering in August 2019, employees of the Group were offered an interest-free limited recourse loan to purchase up to \$5,000 worth of ordinary shares at the price that the shares initially listed on the NZX. The shares are held in trust on behalf of the employees until the employees' loans are settled in full. The employee loans are repayable on the earlier of the 10th anniversary of Napier Port Holdings Limited listing on the NZX, the date an employee ceases employment with the Group, or when an employee repays their loan balance. Any dividends paid by the Group while the employee loans are outstanding are credited against the employees' loan balance. If at the time employees are required to repay their loans the shares are worth less than the loan, the employees are not required to repay the loan balance but they will forfeit their shares.

As the conditions of the fair share plan give the employee the right, but not necessarily the obligation, to subscribe to shares the arrangement is considered for accounting purposes, an in-substance share option plan, and is accounted for under NZ IFRS 2 Share-Based Payments. Because the employees can leave at any time and repay their loans, or early repay their loans at any time, and take legal ownership of their shares, there is no vesting period and the full amount of the fair value of the award has been recognised at the grant date and there will be no further adjustment.

The fair value of the options at the grant date was determined using the Black Scholes option pricing model, taking into account the terms and conditions under which the options were granted. The following tables lists the inputs used at the time the options were granted.

**2019**

#### Black Scholes option pricing model

Exercise price	\$2.60
Dividend yield	2.32%
Expected volatility	18.7%
Risk free interest rate	0.86% - 1.92%
Expected life of the options	9.1 years

During the year ended 30 June 2020, 472,288 shares were granted under the fair share plan with an option fair value of \$0.68 per share. During the year ended 30 June 2023, no expense has been recognised in the group statement of profit or loss in respect of the fair share plan (2022: \$nil).

### Executive long-term incentive (LTI) plan

In August 2019, the Group introduced an equity-settled executive long-term incentive (LTI) plan. Under this LTI plan, share rights are issued to participating executives with a three year vesting period. The vesting of share rights entitle the executive to the receipt of one Napier Port Holdings Limited ordinary share per share right at nil cost, plus additional shares to the value of any dividends which would have been paid on the underlying shares during the vesting period. Vesting is subject to the executive remaining employed by the Group during the vesting period, the achievement of total shareholder return (TSR) hurdles over the vesting period and, for the initial grant, the achievement of certain EBITDA targets over the prospective financial information period (2 years).

The proportion of share rights that vests depends on the Group's TSR performance ranking relative to the NZX50 index.

To the extent that performance hurdles are not met or executives leave employment of the Group prior to vesting, the share rights are forfeited.

**2023**                      **2022**

#### Number of share rights issued:

Grant date	<b>30 November 22</b>	30 November 21
Vesting date	<b>30 November 25</b>	30 November 24
Balance at 1 July	516,505	300,590
Vested during the year	(114,483)	-
Granted during the year	196,756	248,434
Lapsed during the year	(101,990)	(32,519)
Balance at 30 June	<u>496,788</u>	<u>516,505</u>

Hawke's Bay Regional Investment Company Limited  
Notes to the financial statements  
For the year ended 30 June 2023  
(continued)

## 28 Share-based payments (continued)

Share rights are valued as zero cost in-substance options at the date at which they are granted, using the Monte Carlo option pricing model. The following table lists the key inputs into the valuation:

	2023	2022
<b>Monte Carlo option pricing model</b>		
Grant date	30-Nov-22	30-Nov-21
Vesting date	30-Nov-25	30-Nov-24
Grant date share price	\$2.78	\$3.08
Risk free interest rate	0.94%	0.94%
Expected dividends	\$0.26	\$0.26
Valuation per share right	\$1.34	\$1.49

The weighted average remaining contractual life of the options at 30 June 2023 is 1.55 years (2022: 1.44 years)

During the year ended 30 June 2023, an expense of \$198,471 (2022: \$192,000) has been recognised in respect of the LTI plan in the group statement of profit or loss.

## 29 Events occurring after the reporting period

There were no events occurring subsequent to balance date which require adjustment to or disclosure in the financial statements.

## 30 Performance against statement of intent targets

	Group Actual	Group Target	Parent Actual	Parent Target
<b>For the year ended 30 June 2023</b>				
Net debt to net debt plus equity	15%	<40%	0%	<10%
Interest cover (EBIT / interest paid)	3x	>3x	N/A	>3x
EBITDA / total assets	4%	9%	2%	3%
Return on shareholders' funds	1.76%	5%	2%	3%
Ordinary dividends			\$6.87m	\$10.1m
<b>For the year ended 30 June 2022</b>				
Net debt to net debt plus equity	22%	<40%	0%	<10%
Interest cover (EBIT / interest paid)	6x	>3x	N/A	>3x
EBITDA / total assets	7%	9%	2%	3%
Return on shareholders' funds	4.06%	5%	2%	3%
Ordinary dividends	-	-	\$8.25m	\$10.1m

## 31 Legislative compliance

Section 67 of the Local Government Act 2002 requires the Board of Directors to complete the Company's annual report within 3 months after the end of each financial year.

The report was completed on <Date>.

Hawke's Bay Regional Investment Company Limited  
Notes to the financial statements  
For the year ended 30 June 2023  
(continued)

### 32 Net debt reconciliation

This reconciliation sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	Group 2023 \$'000	Group 2022 \$'000
<b>Net debt</b>		
Cash and cash equivalents (note 22)	8,869	7,619
Borrowings (note 21)	(128,946)	(129,380)
Lease liabilities (note 7)	(249)	(446)
	<u>(120,326)</u>	<u>(122,207)</u>

	Other assets	Liabilities from financing activities		
	Cash \$'000	Borrowings \$'000	Leases \$'000	Total \$'000
<b>Net debt as at 1 July 2021</b>	10,062	(58,718)	(576)	(49,232)
Financing cash flows	(2,443)	(70,000)	248	(72,195)
New leases	-	-	(90)	(90)
Other changes				
Interest expense	-	(4,795)	(28)	(4,823)
Interest capitalised	-	4,795	-	4,795
Other	-	(662)	-	(662)
<b>Net debt as at 30 June 2022</b>	7,619	(129,380)	(446)	(122,207)
Financing cash flows	1,250	1,525	217	2,992
Other changes				
Interest expense	-	(7,587)	(20)	(7,607)
Interest capitalised	-	1,634	-	1,634
Other	-	4,862	-	4,862
<b>Net debt as at 30 June 2023</b>	8,869	(128,946)	(249)	(120,326)

Other changes include non-cash movements and interest payments which are presented as operating cash flows in the statement of cash flows.

**Hawke's Bay Regional Investment Company Limited**  
**Performance statement**  
**As at 30 June 2023**

**Performance statement**

**Governance**

	Objective	Performance target	Performance
1	The Company maintains a strategic direction that is consistent with that of 100% shareholder Hawke's Bay Regional Council (Council)	The Company develops and maintains appropriate communication lines with Council to ensure the Company remains aware of Council's strategic priorities.  By 1 March each year (unless otherwise agreed), the Company will submit a draft Sol for the forthcoming year for review and approval by Council.	
2	The Company keeps Council informed of all significant matters relating to the Company and its subsidiaries, within the constraints of commercial sensitivity.	The Company submits regular written reports to Council in the financial year and presents seminars to Councillors when appropriate.  Major matters of urgency are reported to Council at the earliest opportunity.	
3	Corporate governance procedures are appropriate, documented and reflect best practice.	The Company's policies will be developed and reviewed in accordance with a schedule approved by the Board, and the Company will work with and assist Council to ensure that there is alignment between Council and company policies.	
4	Directors make an effective contribution to the Company board, and their conduct is in accordance with generally accepted standards.	The Board will conduct a formal biennial performance evaluation for each director of the Company.  The Governance committee will review the training needs of individual directors of the Company, and ensure training is provided where required.	
5	The Company's process for the selection and appointment of directors to the boards of subsidiary and monitored companies is rigorous and impartial.	The process followed for each appointment to a subsidiary or monitored company board is transparent, fully documented and in line with Council's approved policies and procedures.	

Hawke's Bay Regional Investment Company Limited  
Performance statement  
As at 30 June 2023  
(continued)

	Objective	Performance target	Performance
6	Subsidiary companies complete, on a timely basis, Statements of Intent that meet best practice standards.	<p>The Company will engage with subsidiary companies prior to the Sol round in each year regarding the structure and content of their Sol.</p> <p>In each year, subsidiary companies submit draft Statements of Intent to the Company in sufficient time for the Company to submit a Final SOI by 30 June.</p> <p>The Company will review Statements of Intent and respond to the subsidiaries and make recommendations to Council, including on any material changes that are proposed, within six weeks of receipt.</p>	
7	<p>Subsidiary companies that are CCTOs comply with the Local Government Act's requirements that their principal objectives be:</p> <ul style="list-style-type: none"> <li>- achieving the objectives of its shareholders as set out in the Sol;</li> <li>- being a good employer;</li> <li>- exhibiting a sense of social and environmental responsibility; and</li> <li>- conducting their affairs in accordance with sound business practice.</li> </ul>	The Company will review the companies' performance in the context of these statutorily required objectives.	

**Hawke's Bay Regional Investment Company Limited**  
**Performance statement**  
**As at 30 June 2023**  
(continued)

**Group strategic, financial and sustainability objectives**

	Objective	Performance target	Performance
1	Subsidiary companies adopt strategies that are compatible with the strategic direction of the Company and Council.	The Company will review the strategic direction and outcomes published by the Napier Port Holdings Limited to ensure that they align with those of the Company. Foodeast will submit annual Statements of Intent which will be reviewed by the Company's Board of Directors.	
2	Subsidiary companies adopt strategies that contribute to regional growth.	The Company will encourage subsidiary companies to seek opportunities that are both commercially sound and are capable of enhancing regional growth, and actively engage them with regard to specific opportunities that may arise.	

**Parent company financial objectives**

	Objective	Performance target	Performance
1	The Company financial and distribution performance meets the shareholder's expectations.	The Company pays a dividend for the 2023 financial year that meets or exceeds the forecast dividend, and achieves other performance targets set out in section 7.	
2	The Company's investments provide an appropriate return in relation to their business risk, and against external benchmarks.	The Company will periodically review the performance of subsidiary companies and other investments against external benchmarks, and assess the value of the investment in the individual company in relation to its inherent business risk and community benefits.	

Hawke's Bay Regional Investment Company Limited  
Auditors' report  
30 June 2023

**Auditors' report - Placeholder**

To the shareholders of Hawke's Bay Regional Investment Company Limited

Draft

**Scope**

On the basis of information you provided we have compiled the financial statements of Hawke's Bay Regional Investment Company Limited for the year ended 30 June 2023, as set out on pages 10 to 53.

**Responsibilities**

You are solely responsible for the information contained in the financial statements and have determined that the New Zealand generally accepted accounting practice, the Financial Reporting Act 2013 and the Companies Act 1993 used are appropriate to meet your needs and for the purpose that the financial statements were prepared. The financial statements were prepared exclusively for your benefit. We do not accept responsibility and deny liability to any other person.

**No audit or review engagement undertaken**

Our compilation procedures were limited to the collection, classification and summarisation of financial information supplied by you. We have not sought to verify or validate the accuracy or completeness of the information and disclaim any responsibility or liability for the assertions contained in the financial statements. We have not carried out an audit or review and accordingly no assurance is expressed.

Hawke's Bay Regional Investment Company Limited  
Auditors' report  
30 June 2023  
(continued)

**Auditors' report - Placeholder**

To the shareholders of Hawke's Bay Regional Investment Company Limited (continued)

Draft

Hawke's Bay Regional Investment Company Limited  
Auditors' report  
30 June 2023  
(continued)

**Auditors' report - Placeholder**

To the shareholders of Hawke's Bay Regional Investment Company Limited (continued)

Draft

Hawke's Bay Regional Investment Company Limited  
Auditors' report  
30 June 2023  
(continued)

**Auditors' report - Placeholder**

To the shareholders of Hawke's Bay Regional Investment Company Limited (continued)

Draft

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**Statement of financial performance**

Hawke's Bay Regional Investment Company Limited

For the year ended 30 June 2023

Account	Notes	2023 YTD Actual	2023 FY Budget	Remaining budget	FY 2022
<b>Income</b>					
<b>Interest income</b>					
Interest received - bank		160,748	100,000	(60,748)	62,044
Interest received - managed funds		134,638	55,000	(79,638)	55,463
Interest received - HBRC		333,261	333,261	0	333,261
<b>Total interest income</b>		<b>628,647</b>	<b>488,261</b>	<b>(140,386)</b>	<b>450,768</b>
<b>Dividend income</b>					
Dividends received - PONL		7,040,000	8,580,000	1,540,000	8,250,000
Dividends - managed funds		119,632	150,000	30,368	218,735
<b>Total dividend income</b>		<b>7,159,632</b>	<b>8,730,000</b>	<b>1,570,368</b>	<b>8,468,735</b>
Realised gain / (loss) on managed funds		179,236	0	(179,236)	(339,483)
<b>Total Income</b>		<b>7,967,515</b>	<b>9,218,261</b>	<b>1,250,746</b>	<b>8,580,020</b>
<b>Expenditure</b>					
<b>Operating expenses</b>					
Audit fees and charges		118,714	116,000	(2,714)	48,188
Bank fees		55	200	145	60
Director's fees		45,000	45,000	0	45,000
Insurance		39,113	15,000	(24,113)	38,374
Investment Fees		67,982	80,000	12,018	75,950
Legal fees and charges		1,130	48,000	46,870	7,203
Management services - HBRC		130,000	152,000	22,000	130,000
Marketing and sales		4,910	0	(4,910)	12,620
Professional advice		26,699	55,000	28,301	28,975
Port contributions (audit fees)		0	0	0	60,816
Subscriptions		0	0	0	1,210
<b>Total operating expenses</b>		<b>433,602</b>	<b>511,200</b>	<b>77,598</b>	<b>448,397</b>
<b>Project costs</b>					
Commercial manager		56,941	120,000	63,059	93,382
Other projects		9,690	48,000	38,310	48,430
Project expenses		0	120,000	120,000	0
Food Hub project expenses		0	0	0	(100,000)
<b>Total Project costs</b>		<b>66,631</b>	<b>288,000</b>	<b>221,369</b>	<b>41,812</b>
<b>Income tax &amp; subvention payments</b>					
Income tax expense		226,092	0	(226,092)	(159,351)
Subvention payments		9,516	0	(9,516)	120,683
<b>Total Income tax &amp; subvention payments</b>		<b>235,608</b>	<b>0</b>	<b>(235,608)</b>	<b>(38,669)</b>
<b>Total Expenditure</b>		<b>735,842</b>	<b>799,200</b>	<b>63,358</b>	<b>451,540</b>
<b>Surplus / (deficit) from operations</b>		<b>7,231,673</b>	<b>8,419,061</b>	<b>1,187,388</b>	<b>8,128,479</b>
<b>Other comprehensive income &amp; expenditure</b>					
NPHL gain / (loss) on share revaluation	1	(27,500,000)	0	27,500,000	0
Unrealised gains / (losses) from managed funds		2,067,338	0	(2,067,338)	0
Dividends paid		(6,870,000)	0	6,870,000	(9,024,543)
<b>Total Other comprehensive income &amp; expenditure</b>		<b>(32,302,662)</b>	<b>0</b>	<b>32,302,662</b>	<b>(9,024,543)</b>
<b>Summary Statement of financial performance</b>					
Surplus / (deficit) from operations		(7,231,673)	(8,419,061)	(1,187,388)	(8,128,479)
Other comprehensive income & expenditure		32,302,662	0	(32,302,662)	9,024,543
<b>Total Summary Statement of financial performance</b>		<b>25,070,990</b>	<b>(8,419,061)</b>	<b>(33,490,051)</b>	<b>896,064</b>

**Statement of financial position**

Hawke's Bay Regional Investment Company Limited

As at 30 June 2023

Account	Notes	30 Jun 2023	30 Jun 2022
<b>Equity</b>			
Asset revaluation reserves		(6,404,390)	19,028,272
<b>Shareholder's funds</b>			
Authorised "A" share capital		177,500,000	177,500,000
Retained earnings		166,111,811	164,853,332
Current Year Earnings		7,231,673	8,128,479
Realised gain / (loss) on sale of investment		0	0
Deferred tax expense		8,787	0
<b>Total shareholder's funds</b>		<b>350,852,271</b>	<b>350,481,811</b>
<b>Total equity</b>		<b>344,447,881</b>	<b>369,510,084</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accrued expenditure		126,399	107,378
Trade accounts payable		9,724	27,462
Subvention payable		0	97,155
Tax deducted from investment activity		0	28,000
Accrued income		0	(83,315)
<b>Total current liabilities</b>		<b>136,123</b>	<b>176,680</b>
<b>Total liabilities</b>		<b>136,123</b>	<b>176,680</b>
<b>Assets</b>			
<b>Current assets</b>			
<b>Cash and cash equivalents</b>			
BNZ accounts		346,382	4,693,379
Jarden Cash Facility (ANZ)		5,113,780	559,857
<b>Total Cash and cash equivalents</b>		<b>5,460,162</b>	<b>5,253,236</b>
Prepayments		86,258	101,791
GST		7,598	3,563
Current tax asset		7,814	0
<b>Total current assets</b>		<b>5,561,831</b>	<b>5,358,589</b>
<b>Non-current assets</b>			
Shares - Napier Port Holdings		275,000,000	302,500,000
Funds with fund managers		45,638,290	43,207,667
HBRC loan receivable		16,663,036	16,663,036
Investment in Foodeast GP Limited		1,701,280	1,701,280
Deferred tax asset		19,567	256,191
<b>Total non-current assets</b>		<b>339,022,173</b>	<b>364,328,174</b>
<b>Total assets</b>		<b>344,584,004</b>	<b>369,686,764</b>
<b>Net assets</b>		<b>344,447,881</b>	<b>369,510,084</b>

## Notes to the statement of financial performance

Hawke's Bay Regional Investment Company Limited

For the year ended 30 June 2023

Account Name	30 June 2023	30 June 2022
<b>1. Investment in listed equities</b>		
<b>Shares - Napier Port Holdings Limited</b>		
Opening Balance	302,500,000.00	0.00
YTD gain / (loss) on revaluation for the period	(27,500,000.00)	302,500,000.00
<b>Total Shares - Napier Port Holdings Limited</b>	<b>275,000,000.00</b>	<b>302,500,000.00</b>
Account Name	30 June 2023	30 June 2022
<b>Napier Port Holdings Limited</b>		
Total number of shares	200,000,000.00	200,000,000.00
HBRIC's share at 55%	110,000,000.00	110,000,000.00
NZX price per share at reporting date	2.50	2.75
Value at reporting date	275,000,000.00	302,500,000.00
Account Name	30 June 2023	30 June 2022
<b>2. Total managed funds</b>		
Funds - Mercer	30,996,948.37	29,535,219.53
Funds - Jarden	14,641,341.83	13,672,447.85
<b>Total Total managed funds</b>	<b>45,638,290.20</b>	<b>43,207,667.38</b>
Account Name	30 June 2023	30 June 2022
<b>Mercer</b>		
<b>YTD movement</b>		
Opening Balance	29,535,219.53	
Net gain / (loss)	1,461,728.84	0.00
<b>Mercer portfolio value</b>	<b>30,996,948.37</b>	<b>29,536,219.53</b>
Account Name	30 June 2023	30 June 2022
<b>Jarden</b>		
<b>YTD movement</b>		
Opening Balance	13,672,447.85	
Interest received	126,224.83	
Dividends received	143,450.53	
Realised gains / (loss)	179,236.23	
Unrealised gains/ (loss)	605,608.71	
Fees deducted	(54,534.43)	
Tax deducted	(31,091.89)	
Nett Capital movements	0.00	
<b>Jarden portfolio value</b>	<b>14,641,341.83</b>	<b>13,672,447.85</b>



**Hawke's Bay Regional Council**  
**CORPORATE AND STRATEGIC COMMITTEE**  
**Wednesday 20 September 2023**

**Item 11**

**Subject: HBRIC Chairperson appointment**

That Hawke's Bay Regional Council excludes the public from this section of the meeting, being Agenda Item 10 HBRIC Chairperson appointment 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 are:

General subject of the item to be considered	Reason for passing this resolution	Grounds under section 48(1) for the passing of the resolution
HBRIC Chairperson appointment	s7(2)(a) 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 protect the privacy of natural persons.	The Council is specified, in the First Schedule to this Act, as a body to which the Act applies.



**HAWKE'S BAY REGIONAL COUNCIL**  
**CORPORATE AND STRATEGIC COMMITTEE**

**Wednesday 20 September 2023**

**Item 12**

**Subject: CYCLONE FINANCIALS UPDATE**

That Hawke's Bay Regional Council excludes the public from this section of the meeting, being Agenda Item 12 Cyclone financials update 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 are:

General subject of the item to be considered	Reason for passing this resolution	Grounds under section 48(1) for the passing of the resolution
Cyclone financials update	7(2)s7(2)(i) 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 enable the local authority holding the information to carry out, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).	The Council is specified, in the First Schedule to this Act, as a body to which the Act applies.

**Authored by:**

**Jess Bennett**  
**SENIOR MANAGER - FINANCE RECOVERY**

**Chris Comber**  
**CHIEF FINANCIAL OFFICER**

**Approved by:**

**Susie Young**  
**EXECUTIVE OFFICER RECOVERY**