

## Meeting of the Corporate and Strategic Committee

**Date:** 4 September 2024  
**Time:** 1.30pm  
**Venue:** Council Chamber  
Hawke's Bay Regional Council  
159 Dalton Street  
NAPIER

## Agenda

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**Hawke's Bay Regional Council**  
**Corporate and Strategic Committee**  
**4 September 2024**

**Item 4**

**Subject: Public Forum**

**Reason for report**

1. This item provides the means for the Committee to give members of the public an opportunity to address the Committee on matters within its terms of reference.

**Background**

2. The Hawke's Bay Regional Council's Standing Orders provide for public forums as follows:

**14. Public Forums**

Public forums are a defined period of time, usually at the start of a meeting, which, at the discretion of a meeting, is put aside for the purpose of public input. Public forums are designed to enable members of the public to bring matters to the attention of the local authority.

In the case of a committee or sub-committee, any issue, idea or matter raised in a public forum must also fall within the terms of reference of that meeting.

*Requests must be made to the HBRC Governance Team (06 835 9200 or [governanceteam@hbrc.govt.nz](mailto:governanceteam@hbrc.govt.nz)) at least one clear day before the meeting; however this requirement may be waived by the Chairperson.*

**14.1 Time limits**

A period of up to 30 minutes, or such longer time as the meeting may determine, will be available for the public forum at each scheduled Regional Council, Corporate & Strategic Committee, Environment & Integrated Catchments Committee and Regional Transport Committee meeting.

Speakers can speak for up to 5 minutes. No more than two speakers can speak on behalf of an organisation during a public forum. Where the number of speakers presenting in the public forum exceeds 6 in total, the Chairperson has discretion to restrict the speaking time permitted for all presenters.

**14.2 Restrictions**

The Chairperson has the discretion to decline to hear a speaker or to terminate a presentation at any time where:

- ☐ a speaker is repeating views presented by an earlier speaker at the same public forum
- ☐ the speaker is criticising elected members and/or staff
- ☐ the speaker is being repetitious, disrespectful or offensive
- ☐ the speaker has previously spoken on the same issue
- ☐ the matter is subject to legal proceedings
- ☐ the matter is subject to a hearing, including the hearing of submissions, where the local authority or committee sits in a quasi-judicial capacity.

**14.3 Questions at public forums**

At the conclusion of the presentation, with the permission of the Chairperson, elected members may ask questions of speakers. Questions are to be confined to obtaining information or clarification on matters raised by a speaker.

#### **14.4 No resolutions**

Following the public forum no debate or decisions will be made at the meeting on issues raised during the forum unless related to items already on the agenda.

#### **Decision-making process**

3. 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 *Public Forum speakers' verbal presentations*.

#### **Authored by:**

**Leeanne Hooper**  
**Team Leader Governance**

#### **Approved by:**

**Desiree Cull**  
**Strategy & Governance Manager**

#### **Attachment/s**

- 1 [!\[\]\(0f13e74bece43321be4542883500ac30\_img.jpg\)](#) Corporate and Strategic Committee Terms of Reference 2023-2025

## Corporate and Strategic Committee

### Terms of Reference



*Adopted by resolution of Hawke's Bay Regional Council on 26 April 2023*

1. The Corporate and Strategic Committee is responsible for recommending actions, responses and changes to Council for:
  - 1.1. Establishing strategic priorities for organisational direction and performance including development of Council's Strategic Plan
  - 1.2. Oversight of the development of Council's Annual and Long Term plans
  - 1.3. Oversight of Council's financial reporting
  - 1.4. Monitoring the effectiveness of Council's strategic external partnerships with the region's Territorial Local Authorities and agencies that receive Council funding including Hawke's Bay Tourism, Matariki Governance Group and the Regional Economic Development Agency
  - 1.5. Consideration of resourcing implications of strategic initiatives and significant financial matters
  - 1.6. Monitoring the effectiveness of the organisation's Corporate Services activities including information and communication technology, fleet and facilities, marketing and communications
  - 1.7. Monitoring the effectiveness of Council's resource consent, compliance monitoring and enforcement activities
  - 1.8. Monitoring the effectiveness of the organisation's People & Capability and Health, Safety & Wellbeing activities
  - 1.9. Monitoring the effectiveness of the organisation's emergency management activities
  - 1.10. Monitoring the strategic direction of Council's investment portfolio and, where appropriate, the sale or acquisition of Council investments.
2. **Use of Delegated Powers for the Corporate and Strategic Committee** – this committee may, without confirmation by Hawke's Bay Regional Council (HBRC), exercise or perform them in the same manner and with the same effect as HBRC could itself have exercised or performed them, provided that the decision deserves urgency and the decision to make the resolution a decision of HBRC is carried unanimously by the voting members of the Committee.

<b>Members:</b>	<p>All councillors being: Hinewai Ormsby, Jerf van Beek, Martin Williams, Neil Kirton, Thompson Hokianga, Charles Lambert, Di Roadley, Sophie Siers, Will Foley, Xan Harding and Jock Mackintosh</p> <p>One appointed member of the Māori Committee being Peter Eden</p> <p>One appointed PSGE member of the Regional Planning Committee being Laura-Margaret Kele</p>
<b>Chair:</b>	A councillor as elected by the Council, being Xan Harding
<b>Deputy Chair:</b>	A councillor as elected by the Council, being Jock Mackintosh
<b>Meeting Frequency:</b>	Quarterly
<b>Staff Executive:</b>	<p>Chief Executive</p> <p>Group Manager Corporate Services</p> <p>Group Manager Policy &amp; Regulation</p>



**Hawke's Bay Regional Council**  
**Corporate and Strategic Committee**  
**4 September 2024**

**Item 5**

**Subject: 2023-2024 Carry forwards**

**Reason for report**

1. This item seeks approval from the Corporate and Strategic Committee, in the form of a recommendation to Council, to carry forward expenditure budgets from 2023-2024 to 2024-2025.

**Executive summary**

2. During 2023-24 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. The interim financial results for 2023-24 indicate a deficit in general funds of \$2.3m. On this basis, carry forward requests have been restricted to debt, reserve or externally funded carry forwards, as these are just a timing difference when funding is drawn or recognized, and have no immediate impact on Council's financial position.
4. A total of \$20.086m is requested to be carried forward into the 2024-25 Annual Plan budget, split as \$17.681m capital expenditure (capex) and \$2.404m operating expenditure (opex).
5. The source of funds required for the total carry forward request is split as following:
  - 4.1 \$3.005m debt funding
  - 4.2 \$1.588m reserve funds
  - 4.3 \$15.493m external income.
6. Outstanding commitments exist for a number of activities not completed during 2023-24, which were intended to be funded from general funds. Because there are no surplus general funds to carry forward, these commitments will be reviewed by staff for reprioritisation within existing budgets in the first instance. This will put pressure on operating budgets, and staff will provide an update on budget pressures in the first finance report update for 2024-25.

**Background**

7. Carry forwards allow for unspent approved funds against projects to be moved forward to the next financial year so that projects can be completed. These include the funding of final costs of multi-year projects, contracts that were unable to be completed by the financial year end, and the carry forward of external income received for specific projects.
8. The funding types are categorised as:
  - 8.1. General funding is from General Rates, rates smoothing loan and investment income (net of costs).
  - 8.2. Reserve funding is from targeted rates that have flowed through to specific reserves (e.g. asset replacement reserves, scheme reserves).
  - 8.3. External is external income (including subsidies and grants) received for specific projects.
  - 8.4. Debt is for loan funding not drawn down, and is covered by interest and principal repayments that are already included in the LTP and/or Annual Plan.

9. The table below summarises the analysis of 2023-24 activity expenditure and funding. This subtotals the different funding sources allocated against each council group of activity. The budget is the management budget (annual plan plus carry forwards and new external funding agreements confirmed after the annual plan budget was set).

	Activity	Opex (\$,000)			Capex (\$,000)		
		Actual	Budget	Variance	Actual	Budget	Variance
<b>Expenditure</b>	Governance & Partnerships	10,996	10,907	(89)	3,655	5,000	1,345
	Policy & Regulation	89,040	104,122	15,082	-	-	0
	Integrated Catchment Management	31,248	33,240	1,992	1,783	2,058	275
	Asset Management	29,896	115,672	85,775	24,101	26,106	2,006
	Emergency Management	7,897	6,627	(1,270)	-	-	0
	Transport	10,131	8,109	(2,022)	-	-	0
	Other (Investments, funding, corporate)	6,121	3,716	(2,405)	1,887	2,275	388
		185,329	282,392	97,063	31,426	35,440	4,014
<b>Funded by:</b>		Actual	Budget	Variance	Actual	Budget	Variance
	General rates	12,670	12,097	573	440	543	(102)
	Targeted Rates	25,266	25,456	(189)	2,606	2,607	(0)
	Fees & Charges	5,390	7,362	(1,972)	-	36	(36)
	Other income	116,622	198,102	(81,480)	10,806	13,156	(2,350)
	Loan	15,879	28,863	(12,984)	12,217	12,399	(182)
	Reserves	7,060	10,513	(3,452)	5,445	6,699	(1,254)
		182,888	282,392	(99,504)	31,515	35,440	(3,925)
	<b>Surplus/(deficit):</b>	<b>(2,441)</b>			<b>89</b>		
	<b>Overall general funds deficit:</b>	<b>(2,352)</b>					

10. The interim financial results indicate that while many activities were underspent for the 2023-24 financial year, this underspend was not enough to offset the shortfall in general funds caused by the lower than planned investment income.

**General funds breakdown:**

		Actual	Budget	Variance
General rates:	General rates	13,110	12,640	(470)
	Cyclone rate (target to general swap)	4,937	5,115	178
		18,047	17,755	(292)
Investment income:	- HBRIC (Port)	7,180	10,968	3,787
	- Managed funds	568	3,834	3,266
	- Wellington properties	942	915	(27)
	- Leasehold properties (ACC)	293	587	293
		8,984	16,304	7,320
Rates smoothing loan:	New draw down	7,606	7,606	0
	Rates smoothing loan Interest	(736)	(563)	174
		6,870	7,044	174
Total General funds (\$,000)		33,900	41,102	7,201

11. Total general funds for 2023-24 were \$7.2m under budget, mostly related to the Port dividend being down on budget expectations due to Cyclone impact on port trading activities, and in managed funds due to the portfolio makeup weighted towards portfolio growth rather than cash distribution.
12. As there is no surplus in general funds for 2023-24, the carry forward requests this year have excluded general funded activities.

## Operating expenditure carry forward requests

Activity/Project		Amount Requested	Source of funds		
			Debt	Reserves	External
<i>Asset Management</i>					
1	Coastal Hazards	\$37,500		\$37,500	
2	NIWE	\$1,269,200	\$317,300		\$951,900*
<i>Integrated Catchment Management</i>					
3	Biodiversity	\$52,300	\$52,300		
4	Ruataniwha Model	\$64,600	\$64,600		
5	Environmental Science	\$332,700			\$332,700
6	Land for Life	\$57,500		\$57,500	
<i>Governance &amp; Partnerships</i>					
7	Sustainable Homes	\$17,800		\$17,800	
<i>Corporate services</i>					
8	ICT Software as a service development (SAAS)	\$572,600	\$572,600		
<b>Total opex</b>		<b>\$2,404,200</b>	<b>\$1,006,800</b>	<b>\$112,800</b>	<b>\$1,284,600</b>

\*Funds not yet received but will be claimed on completion of milestones (as per funding agreements).

### Coastal hazards (opex – 1)

13. The timeline for the Coastal Hazards strategy development continues into 2024-25, with work to prepare for Council decision on strategy adoption and consultation. Targeted rates fund HBRC's contribution to the strategy development, and Napier City Council and Hastings District Council co-fund the balance.
14. Financial Assessment: Surplus targeted rates were collected in 2023-24 and are available for carry forward.
15. Recommendation: That the carry forward of \$37.5k target rates funding is approved.

### NIWE (opex – 2)

16. The opex portion of the North Island Weather Event programme (NIWE) carry forward relates to the planned scheme reviews. The multi-year programme budget was included in the 2024-25 Three Year Plan (3YP), including assumptions on expenditure forecast for 2023-24. The underspend against the forecast for 2023-24 is requested to be carried forward to retain the full programme budget (i.e., the carry forward is to align the budget to the programme expenditure and funding draw down).
17. Financial Assessment: NIWE Government Grants and loan funding have not yet been drawn. Internal loan interest and repayments for this loan have been allowed for in the 2024-25 budget.
18. Recommendation: That the carry forward of \$1,269k external funds and loan funding is approved.

### Biodiversity (opex – 3)

19. Delays due to weather have prevented completion of co-funded Department of Conservation (DOC) Jobs for Nature projects for this financial year, including deer fencing for Baldwins Bbush, an existing QEII remnant. HBRC's contribution to the project is loan funded, as approved in 2020-21 (Covid recovery fund).
20. Financial Assessment: Loan funding has not yet been drawn. Internal loan interest and repayments for this loan have been allowed for in the 2024-25 budget.

21. Recommendation: That the carry forward of \$52.3k loan funding is approved.

#### **Ruataniwha model (opex – 4)**

22. Completion of the groundwater and surface water models being developed to inform limit setting in the Tukituki catchment has been delayed into 2024-25. A consultant is engaged and this contract is committed.
23. Financial Assessment: The total unspent funds related to this project was \$200k, however, \$136k was from general funds. Loan funding of \$64.6k has not yet been drawn. Internal loan interest and repayments for this loan have been allowed for in the 2024-25 budget.
24. Recommendation: That the carry forward of \$64.6k loan funding is approved.

#### **Environmental Science (opex – 5)**

25. HBRC has received funding contributions from DOC and Ministry for the Environment (MfE) towards post Cyclone Gabrielle land and water quality research and monitoring, including a multi-year research investigation into nature-based solutions for flood/drought mitigations. Deliverables have been delayed into 2024/25 as a result of resource capacity constraints within the Science team, and lengthy timeframes for sediment sample analysis (sent overseas).
26. Financial Assessment: The total unspent funds related to these activities was \$430k, of which \$332k was grant funding received from DOC and MfE, and \$97k from general funds.
27. Recommendation: That the carry forward of \$332.7k external funds received is approved.

#### **Land for Life (opex – 6)**

28. Due to delays in confirmation of Central Government funding approvals, the unspent funds from 2023-24 funds are requested to be used in 2024-25 to continue the project support until alternative funding is available.
29. Financial Assessment: Use of the long-term investment fund requires divestment of assets to repay the reserve.
30. Recommendation: That the carry forward of \$57.5k from the long-term investment fund reserve is approved.

#### **Sustainable Homes (opex – 7)**

31. The Sustainable Homes programme was discontinued at the end of the 2023-24 financial year, as per the decision in the 3YP. A carry forward is requested to honour applications for clean heat grants received before 30 June 2024.
32. Financial Assessment: The programme grants were under budget for 2023-24. Funding for these grants would be drawn from the healthy homes scheme reserve. This reserve is in deficit, with repayments planned from targeted rates anticipated over the next 12 years to clear.
33. Recommendation: That the carry forward of \$17.8k from the Healthy Homes scheme reserve is approved.

#### **ICT Software as a service development (SAAS) (opex – 7)**

34. The ICT digital transformational work programme was underspent in 2023/24 due to timing delays in implementations resulting from staff turnover, and reprioritisation to work on the cyclone response. A carry forward of this underspend is required to maintain the planned investment in multi-year business application software projects (including TechONE Rates, SEAM, and IRIS Next Generation).
35. Financial Assessment: Loan funding has not yet been drawn. Internal loan interest and repayments for this loan have been allowed for in the 2024-25 budget.

36. Recommendation: That the carry forward of \$572.6k loan funding is approved.

### Capital expenditure carry forward requests

Activity/Project		Amount Requested	Source of funds		
			Debt	Reserves	External
<i>Asset Management</i>					
1	Cyclone Gabrielle infrastructure repairs	\$10,000,000			\$10,000,000*
2	NIWE	\$1,801,700	\$331,825		\$1,469,875*
3	IRG – HPFCS	\$2,514,200		\$125,710	\$2,388,490*
4	Flood control	\$293,400		\$293,400	
5	Regional Water Security	\$567,800		\$567,800	
6	Regional Parks	\$1,220,000	\$870,000		\$350,000*
7	Forestry	\$198,000		\$198,000	
<i>Integrated Catchment Management</i>					
8	Whakaki Weir	\$100,000	\$100,000		
9	Monitoring drilling	\$32,900	\$32,900		
<i>Governance &amp; Partnerships</i>					
10	Sustainable Homes	\$594,000	\$594,000		
<i>Corporate services</i>					
11	ICT	\$359,500	\$69,500	\$290,000	
<b>Total capex</b>		<b>\$17,681,500</b>	<b>\$1,998,225</b>	<b>\$1,474,910</b>	<b>\$14,208,365</b>

\*Funds not yet received but will be claimed on completion of milestones (as per funding agreements).

### Cyclone Gabrielle infrastructure repairs (capex – 1)

37. Annual plan 2023-24 included the total estimated budget for the Cyclone Gabrielle infrastructure repairs/rebuild of \$92.5m in one year, whereas the works will be spread over 3 financial years. Work began after the cyclone with \$22.6m spent in 2022-23 FY, and \$20.1m spent in 2023-24. Repair works will continue into 2024-25.
38. Financial Assessment: Insurance and NEMA claims are still being finalised for works completed to date, and further work completed in 2024-25 will also have insurance and NEMA claims where eligible.
39. Recommendation: That the carry forward of \$10m external income (insurance and grants yet to be claimed) is approved.

### NIWE (capex- 2)

40. The capex portion of the North Island Weather Event programme (NIWE) carry forward relates to the flood mitigation solutions for land category 2 areas in Wairoa, Waiohiki, Whirinaki, Pakowhai and Porangahau. The multi-year programme budget was included in the 2024-25 3YP, including assumptions on expenditure forecast for 2023-24. The underspend against the forecast for 2023-24 is requested to be carried forward to retain the full programme budget (i.e., the carry forward is to align the budget to the programme expenditure and funding draw down).
41. Financial Assessment: NIWE Government Grants and loan funding have not yet been drawn. Internal loan interest and repayments for this loan have been allowed for in the 2024-25 budget.
42. Recommendation: That the carry forward of \$1.801m external funds and loan funding is approved.

### **IRG - HPFCS (capex- 3)**

43. The planned work programme for improvements to the infrastructure network within the Heretaunga Plains Flood Control Scheme (HPFCS) has been impacted by cyclone repairs. A variation agreement was reached with the Ministry of Business, Innovation and Employment (MBIE) to extend this project to 30 June 2025.
44. Financial Assessment: Infrastructure Reference Group (IRG) Government Grants and scheme reserve funds have not yet been drawn.
45. Recommendation: That the carry forward of \$2.514m external funds and HPFCS scheme reserve funding is approved.

### **Flood control (capex- 4)**

46. Planned flood control pump renewal activities at Muddy Creek (\$30k), Opoho (\$11.8k), Karamu (\$129k) and the Scada project to upgrade pumpstation automation (\$59k) will continue into 2024-25, mostly related to supplier delays. Additionally, a health and safety (H&S) requirement to lift the gantry for the plantation pumpstation was identified late in 2023-24 (\$80k). This activity had not been planned in 2024-25, therefore we have included a request in the carry forwards for a draw of reserve funds from the Napier/Meeanee/Puketapu scheme depreciation reserve to complete this work.
47. Financial Assessment: The renewal works are funded from the specific scheme reserves, and the delayed activity is a timing delay on the draw from these reserves. The Napier/Meeanee/Puketapu scheme reserve has a balance available to fund the H&S improvement activity. The SCADA project is 70% funded via the HPFCS target rate, and the surplus target rates in 2023-24 have been transferred to the scheme reserve. The general rate contribution to the SCADA project will need to be reprioritised from the existing budget in 2024-25.
48. Recommendation: That the carry forward of \$293k scheme reserve funding is approved.

### **Regional Water Security (capex- 5)**

49. The Regional Water Security programme budget was re-baselined in the 2024 3YP. The carry forward requested is for unspent funds that were forecast to be spent by June 2024. The unspent programme funds to carry forward relate to the Heretaunga water security pre-construction assessment, and the CHB MAR pilot.
50. Financial Assessment: Use of the long-term investment fund requires divestment of assets to repay the reserve.
51. Recommendation: That the carry forward of \$567.8k from the long-term investment fund reserve is approved.

### **Regional Parks (capex- 6)**

52. Waitangi Regional Park requires a sanitation facility to meet the needs of its expanding visitor base. The project was postponed due to the cyclone's impact on stakeholders, preventing us from advancing with its implementation in 2023-24. The carry forward of \$700K, is funded 50/50 with MBIE, with HBRC's contribution loan funded.
53. Hawea Historical Park represents a collaborative effort, with a 50/50 partnership involving 4 hapū. This project has also experienced delays due to the cyclone recovery efforts, and the unspent funds (\$520k) are requested to be carried over to meet the commitments made to stakeholders.
54. Financial Assessment: MBIE Government Grants and loan funding have not yet been drawn. Internal loan interest and repayments for this loan have been allowed for in the 2024-25 budget.

55. Recommendation: That the carry forward of \$870k loan funding, and \$350k grant funding (not yet claimed) is approved.

#### **Forestry (capex- 7)**

56. The White Pine bridge in the Tangoio Soil Conservation Reserve is essential for soil conservation, forestry, recreation, and emergency access. Damage from Cyclone Gabrielle, including a scour hole and damaged retaining walls, needs repair for safe access, and the bridge must meet Class 1 standards for logging trucks. This asset was not insured. A carry forward of unspent funds in 2023-24 are requested to be reprioritised for the repairs needed for the forestry road and water controls to prevent further damage and costs.
57. Financial Assessment: The Tangoio Soil Conservation Reserve has a surplus balance.
58. Recommendation: That the carry forward of \$198k from the Tangoio Soil Conservation Reserve is approved.

#### **Whakaki Weir (capex- 8)**

59. The Integrated Catchment Management Group (ICM) seeks to reprioritise \$100k from the biodiversity underspend from 2023-24 to complete the construction of the Whakaki Weir. Weather and unforeseen project complexity has delayed completion of this project into the 2024-25 financial year.
60. Financial Assessment: The funds requested to be reprioritised relate to the loan funding from the 2021 Covid recovery fund not drawn in 2023-24, and no longer required. Internal loan interest and repayments for this loan have been allowed for in the 2024-25 budget.
61. Recommendation: That the carry forward of \$100k loan funding is approved.

#### **Monitoring drilling (capex- 9)**

62. The final deliverables of the contractually committed monitoring drilling programme have been delayed into 2024-25 due to resource capacity of drilling companies. ICM seeks to carry forward \$32.9k to complete the programme.
63. Financial Assessment: The full budget for monitoring drilling loans was not drawn in 2023-24. Internal loan interest and repayments for this loan have been allowed for in the 2024-25 budget.
64. Recommendation: That the carry forward of \$32.9k loan funding is approved.

#### **Sustainable Homes (capex- 10)**

65. The Sustainable Homes programme was discontinued at the end of the 2023-24 financial year, as per the decision in the 3YP. A carry forward is requested to honour applications received before 30 June 2024 for Clean Heat (\$4.5k) and Sustainable Home (\$589.5k) loans.
66. Financial Assessment: The full budget for Sustainable Homes loans was not drawn in 2023-24. Internal loan interest and repayments for this loan have been allowed for in the 2024-25 budget. Loan repayments and interest expenses for the loans are recovered from homeowners via VTR (voluntary targeted rates).
67. Recommendation: That the carry forward of \$594k loan funding is approved.

#### **ICT (capex- 10)**

68. ICT seeks to carry forward \$359K to cover the replacement of SAN server equipment, and hardware for geoprocessing to support regional aerial photography and LiDAR datasets. The replacement has been delayed into 2024-25 in part due to awaiting delivery of the datasets.
69. Financial Assessment: Budgeted ICT capex loans and asset replacement reserves were not

drawn in full in 2023-24. Internal loan interest and repayments for this loan have been allowed for in the 2024-25 budget.

70. Recommendation: That the carry forward of \$295k asset replacement reserve and \$69.5k loan funding is approved.

#### Unfunded commitments from 2023-24

Group	Project	Opex/Capex	Unspent general funds
Asset Management	Flood risk/flood forecasting (including flood monitoring room)	Capex	\$113,000
	SCADA Project	Capex	\$17,700
	Westshore (coastal)	Opex	\$71,116
Integrated Catchment Management	Ruataniwha model	Opex	\$136,776
	Biodiversity (Tukipo wetlands)	Opex	\$19,648
	Environmental science (land monitoring science and research)	Opex	\$96,696
Policy & Regulation	Kotahi	Opex	\$874,000
<b>Total</b>			<b>\$1,328,936</b>

71. The table above notes the projects which were underspent in 2023-24 and have commitments which will likely become a cost in the 2024-25 financial year. These activities are general rate funded, but as no surplus funds exist for a carry forward, funding to cover these activities will need to be reprioritised from existing budgets.

#### Options assessment

72. **Option 1:** 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 2024-25 annual plan budgets.
73. **Option 2:** Council does not approve the carry forwards as proposed and provides staff with direction on which carry forwards, if any, should be approved.

#### Financial and resource implications

74. 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.
75. 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 2024-25 instead.
76. 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.
77. Approved external funded carry forward requests will be funded from the income received in 2023-24 (ICM \$332,700) and from additional funding claimed per grant agreements and insurance during 2024-25.

#### Decision-making considerations

78. Staff have assessed the requirements of the Local Government Act 2002 in relation to this item and have concluded:
- 78.1. The decision does not significantly alter the service provision or affect a strategic asset, nor is it inconsistent with an existing policy or plan.
- 78.2. The use of the special consultative procedure is not prescribed by legislation.

- 78.3. The decision is not significant under the criteria contained in Council's adopted Significance and Engagement Policy.
- 78.4. The persons affected by this decision are Council's ratepayers.
79. 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.

### Recommendations

1. That the Corporate and Strategic Committee receives and notes the *2023-2024 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.
  - 2.2. Approves the carry forward of all expenditure requests from the 2023-24 budgets to 2024-25 budgets, being:

### Operating expenditure carry forward requests

Activity/Project		Amount Requested	Source of funds		
			Debt	Reserves	External
<i>Asset Management</i>					
1	Coastal Hazards	\$37,500		\$37,500	
2	NIWE	\$1,269,200	\$317,300		\$951,90*
<i>Integrated Catchment Management</i>					
3	Biodiversity	\$52,300	\$52,300		
4	Ruataniwha Model	\$64,600	\$64,600		
5	Environmental Science	\$332,700			\$332,700
6	Land for life	\$57,500		\$57,500	
<i>Governance &amp; Partnerships</i>					
7	Sustainable homes	\$17,800		\$17,800	
<i>Corporate services</i>					
8	ICT Software as a service development (SAAS)	\$572,600	\$572,600		
<b>Total opex</b>		<b>\$2,404,200</b>	<b>\$1,006,800</b>	<b>\$112,800</b>	<b>\$1,284,600</b>

### Capital expenditure carry forward requests

Activity/Project		Amount Requested	Source of funds		
			Debt	Reserves	External
<i>Asset Management</i>					
1	Cyclone Gabrielle infrastructure repairs	\$10,000,000			\$10,000,000
2	NIWE	\$1,801,700	\$331,825		\$1,469,875
3	IRG – HPFCS	\$2,514,200		\$125,710	\$2,388,490
4	Flood control	\$293,400		\$293,400	
5	Regional Water Security	\$567,800		\$567,800	
6	Regional Parks	\$1,220,000	\$870,000		\$350,000

7	Forestry	\$198,000		\$198,000	
<i>Integrated Catchment Management</i>					
8	Whakaki Weir	\$100,000	\$100,000		
9	Monitoring drilling	\$32,900	\$32,900		
<i>Governance &amp; Partnerships</i>					
10	Sustainable homes	\$594,000	\$594,000		
<i>Corporate services</i>					
11	ICT	\$359,500	\$69,500	\$290,000	
<b>Total capex</b>		<b>\$17,681,500</b>	<b>\$1,998,225</b>	<b>\$1,474,910</b>	<b>\$14,208,365</b>

**Authored by:**

**Amy Allan**  
Senior Business Partner

**Chris Comber**  
Chief Financial Officer

**Approved by:**

**Susie Young**  
Group Manager Corporate Services

**Nic Peet**  
Chief Executive

**Attachment/s**

There are no attachments for this report.

**Hawke's Bay Regional Council**  
**Corporate and Strategic Committee**

**4 September 2024**

**Item 6**

**Subject: Annual Compliance, Monitoring, and Enforcement Report 2022-2023**

**Reason for report**

1. This item presents the Hawke's Bay Regional Council's (HBRC) 2022-2023 Compliance Monitoring and Enforcement Annual Report for discussion and recommendation to Council for adoption.

**Executive summary**

2. The attached report on HBRC's Compliance Monitoring and Enforcement (CME) activities provides transparency to our communities and those regulated by HBRC.
3. The report summarises HBRC's compliance monitoring and enforcement functions undertaken under the RMA. It details compliance with consent conditions, breaches of the Resource Management Act 1991 (RMA) and Regional Resource Management Plan interventions. It also covers the breadth of monitoring undertaken, the levels of compliance reported, and a summary of enforcement action taken during the year.
4. Detailed information can be found in the report and staff will present highlights to the Committee and be available to answer any questions.
5. The forthcoming HBRC 2023-2024 Compliance Monitoring and Enforcement Annual Report that is currently been worked on will show the increased rate of monitoring completed and the various issues arising post Cyclone Gabrielle.

**Background**

6. For the Committee's information, reporting on monitoring and enforcement occurs through the following mechanisms to Council or Committee:
  - 6.1. Compliance Annual Report.
  - 6.2. HBRC Annual Report – results are presented through the Regulation Group of Activities within the Annual Report document.
  - 6.3. Quarterly Organisational Performance Report.
7. Internally, a weekly incident report is prepared for the Group Manager of Policy and Regulation which details complaints, incidents and the associated outcomes.
8. Staff have also established an approach whereby a media release will be issued at the conclusion of any prosecution carried out by HBRC, regardless of the outcome of the prosecution.

**Strategic fit**

9. Undertaking compliance monitoring and enforcement where necessary helps us to:
  - 9.1. Protect aquatic ecosystems and ensure water use is sustainable (Priority Area: Water)
  - 9.2. Ensure sustainable land use (Priority Area: Land)
  - 9.3. Maintain a healthy and functioning biodiversity (Priority Area: Biodiversity).

## Significance and Engagement Policy assessment

10. Although the matters discussed in this report are of interest to the community, they do not directly impact or affect the community. There are no financial or levels of service implications associated with deciding to adopt this report and, as such, this report is of low significance.

## Considerations of tangata whenua

11. The attached report sets out ways we have improved our engagement with tangata whenua on compliance matters. This includes:
  - 11.1. Keeping tangata whenua and iwi representatives informed in relation to high level enforcement action
  - 11.2. Working closely with iwi and iwi trusts to seek victim impact statements for prosecution offences, facilitated by our Māori Partnerships team
  - 11.3. Ensuring consent conditions that require consultation and engagement with iwi are met by the consent holder
  - 11.4. Building cultural competency within the Compliance team with internal training.
12. It is becoming increasingly common for resource consents to include more complex conditions that better recognise Te Ao Māori; for example, conditions requiring development of cultural monitoring plans in consultation with iwi/ marae/ hapū and Treaty groups.
13. Future areas of focus are:
  - 13.1. Improving how we report incidents, particularly discharges to water, to tangata whenua and kaitiaki so we can inform their decision-making, and so their observations and involvement can inform cultural assessments.
14. Establishing regular meetings and workshops with tangata whenua across the region to further strengthen communication and relationships, build trust, and increase accountability.

## Financial and resource implications

15. There are currently no financial and funding implications associated with adopting the report.

## Decision-making considerations

16. 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:
  - 16.1. The decision does not significantly alter the service provision or affect a strategic asset, nor is it significant under the criteria contained in Council's adopted Significance and Engagement Policy.
  - 16.2. Given the nature and significance of the issue to be considered and decided, Council can exercise its discretion and make a decision without consulting with the community or others having an interest in the decision.

## Recommendations

That the Corporate and Strategic Committee:

1. Receives and considers the *Annual Compliance, Monitoring, and Enforcement Report 2022-2023*.
2. 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 consulting the community or persons with an interest in the decision.

- 2.2. Adopts the *Annual Compliance, Monitoring, and Enforcement Report 2022-2023* for publication **(or)** as amended as agreed by the Corporate and Strategic Committee on 4 September 2024.

**Authored by:**

**Rob Hogan**  
**Manager Compliance**

**Neville Pettersson**  
**Environmental Compliance Officer**

**Approved by:**

**Katrina Brunton**  
**Group Manager Policy & Regulation**

**Attachment/s**

- |          |  |   |
|----------|--|---|
| <b>1</b> | Annual Compliance, Monitoring and Enforcement Report 2022-2023 | Under Separate<br>Cover<br><b>online only</b> |
|----------|--|---|



**Hawke's Bay Regional Council**  
**Corporate and Strategic Committee**  
**4 September 2024**

**Item 7**

**Subject: Organisational Performance Report for the period 1 April - 30 June 2024**

**Reason for report**

1. This item presents the Organisational Performance report for the period 1 April – 30 June 2024.

**Organisational Performance Report content**

2. The **attached** report contains four parts:
  - 2.1. **Executive summary** including highlights and lowlights.
  - 2.2. **Corporate metrics** that focus on how well we are performing across a number of corporate-wide measures such as employee turnover and customer service.
  - 2.3. **Activity reporting** with non-financial traffic light status and commentary, and financial status and commentary rolled up to the group of activities.
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 on request to staff.
4. Staff complete their reporting in a software tool called Opal3. For LOSM and activity reporting, staff select the status (red, amber, green) and provide commentary on what they did in the quarter against their annual work plans.

**Points of interest**

5. Our employee count data and graphs (p7) show permanent staff only. This has been updated for all data going back to 2021-22.
6. Our Performance Measures (LOSMs) are not included in quarter four. They are carried into the Annual Report 2023-24 and cover the whole financial year.
7. Summarised (interim) financial reporting shows *actual* versus *budget* by activity in more detail than prior reports. This includes operational and capital expenditure by activity, plus funding for the group. Commentary is also provided for the group.
8. Strategic Projects reporting is not included in quarter four.

**Corporate metrics**

9. Annual staff turnover continues to drop from its high two years ago.

**Activity reporting**

10. Staff have reported 2 activities as 'off track' from their usual workplans. This has improved from 6 last quarter.
11. Financial reporting shows that the Groups of Activities had a general funding surplus, with the exception of Transport which had a minor deficit of \$111k (1.4%).
12. Council's investment income, which offsets the general rates requirement was underachieved against budget, leading to an overall deficit in general funds of \$2.3M.

### **Decision-making considerations**

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

### **Recommendation**

That the Corporate and Strategic Committee receives and notes the *Organisational Performance report for the period 1 April - 30 June 2024*.

### **Authored by:**

**Sarah Bell**  
**Team Leader Strategy and Performance**

### **Approved by:**

**Desiree Cull**  
**Strategy & Governance Manager**

### **Attachment/s**

- |          |   |  |
|----------|---|--|
| <b>1</b> | HBRC 2023-24 Q4 Organisational Performance Report | Under Separate Cover<br><b>online only</b> |
|----------|---|--|

**Hawke's Bay Regional Council**  
**Corporate and Strategic Committee**  
**4 September 2024**

**Item 8**

**Subject: Interim financial results 2023-2024**

**Reason for report**

1. This item presents the draft financial results of the Council to 30 June 2024 including updates on treasury activities, status of Cyclone Gabrielle insurance claims, silt & debris removal, and HBRC's credit rating application.

**Executive summary**

2. The financial statements prepared for this update to Corporate and Strategic committee are draft and are pending some possible final adjustments before being submitted to Ernst Young for audit.
3. Preliminary results to 30 June 2024, indicate an operating surplus of \$1.58m against the 2023-2024 Annual Plans budgeted deficit of \$20.7m. The principal driver of this difference is funds received from Government for regional recovery and other cyclone activities still to be undertaken.
4. It is envisaged that changes may be required post audit for any insurance claims or NEMA claims that are accepted / agreed between the other party and HBRC before the completion of the audit process. We have taken a cautious approach to recognising submitted claims that have not been accepted yet.

## Statement of comprehensive revenue and expense

Hawke's Bay Regional Council				
Statement of Comprehensive Revenue and Expense				
	For the 12 months ended 30 June 2024			
	Actual 30-Jun 23/24 \$000	Budget 30-Jun 23/24 \$000	Variance \$000	Variance % %
<b>Revenue</b>				
Revenue from activities	9,971	12,965	(2,994)	-30%
Rates revenue	40,982	40,960	22	0%
Subsidies and Grants	233,626	33,110	200,516	86%
Other revenue	16,092	70,579	(54,487)	-339%
Fair value gains on investments	9,612	1,179	8,433	88%
Reduction in ACC Leasehold Liability				
<b>Total Operating Revenue</b>	<b>310,283</b>	<b>158,793</b>	<b>151,491</b>	<b>49%</b>
<b>Expenditure</b>				
Expenditure on activities	(295,013)	(170,137)	(124,875)	42%
Finance costs	(6,032)	(4,207)	(1,825)	30%
Depreciation and Amortisation Expense	(4,667)	(5,160)	493	-11%
Fair value losses	(2,992)	-	(2,992)	0%
Other expenditure	-	-	-	0%
<b>Total Operating Expenditure</b>	<b>(308,704)</b>	<b>(179,504)</b>	<b>(129,200)</b>	<b>42%</b>
<b>Operating Surplus / (Deficit)</b>	<b>1,579</b>	<b>(20,711)</b>	<b>22,291</b>	<b>1411%</b>
<b>Other Comprehensive Revenue and Expense</b>				
Gain/(loss) in other financial assets	2,834	-	2,834	0%
Gain/(loss) on revalued intangible asset	-	25,982	(25,982)	0%
Gain/(loss) on revalued property, plant and equipment assets	456	-	456	0%
Gain/(loss) on revalued infrastructure assets	253,054	3,133	249,921	0%
<b>Total Other Comprehensive Revenue and Expense</b>	<b>256,344</b>	<b>29,115</b>	<b>227,229</b>	
<b>Total Comprehensive Revenue and Expense</b>	<b>257,923</b>	<b>8,404</b>	<b>249,519</b>	

- The actual result to 30 June 2024 is an operating surplus of \$1.58m against a budgeted deficit of \$20.7m.
- The principal driver of this difference are the Subsidies and Grants received of \$200.5m over budget. \$127.319m of this is the Regional Recovery Agency Grants and \$78.179m within Policy and Regulation for Cyclone Recovery Waste Management.
- After taking out the Hawke's Bay Regional Recovery Agency (HBRA) and silt taskforce funding, subsidies and grants are \$28m, which is \$5m behind budget. This is mainly due to the time taken to work through the NEMA claims. We may still recognise some of the claims from NEMA if they are settled before the audit is complete. At the moment those numbers are not "virtually certain" and, hence, do not meet the threshold to include them in the results.
- The shortfall in other revenue reflects the associated delay in receiving insurance claim money and the lower than budgeted investment returns, particularly from Napier Port. These are somewhat offset by fair value gains on investments as they recover; however, these are not available to fund activities as they are not cash returns.
- Total expenses were \$308.7m of which \$125m is for the HBRA (sediment and debris) and \$78.4m for the silt taskforce, leaving \$105.3m spent against a budget of \$179.5m.

10. The results above also include our year end revaluation results. Our infrastructure assets were not revalued last financial year as it was impractical to do so soon after the cyclone. We accepted a qualified audit opinion on that decision. This year we decided to get an external valuer to undertake a full revaluation after interrogating the data and undertaking some site visits.
11. As a result of valuation, including analysis of actual cost of repair and replacement from Cyclone Gabrielle infrastructure assets have been revalued from \$199m to \$474m. This is more than doubled the value. This increase is shown in the Statement of comprehensive Revenue and Expense. The implications for this on our insurance cover is still being worked through.

Asset type	FY23 reported closing values (000's)	New assets capitalised (000's)	FY24 revaluation gains (losses) (000's)	Depreciation per year (000's)	Depreciated replacement value 2024 (000's)
Stop banks	52,815	23,928	223,319	-	300,062
Detention Dams	3,527	-	411	54	3,884
Drainage Networks	39,075	260	15,795	2	55,128
Pumpstations	5,432	456	1,487	484	6,892
Structures & Pipelines	5,812	47	1,841	326	7,374
Drainage Telemetry	77	74	(23)	36	91
Regional Parks	4,614	85	(936)	58	3,705
Bank & Edge Protection	31,635	375	12,266	-	44,276
River & Sea Groynes	2,022	-	391	-	2,413
Sawfly Works	13,062	-	(4,585)	-	8,477
River Works Land	15,513	764	2,000	-	18,276
Pathways and Roadways	3,909	176	1,088	-	5,173
Work In Progress increase					18,358
<b>Totals</b>	<b>198,554</b>	<b>26,165</b>	<b>253,054</b>	<b>960</b>	<b>474,109</b>

## Statement of Financial Position

# Hawke's Bay Regional Council

## Statement of Financial Position

As at 30 June Hawkes Bay Regional Council

Ledger	24 GLACT Actual 23/24 \$000	24 GLBUD Budget 23/24 \$000	23 GLACT Actual 22/23 \$000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant & equipment	37,967	36,705	37,558
Infrastructure assets	474,109	244,204	198,554
Investment property	66,697	69,220	67,194
Intangible assets	12,048	16,725	9,443
Forestry assets	11,438	12,382	11,745
Prepayments	168	-	168
Total non-current assets before other financial assets	602,427	379,235	324,662
Other financial assets	141,501	149,420	129,683
Investment in Council-controlled organisations	347,462	522,451	348,197
Advances to Napier / Gisborne Rail	-	-	-
Total other financial assets	488,963	671,871	477,881
<b>Total Non-Current Assets</b>	<b>1,091,391</b>	<b>1,051,107</b>	<b>802,542</b>
<b>Current Assets</b>			
Inventories	754	430	337
Trade & other receivables	28,246	13,104	24,623
Derivative financial instruments	1,909	-	2,071
Other financial assets	3,142	2,807	3,142
Cash and cash equivalents	62,276	3,424	94,171
<b>Total Current Assets</b>	<b>96,328</b>	<b>19,764</b>	<b>124,344</b>
<b>TOTAL ASSETS</b>	<b>1,187,719</b>	<b>1,070,871</b>	<b>926,886</b>
<b>NET ASSETS / EQUITY</b>			
Accumulated funds	267,983	293,767	283,630
current year profit/loss	1,399	(20,711)	(14,153)
Accumulated funds	269,382	273,056	269,477
Fair value reserves	547,998	486,293	285,035
Other reserves	123,029	134,330	128,150
Other Equity	-	-	-
<b>Total Net Assets / Equity</b>	<b>940,409</b>	<b>893,679</b>	<b>682,662</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Derivative financial instruments	-	-	-
Borrowings	99,600	131,103	71,563
ACC Leasehold financing liabilities	29,574	26,779	29,283
Provisions for other liabilities & charges	19	-	19
Employee benefit liabilities	433	510	414
<b>Total Non-Current Liabilities</b>	<b>129,627</b>	<b>158,392</b>	<b>101,280</b>
<b>Current Liabilities</b>			
Borrowings	30,563	3,500	29,930
ACC Leasehold financing liabilities	3,421	1,500	1,416
Employee benefit liabilities	2,505	-	2,401
Trade & other payables	81,193	12,218	89,578
Funds held on Behalf	-	-	19,620
Other Current Liabilities	0	1,582	(0)
<b>Total Current Liabilities</b>	<b>117,684</b>	<b>18,800</b>	<b>142,945</b>
<b>TOTAL LIABILITIES</b>	<b>247,310</b>	<b>177,192</b>	<b>244,225</b>
<b>TOTAL NET ASSETS / EQUITY &amp; LIABILITIES</b>	<b>1,187,719</b>	<b>1,070,871</b>	<b>926,886</b>

12. Infrastructure Assets have been shown at the draft values provided by the external valuers. This shows a significant increase in the values as covered earlier in the report.
13. Intangible assets values are higher than last year. The predominant driver of this is carbon credits. At 30 June 2024 we held 174,065 units at a market rate of \$50.50 each. (2023 166,428 units at \$41.00 each).
14. Total borrowing is sitting at \$130m (up \$29m from 2023 balance of \$101m).
15. Cash and Cash equivalents is sitting at \$62m (down \$32m from 2023 balance of \$94m).

### Financial summary by Group of Activities (GOA)

16. The following table provides a breakdown of the statement of comprehensive revenue and expense by Group of Activities (GOA). The Organisational Performance Report includes further financial and non-financial commentary for each GOA.
17. GOA expenditure includes each activity's external expenditure, internal staff time, finance costs (interest), depreciation/amortization and a share of corporate overheads.

Hawke's Bay Regional Council												
Statement of Comprehensive Revenue and Expense by Group of Activities												
For the 12 Months to 30 June 2024												
	Governance and Partnerships			Integrated Catchment Management			Asset Management			Policy and Regulations		
	Actual \$'000	Budget \$'000	Variance \$'000	Actual \$'000	Budget \$'000	Variance \$'000	Actual \$'000	Budget \$'000	Variance \$'000	Actual \$'000	Budget \$'000	Variance \$'000
<b>Revenue</b>												
Revenue from activities	(205)	(205)	-	3,203	3,203	-	1,819	1,819	-	2,145	2,145	-
Rates revenue	5,627	5,627	-	18,860	18,860	-	16,853	16,853	-	6,667	6,667	-
Subsidies and Grants	10	10	-	2,995	2,995	-	19,427	19,427	-	78,266	78,266	-
Other revenue	52	52	-	6	6	-	708	748	(40)	42	42	-
Net Fair value gains on investments	-	-	-	-	-	-	(556)	252,499	(253,054)	-	-	-
<b>Total Operating Revenue</b>	<b>5,484</b>	<b>5,484</b>	<b>-</b>	<b>25,064</b>	<b>25,064</b>	<b>-</b>	<b>38,252</b>	<b>291,346</b>	<b>(253,094)</b>	<b>87,119</b>	<b>87,119</b>	<b>-</b>
<b>Expenditure</b>												
Expenditure on activities	6,192	6,956	(764)	28,307	28,317	(10)	27,377	112,707	(85,329)	89,011	11,937	77,073
Finance costs	-	1,102	(1,102)	-	744	(744)	-	269	(269)	-	1	(1)
Depreciation and Amortisation Expense	-	-	-	646	808	(162)	1,432	946	486	8	7	1
<b>Total Operating Expenditure</b>	<b>6,192</b>	<b>8,058</b>	<b>(1,866)</b>	<b>28,954</b>	<b>29,869</b>	<b>(916)</b>	<b>28,809</b>	<b>113,922</b>	<b>(85,113)</b>	<b>89,019</b>	<b>11,946</b>	<b>77,073</b>
<b>Operating Surplus / (Deficit)</b>	<b>(708)</b>	<b>(2,574)</b>	<b>1,866</b>	<b>(3,890)</b>	<b>(4,806)</b>	<b>916</b>	<b>9,443</b>	<b>177,423</b>	<b>(167,981)</b>	<b>(1,899)</b>	<b>75,174</b>	<b>(77,073)</b>

	Emergency Management			HBRA			Transport			Corporate Overheads		
	Actual \$'000	Budget \$'000	Variance \$'000	Actual \$'000	Budget \$'000	Variance \$'000	Actual \$'000	Budget \$'000	Variance \$'000	Actual \$'000	Budget \$'000	Variance \$'000
<b>Revenue</b>												
Revenue from activities	2,131	2,131	-	-	-	-	478	478	-	402	402	-
Rates revenue	5,425	5,425	-	-	-	-	3,277	3,277	-	(15,726)	(15,726)	-
Subsidies and Grants	129	127,449	(127,320)	127,320	127,320	-	5,477	5,477	-	2	2	-
Other revenue	33	362	(329)	329	329	-	148	148	-	14,773	14,734	40
Net Fair value gains on investments	-	-	-	-	-	-	-	-	-	7,176	7,176	-
<b>Total Operating Revenue</b>	<b>7,717</b>	<b>135,366</b>	<b>(127,649)</b>	<b>127,649</b>	<b>127,649</b>	<b>-</b>	<b>9,379</b>	<b>9,379</b>	<b>-</b>	<b>6,627</b>	<b>6,587</b>	<b>40</b>
<b>Expenditure</b>												
Expenditure on activities	7,027	6,492	534	127,648	-	127,648	9,905	7,103	2,801	(274)	(3,376)	3,102
Finance costs	-	304	(304)	-	-	-	-	3	(3)	6,032	1,783	4,249
Depreciation and Amortisation Expense	1	0	1	-	-	-	209	226	(17)	2,371	3,172	(801)
<b>Total Operating Expenditure</b>	<b>7,027</b>	<b>6,797</b>	<b>230</b>	<b>127,648</b>	<b>-</b>	<b>127,648</b>	<b>10,114</b>	<b>7,333</b>	<b>2,781</b>	<b>8,129</b>	<b>1,579</b>	<b>6,550</b>
<b>Operating Surplus / (Deficit)</b>	<b>690</b>	<b>128,569</b>	<b>(127,879)</b>	<b>0</b>	<b>127,649</b>	<b>(127,648)</b>	<b>(734)</b>	<b>2,047</b>	<b>(2,781)</b>	<b>(1,502)</b>	<b>5,008</b>	<b>(6,510)</b>

### Full year GOA expenditure and funding

18. A summary of group of the full year activity expenditure and income, and variance commentary against the management budget is provided in the organisation performance report. Note that the management budgets include approved carryforwards from the 2022-23 financial year, and additional external income and associated expenditure based on funding agreements confirmed after the 2023-24 Annual Plan was adopted.

### Treasury activities update

19. Fitch, the international Credit Rating Agency, issued HBRC with an AA rating on 27 May, enabling Council to utilise the 20 bases point discount offered by LGFA for future lending. This was utilised immediately in the June LGFA tender. A total of \$40m was drawn down, \$25m to roll short-term cyclone related costs onto longer, more favorable terms and a further \$15m for working capital to fund IRG and NIWE projects. Total external debt at 30 June is \$130m.

20. Cyclone insurance claims and NEMA infrastructure reimbursements continue to progress well. All NEMA claims are anticipated to be completed by the end of the year. The progress for claims to AON for the remaining 40% of costs is currently being worked through with most claims under the MDBI policy expected to be processed by Christmas.
21. Four Napier (Endowment) properties completed freeholding in the quarter, a total of eight for the year. Only one Wellington leasehold property was freeholded in the year. Cash proceeds from any further freeholding will be held in trust for reinvestment by HBRIC on behalf of Council.

### LGFA Green Loans

22. HBRC officers have been investigating the option of Green Loans with LGFA (Local Government Funding Agency) as an alternative to standard bonds. These are available to fund sustainability projects that promote environmental and social wellbeing, or act on climate change and reduce greenhouse gas emissions. Projects that fit the criteria attract lower interest rate charges than standard LGFA bonds.
23. A summary of our applications is as below:
  - 23.1. Climate Action Loan for General funding – The criterion for this loan is linked to the reduction in scope 1 and 2 emissions, and engagement with our vendors on reducing their emissions (i.e., our scope 3 emissions) for the organisation against our baseline (2019-2020 year). Having analysed the investment required / cost of compliance, short window of implementation, and the potential reputational and financial risk of failing to comply, HBRC will not be proceeding with an application for this loan at this time.
  - 23.2. Erosion Control Scheme – Our initial submission was not seen as been ‘additive’ to the current programme to justify the climate loan. We are working with our Catchment managers on incentives and additional offerings that can be done through the programme to meet the LGFA criteria. The focus for this is encouraging native species planting. We are also examining the Land for Life programme’s implications for this application.
  - 23.3. NIWE Loan funding – for the \$44 million of funding required for the NIWE work, this should meet the criteria required for the climate adaption loans, pending finalisation of the programme’s budgeting internally we will be taking this as an application to the LGFA.
  - 23.4. With the completion of the IRG review and subsequent moves to adopt the recommendations, work on an application for the funding requirements of this programme will begin, given this is new work to deal with climate change and adaptation.
  - 23.5. We continue to look for other programmes of work internally that we could work with the LGFA on.
24. Under the scheme HBRC will benefit from a lower interest rate on borrowings that qualify for the green climate adaptation loans. We currently report annually on our greenhouse gas (GHG) emissions.

### Silt and Debris Programme – to 30 June update



25. To date, of the \$152.6 million allocated to the Local Authority Fund, \$114,093,351 of costs have been spent or committed to June 2024, and it is estimated 3.87 million tonnes of sediment and debris has been managed across Hawke's Bay. An increase of 426, 681 tonnes in the last quarter.
26. In September 2023, \$12m was transferred from the Commercial fund to the Local Authority Fund. At the end of September, the Central Government provided an additional \$10m of funding to allow sediment and debris collection and management to continue into October 2023, and an additional \$10m in early November 2023 increasing the total amount in the local authority fund from \$70.6m to \$102.6m at the end of Q2.
27. Quarter 2 saw a large downscale of operations as future funding was unclear. A business case was submitted to Cyclone Recovery Unit on 15 December 2023, with an addendum sent on 10 January 2024 outlining the required funding to complete the activities in the programme. Funding is not sufficient to complete all the jobs in the system, with an estimated 1.2 million m<sup>3</sup> of sediment and debris still in the system waiting to be collected.
28. In February 2024, a further \$39.6m was administered for the completion of taskforce and Wairoa Woody Debris activities, increasing the total in the Local Authority Fund to \$142.6m. A procurement exercise was undertaken to re-engage contractors and work on the remaining silt collection jobs, continuing site management and eventual handover of sites back to landowners has recommenced.
29. Quarter 4 of 2023-24 saw an increase in activity following the completion of procurement and restart, with 426, 681 tonnes of material deal with, and a number of sites transitioned to closure. Expenditure of \$22.9m in the quarter was across all the local authority activities.
30. In Budget 2024, an addition \$10m was provisioned, and the Local Authority Fund budget has now increased to \$152.6m. The funding agreement schedule amendments will be addressed in next month's reporting as these fall in the period commencing 1 July 2024.
31. \$38.5m of budget remains to be spent in the period 1 July to 31 December 2024.
32. Key activities now for the Local Authority Silt and Debris Fund are to close out remaining tasks and close down sites. HBRC doesn't anticipate any further costs to be incurred after funds have been exhausted at 31 December 2024.

### Insurance

33. Cyclone Gabrielle insurance and NEMA claims have been progressing well.
34. To date we have submitted 6 claims to NEMA for our stopbank repair works with costs totalling \$24m. A summary of NEMA claims to date is in the table below.

NEMA Claim Summary	Amount
Total costs submitted	24,070,143.84
less: Ineligible costs (internal time etc)	- 1,040,960.66
Total costs submitted for approval	23,029,183.18
Cost on hold while further information is sought	- 505,557.41
<b>Total costs approved by NEMA</b>	<b>22,523,625.77</b>
Less: HBRC Threshold (similar to excess paid)	- 1,215,076.14
Total claimable portion	21,308,549.63
<b>Total NEMA funded portion (60%) approved for payment</b>	<b>12,785,129.78</b>

35. We are still preparing claim information for our repairs to drains and culverts and edge protection for infrastructure assets, and we are hoping to submit the first of these next tranches of assets in the September 2024.

36. We have also submitted the following insurance claims against our various policies which are being assessed by loss adjustors currently:

36.1. Material Damage and Business Interruption (Sum insured cover)

Hydrology assets	\$387,441
Nursery assets	\$291,274
Pump Station assets	c\$4,218,153

36.2. Infrastructure Policy (40% cover only)

Stopbanks	\$22,317,260
Regional Parks	\$266,321

37. The Material Damage and Infrastructure claims require further information requests for insurance purposes. The team is working through these currently to clarify queries with loss adjustors and provide further information as to extent of damage and repairs completed to date.
38. Smaller claims are also being progressed under the Commercial Fleet Policy for c\$213,078.
39. The next priorities are to answer all outstanding queries and begin submission of all drains claims to both NEMA and Insurance.

### Investment Strategy update

40. Under their investment management mandate HBRIC has now fully transitioned HBRC's managed fund portfolios from Jarden and Mercer across to Harbour Asset Management. HBRIC's managed fund portfolios are next in line, with the planning currently in progress and transition expected to take 6 weeks.
41. HBRIC is also undertaking a deep dive into all other investment assets, reviewing past performance against expectations, strengths and constraints. This will assist HBRIC to identify any areas of concern, set priorities on further investigations and proposed recommendations.
42. Reporting to Council is also a key focus of HBRIC, with attention focused on drafting meaningful key data to provide a complete assessment of all asset performance. These reports will be presented at the next C&S meeting.

### Decision-making considerations

43. 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 *Interim financial results 2023-2024* staff report.

### Authored by:

**Amy Allan**  
Senior Business Partner

**Pam Bicknell**  
Senior Group Accountant

**Jess Bennett**  
Programme Finance & Controls Manager

**Chris Comber**  
Chief Financial Officer

**Tracey O'Shaughnessy**  
**Treasury & Investments Accountant**

**Approved by:**

**Susie Young**  
**Group Manager Corporate Services**

**Attachment/s**

There are no attachments for this report.



**Hawke's Bay Regional Council**  
**Corporate and Strategic Committee**  
**4 September 2024**

**Item 9**

**Subject: Annual Report 2023-2024 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 2023-2024. 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 (LTP).
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 LTP. In previous years, we have used the following format to report performance.

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

6. Based on feedback from our auditors, we have avoided using 'partially achieved' since the 2021-22 Annual Report and have kept to 'achieved' and 'not achieved' in subsequent reporting.
7. The 2023-2024 financial year is the third and final year of the 2021-31 LTP.

*Other non-financial sections – to be completed*

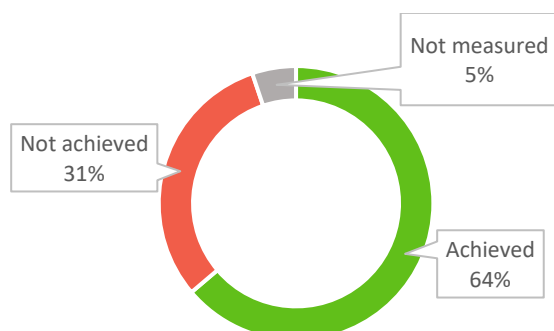
8. The non-financial sections of the full Annual Report document will also include:
  - 8.1. forewords by the Regional Council Chair, Chief Executive and Co-Chairs of the Māori Committee
  - 8.2. a statement around Māori participation in decision-making

- 8.3. measurement undertaken during the year of progress towards the achievement of community outcomes
- 8.4. summary of what we have achieved as we support our region's recovery and build resilience
- 8.5. highlights by geographical area to describe what we did during the year in more detail.

## Discussion

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

9. Of the 58 measures, 37 were achieved, 18 were not achieved and 3 were not measured or not due for reporting this year. This compares to 33 achieved, 21 not achieved and 5 not measured last year.



10. Staff analysis suggests the reasons for not achieving the targets generally fall into the following areas:
  - 10.1. knock-on effects of Cyclone Gabrielle including staff being diverted into other programmes of work, and workloads escalating as a result of the cyclone
  - 10.2. external forces impacting staff's ability to do their work and hampering work progress included staff turnover, vacancies of key roles, and change in legislation at a national level
  - 10.3. results outside our direct control, for example road crashes, marine incidents and cancelled bus routes
  - 10.4. continuation of a downward trend, for example public transport passenger numbers.
11. Commentary has been added to the quantitative results to understand the situation-specific factors affecting performance 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.
12. Where data allows, graphs showing a timeseries to illustrate trends have been included to give further context.

## Next Steps

13. The full Annual Report is due to go to Ernst & Young (EY) for auditing between 23 September and 11 October. This will include the financial statements and other components.
14. Our auditors, EY will present its Preliminary Audit Findings report to the Risk and Audit Committee on 23 October.
15. The final Annual Report 2023-2024 will be presented to Council on 30 October for adoption.
16. The Annual Report Summary will be produced and audited by 27 November. This does not need to be adopted by Council.

**Decision-making considerations**

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 2023-2024 Interim non-financial results* staff report.

**Authored by:**

**Sarah Bell**  
**Team Leader Strategy and Performance**

**Approved by:**

**Desiree Cull**  
**Strategy & Governance Manager**

**Attachment/s**

- |          |                                      |  |
|----------|--------------------------------------|--|
| <b>1</b> | interim 2023-24 Annual Report Part 4 | Under Separate Cover<br><b>online only</b> |
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**Hawke's Bay Regional Council**  
**Corporate and Strategic Committee**  
**4 September 2024**

**Item 10**

**Subject: Health, Safety and Wellbeing Strategic Plan 2024-2027**

**Reason for report**

1. This item introduces the Council's Health, Safety and Wellbeing Strategic Plan 2024-2027 for the Committee's information.

**Background**

2. The Health and Safety (H&S) and Wellbeing Strategic Plan is renewed every 3 years.
3. Key changes proposed as part of this 3-year plan are:
  - 3.1. H&S and the Wellbeing Strategy are included in one document (**attached**)
  - 3.2. Focus on wellbeing for our staff given prolonged fatigue from cyclone, recovery activities and continued reviews and investigations
  - 3.3. Specific continuous Improvement opportunities such as:
    - 3.3.1. Aligning our HSWMS to ISO45001:2018 and ensuring consistent and effective implementation will be a major focus for 2024 - 2027, and
    - 3.3.2. Moving to digital solutions to capture and enhance analysis and reporting capabilities.
4. Under the Health and Safety at Work Act 2015, HBRC (as an organisation) is the Person Conducting a Business or Undertaking (PCBU).
5. Councillors and the CEO are likely to be considered as Officers of the PCBU and that is that approach the HBRC takes to delineating responsibilities.
  - 5.1. However, Councillors are immune from Prosecution as Officers under the Health and Safety at Work Act 2015 (HSWA). Accordingly, HBRC adopts delineated Officer responsibilities for the CEO and Councillors, respectively.
6. The Primary Duty of Care for the PCBU is to ensure, so far as is reasonably practicable, the health and safety of its workers and any other workers who are influenced or directed by the PCBU. It must also ensure, so far as is reasonably practicable, that the health and safety of other persons is not put at risk from work carried out as part of the conduct of the business or undertaking.
7. The Duty of Officers is to exercise due diligence to make sure that the PCBU complies with its health and safety duties. They must exercise the care, diligence and skill a reasonable officer would exercise in the same circumstances, taking into account matters including the nature of the business or undertaking, and officer's position and nature of their responsibilities.
8. As the only Officer of the PCBU liable to personal prosecution under HSWA, and as the official responsible for the day-to-day operational management of the PCBU, in his Job Description, the CEO has "the key responsibility as an Officer to exercise due diligence to ensure the Council meets its health and safety obligations under the Act."
9. The H&S strategic Plan is proposed for awareness to the Council and is approved by the CEO.

## Discussion

10. The plan differs from previous years with the move to align to the internationally recognised health and safety management system standard ISO45000:2018. This is an ambitious move that will provide a structured framework to ensure workplace safety and legal compliance. The HSW team are ensuring that implementing ISO45001:2018 demonstrates the commitment to our employees and those we engage with. The intention of this move is to further build on sustainable integration and consistent engagement of health safety and wellbeing within the Council and those we influence.
11. The 2024-2027 strategic plan is built around the following principles:

### **Leadership Commitment**

- 11.1. We continue to have strong leadership from the CE, Executive Leadership Team (ELT) and Council. Councillors have a collective and individual understanding of the direction for HSW management; they are provided with a high-level view of activity on a quarterly basis and risk maturity and critical risk reports provided through the Risk and Assurance committee. HSW leadership must also be outwardly visible throughout management, our workforce, and those that we engage. Our continued focus will be to grow visible and demonstrable leadership through a cycle of continuous improvement to enable a sustainable HSW culture.
- 11.2. Generally, Councillors are required to have a good understanding of Council operations and health and safety risks, and ensure those risks are managed. The duty of officers (Council) is to exercise due diligence to make sure that the PCBU complies with its health and safety duties. Councillors are not required to be involved with the day-to-day management of health and safety operations within Council, as this responsibility sits with the Chief Executive to manage.
- 11.3. The primary duty of care for the PCBU is to ensure, so far as is reasonably practicable, the health and safety of its workers and any other workers who are influenced or directed by the PCBU. It must also ensure, so far as is reasonably practicable, that the health and safety of other persons is not put at risk from work carried out as part of the conduct of the business or undertaking.

### **Personal responsibility**

- 11.4. Personal responsibility exists throughout all levels within Council, our contractors and service providers. Individual responsibility differs but shared responsibility will continue to allow us to build on our safety culture. HSW starts at the 'top' with our Executive Leadership Team and Council having a collective and individual role to play. We are all responsible and accountable for championing HSW, such that no business objective sacrifices the health safety and wellbeing of our people.

### **Partnership and collaboration**

- 11.5. The organisation strongly supports the participation of our workers, consultants, contractors, and the community to make the best use of skills, knowledge, and experience when it comes to HSW being effective. This partnership approach allows a collective view to identify hazards/risks in the field, with community input when required, to adopt the most appropriate measures to mitigate and reduce risk/harm to all those involved.
- 11.6. We will actively seek ways to secure a sustainable level of engagement and participation on a wide range of HSW matters. We do engage with other Councils and industry bodies to build local knowledge, collaborate on innovative initiatives, and create consistency that benefits not only ourselves, our neighbouring Councils but also the region.

### Accountability

- 11.7. Data creates the opportunity to know, learn and provide a high level of assurance that health safety and wellbeing policy, process and continuous improvement occur. The organisational incident reporting culture has continued to improve which encourages staff to report near miss, incident, and improvement ideas without prejudice or fear.

### Transparency

- 11.8. Performance data is provided within applicable timeframes for intended audiences.
- 11.8.1. Regular reporting to ELT with metrics
  - 11.8.2. Quarterly Organisational Performance report for ELT and Council
  - 11.8.3. Council Risk and Assurance committee receives quarterly risk maturity reporting and high-risk incident reporting
  - 11.8.4. HSW team present organisational monthly updates with incident data to all groups across Council
  - 11.8.5. Quarterly HSW committee reporting to committee representatives across the business.

### Continuous Improvement

- 11.9. HSW business as usual activity alongside the planned improvements aligning the HSWMS to ISO45000:2018 is the major focus for 2024-2027 with the HSW work plan detailing the updates that meet the recommendations of the desk top review in 2023, to which the HSW Team Lead has assigned a dedicated HSW resource. Part of the ongoing commitment to continuous to improvement is to maintain an active forward-looking approach to manage the HSW of the Council. The HSW team in conjunction with ELT reviews the HSW Strategy, HSW Management System, workplan and policies with consultation from the HSW Committee.
12. Given the unprecedented times post Cyclone Gabrielle and other regional flooding events, the mental health and wellbeing of our staff, volunteers and contractors is paramount. This plan has woven mental health and wellbeing throughout to give credibility to the whakatauki which features throughout the strategy:
- Ko o tatou iwi kei te ngakau o nga mea katoa e mahi ana tatou. Ka whakarite kia noho haumaruru ratou i te wa e mahi ana, ka hoki ora mai ki te kainga ia ra***
- Our people are at the heart of everything we do. We will ensure they are safe while at work and are returned home safe every day.
13. The organisation promotes wellbeing on multiple platforms that includes but not limited to the minimisation of injury (soft tissue, sprain/strain), improved work/life balance (exercise, flexible working options), EAP assistance (includes whanau), My Everyday Wellbeing platform, and training (Mental Health First Aid and Dealing with Aggressive People training). The HSW team, along with the HSW committee, Staff Support Group and the Wellbeing committee, provide and promote a holistic approach to a programme that puts our people at the heart of the organisation, and people before process.
14. The intention of this 3-year plan is to continue to build on the health safety and wellbeing maturity, align to an international health and safety standard that will provide consistency, confidence and sustainability of process.

### Next steps

15. The H&S Strategy supports the ongoing responsibilities of our organization and compliance with the Health and Safety at Work Act 2015.
16. The workplan that accompanies the strategy is managed and reported accordingly to the Risk

and Audit Committee and through the Quarterly Organisational performance reporting to Corporate and Strategic Committee.

### **Decision-making considerations**

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 Strategy Committee receives and notes the *Health, Safety and Wellbeing Strategic Plan 2024-2027* staff report.

### **Authored by:**

**Kirsty McInnes**  
**Team Leader Health Safety & Wellbeing**

**Matt McGrath**  
**Chief Legal Advisor**

### **Approved by:**

**Susie Young**  
**Group Manager Corporate Services**

### **Attachment/s**

- |          |  |  |
|----------|--|--|
| <b>1</b> | Health Safety and Wellbeing Strategic Plan 2024-2027 | Under Separate Cover<br><b>online only</b> |
|----------|--|--|

**Hawke's Bay Regional Council**  
**Corporate and Strategic Committee**  
**4 September 2024**

**Item 11**

**Subject: Annual reporting on climate action**

**Reason for report**

1. This item provides an annual report on Hawke's Bay Regional Council's climate action from July 2023 – June 2024.

**Strategic fit**

2. In June 2019, Hawke's Bay Regional Council (HBRC) declared a climate emergency. HBRC's Strategic Plan 2020-25 sets a goal that 'By 2025, HBRC is carbon zero and plays a leadership role in the region's goal of net zero greenhouse gases by 2050'.
3. The amount of land across the Hawke's Bay region used for plantation forestry means that the region has achieved carbon neutral status. That is, if we take into account all greenhouse gases produced in the region excluding biogenic methane, forestry removals (harvesting and sequestering included) outweigh these emissions. HBRC is also carbon neutral once its forestry estate is taken into account.

**Background**

4. Annual reporting to Council on progress made on a coordinated programme to drive climate change action to reduce the region's and its own carbon footprint is a level of service measure in the 2021-2031 Long Term Plan.
5. This is the first annual report to the Corporate and Strategic Committee on HBRC's climate action. Updates have previously been provided to the Māori Committee and Council.
6. Since February 2022, HBRC has had a dedicated resource to focus on climate action. Four key areas of work over the 2023-24 year were:
  - 6.1. building awareness and knowledge, both internally and in the community
  - 6.2. supporting initiatives to reduce corporate emissions. The HBRC Emissions Reduction Plan is under the stewardship of HBRC's Corporate Support team
  - 6.3. leading the work programme of the Climate Action Joint Committee (CAJC). The first meeting of the Joint Committee was in May 2023. Membership of the CAJC comprises the five partner councils (up to two elected members and one alternate from HBRC and each Territorial Authority), and mana whenua as represented by Post [Treaty] Settlement Governance Entities (PSGE) and two Taiwhenua representatives from the HBRC Māori Committee
  - 6.4. Drafting the Climate Change chapter of the Regional Policy Statement.

**Discussion**

*Awareness building and education*

7. The Climate Action Ambassador conducted various activities and initiatives to build awareness and educate the community on climate change including:
  - 7.1. convening the HB CAN (Climate Action Network) for practitioners across local government, businesses, lifelines and not-for-profits to share information, best practice, and solutions for measuring, reporting and reducing greenhouse gas emissions

- 7.2. developing and distributing educational materials and resources, such as the Community Carbon Footprint results and presenting to various groups such as Rotary
- 7.3. writing a regular column in HB Today entitled 'Kia Rite! Time to Act' and content in Bay Buzz
- 7.4. supporting the Youth Climate Summit and Youth Camp.

#### *HBRC Corporate Emissions Reduction*

- 8. HBRC's corporate emissions for the year were calculated at 1,306.75 tonnes of carbon dioxide equivalent. Given our emissions exceed 1000 tonnes, an independent carbon footprint audit is required to verify our emissions. This audit has been completed with verification to follow in the coming weeks.
- 9. This is a decrease of 17% on the previous year's 1,578 tCO<sub>2</sub>e. The majority of emissions (73%) come from fuelling the HBRC vehicle fleet, and then 18% from our bulk diesel storage (for our heavy mechanical plant in Guppy Road), natural gas (2.8%), electricity (2.6%), and domestic air travel (3.85%) are the remaining main contributors. All other (recorded) activities make up the remaining emissions.
- 10. The 17% reduction in 2023-24 is considered by staff to be very likely connected to the HBRC Cyclone Gabrielle response in 2022-23 and our heavy reliance on diesel through this period. The 2023-24 year is considered more likely to be a true baseline reflection of HBRC business operations.
- 11. A number of initiatives are underway including:
  - 11.1. exploration of 'Green loans' through the New Zealand Local Government Funding Agency (LGFA). HBRC has undergone a review of implementation and compliance costs in order to meet SBTi (Science Based Targets) which form the basis of the loan requirements. Staff note that:
    - 11.1.1. the SBTi focus is on reducing gross emissions to be carbon neutral by 2050, excluding the ability to offset. This requires a 42% reduction from our baseline year (2019-20) in gross organisation emissions by 2030
    - 11.1.2. we are investigating lodging three applications for loan funding of work programmes for climate adaptation related work
    - 11.1.3. currently the compliance costs of LGFA's Climate Action Loans remain higher than HBRC is able to engage with.
  - 11.2. ongoing replacement of building lighting with LEDs
  - 11.3. engaging external review of our current fleet to review private commuting and utilisation with an aim to reduce our mobile combustion emissions
  - 11.4. increasing staff awareness sustainable practices and initiatives, at work and at home through the HBRC Green Group and regular internal communications
  - 11.5. regular fleet reporting to highlight and surface trends, to influence driver behaviour change
  - 11.6. green month at HBRC featuring a number of activities for staff around reducing our emissions
  - 11.7. roll out of Liftandgo, our carpooling app for HBRC staff.

#### *Update on the Climate Action Joint Committee*

- 12. The Climate Action Joint Committee (CAJC) met three times in the 23-24 FY, with meetings in August, December and March.

13. The CAJC spent time developing a Vision and Strategy with six priority pou identified through this process to guide their work. These pou are Biodiversity, Transport, Primary Industry, Waste, Waimāori/Freshwater and Urban/Housing.
14. A budget for the CAJC's work programme was presented in December 2023. A total amount of \$690k over three years was recommended, with a funding split between the five partner councils. The CAJC Chair and Deputy Chair subsequently wrote to partner councils to request that joint funding be included in their respective long-term plans based on this proposed split.
15. The requested long term plan funding amounts for ongoing climate action work has been confirmed by Hawke's Bay Regional Council, Hastings District Council, Napier City Council and Central Hawke's Bay District Council.
16. A one-year work programme for the Climate Action Joint Committee was endorsed at their meeting on 26 August 2024. The region's first Climate Change Risk Assessment is the key priority. Cr Xan Harding was appointed as the Chair, replacing HBRC Chair Hinewai Ormsby for the remainder of the triennium. Chair Ormsby replaces Cr Di Roadley as the alternate. Cr Hayley Brown from Napier City Council remains the Deputy Chair.
17. Amendments to the Terms of Reference to implement the leadership change and other minor changes will be brought to the September Council meeting for ratification.

#### *Community Carbon Footprint*

18. In March 2022, HBRC released the first Community Carbon Footprint for the Hawke's Bay region. This also profiled the contributions of the territorial districts (Napier, Wairoa, Hastings, and Central Hawke's Bay).
19. HBRC is leading ongoing work to collect data for our Regional Greenhouse Gas Inventory. Data acquisition remains a major challenge. Obtaining sufficient, correct, and accurate activity data remains a challenge and requires collaboration with partner councils and other stakeholders.
20. We are currently in the process of compiling the 2022-23 Community Carbon Footprint. The emissions profile for the region, changes between 2018-19 to 2022-23, and the potential impact of Cyclone Gabrielle on regional emissions will be presented in a final report.
21. Community carbon footprints for each of the territorial authorities (Napier, Wairoa, Central Hawke's Bay and Hastings) will also be included in the final report. This report is due to be released in 2025.
22. HBRC are also participants in a national pilot project for a local emissions data platform. This work is being led by Bay of Plenty Regional Council and Te Uru Kahika. Having a standardised emissions data platform would:
  - 22.1. provide an alternative to externally commissioned regional greenhouse gas emissions reports (approximate cost \$60k every 3 years)
  - 22.2. provide a platform where emissions data is accessible to the public and updated regularly (with a shorter lag time than the alternative externally commissioned report)
  - 22.3. assist with the development of regional emissions reduction actions through the work of the CAJC.

#### *Climate change and the Regional Policy Statement (RPS)*

23. HBRC's policy team is leading work to develop HBRC's Kotahi Plan. This plan will replace the current Regional Policy Statement, Resource Management Plan, and Coastal Environment Plan.
24. Since Cyclone Gabrielle, HBRC's reconfigured programme for preparation of the Kotahi Plan is now prioritising drafting of the Regional Policy Statement (RPS) provisions.
25. Climate change had previously been highlighted by the Regional Planning Committee as one of the key regionally significant issues for the RPS to address. During the 2023-24 period,

preliminary assessment of potential RPS options have been assessed in terms of policy direction on climate change issues (both emissions reduction and climate adaptation). The potential RPS options have also been assessed based on policy direction on associated topics, such as natural hazards risk, freshwater, biodiversity, urban development and energy and infrastructure - all of which will be impacted by changes in our region's climate.

26. Recommendations emerging from the various post-cyclone reviews will also have a strong influence on further drafting of the RPS's policy direction during the upcoming 2024-2025 period.

#### **Decision-making considerations**

27. 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 reporting on climate action*' staff report.

#### **Authored by:**

**Amberley Gibson**  
**Climate Change Lead Strategic Advisor**

#### **Approved by:**

**Desiree Cull**  
**Strategy & Governance Manager**

#### **Attachment/s**

There are no attachments for this report.

**Hawke's Bay Regional Council**  
**Corporate and Strategic Committee**  
**4 September 2024**

**Item 12**

**Subject: HBRIC Ltd quarterly update**

**Reason for Report**

1. This item presents the HBRIC quarterly update for Q4 April – 30 June 2024.

**Executive summary**

2. The fourth quarter of FY24 concluded with strong performances from HBRIC's Managed Funds portfolio and positive operational results from the Port, validating earlier confidence in dividend expectations. Overall, HBRIC's financial year produced solid results despite challenging economic conditions.
3. **Managed Funds:** The portfolio increased by \$3.27 million, a 7.18% rise for the year.
4. **Napier Port:** HBRIC received \$7.2 million in dividends, passing 100% through to the Council. The Port delivered strong results despite disruptions from Cyclone Gabrielle.
5. **FoodEast:** Construction was completed, and the first commercial tenant was secured despite tight economic conditions.
6. Operationally, the Council has made comprehensive changes to HBRIC's investment mandate to enhance performance from both HBRC and HBRIC investment assets, aiming to support Council income and build future rate resilience. HBRIC continues to implement these changes, including analysing HBRC's other investment assets (excluding the managed funds portfolio) to report on combined or 'Group' investment performance in the future.

**Looking back**

**FY24**

7. HBRIC's consolidated annual report for the year ended 30 June 2024 is in production at the time of distribution of this report and will be presented when completed. The annual audit of these financials is due to commence 9 September.
8. Key Items to note:
  - 8.1. Statement of Financial Performance
    - 8.1.1. Year-end surplus of \$778k after tax and including fair value gains. (2023: deficit \$25.07m)
    - 8.1.2. \$3.2 million net return from managed funds (including fair value gains), a net gain of 7.18%. (2023: \$2.4m, 5.63%)
    - 8.1.3. \$7.2 million of dividend revenue received from Napier Port Holdings (NPHL) in the year and fully passed through to HBRC. (2023: \$7.04m).
  - 8.2. Statement of Financial Position
    - 8.2.1. Decrease in net assets of \$2.2 million as at 30 June 2024
    - 8.2.2. NPHL share price has decreased 2% YTD from \$2.50 to \$2.45 – total decrease is \$5.5million
    - 8.2.3. Increase in managed fund value of \$3.1million.

- 8.2.4. Increase in net assets of \$646k for the year end to 30 June 2024
  - 8.2.5. NPHL share price had decreased 0.8% during the year from \$2.50 to \$2.48 – value of decrease is \$2.2million.
  - 8.2.6. Increase in managed fund value of \$3.2million with balance at year end at \$48.8m, up from \$45.6m in 2023. These funds remain in compliance with Council's SIPO.
  - 8.2.7. There were no divestments from managed funds during the year, and their carrying value is \$1.6m under their capital protected value at 30 June.
9. Increased investment in Foodeast GP Ltd of 1.5m during the year as part of scheduled capital contribution.

### Council-led investment performance review

10. Throughout 2023, the Council reviewed how it manages its investments, which are either directly owned or held by its fully-owned CCTO, HBRIC Ltd.

Asset (June 2024)	HBRIC \$000	HBRC \$000
Napier Port	272,800	
FoodEast	3,203	
Managed Funds	48,854	118,723
Wellington Leasehold		24,100
Napier Leasehold*		9,017
Forestry- Tree Crop		11,898
Forestry (NZU's)**		8,404
Entity Total (Gross)	<b>\$324,857</b>	<b>\$172,142</b>
Group Total (Gross)	<b>\$496,000</b>	

\*Accounting for estimated \$33 million lease receivables liability to ACC.

\*\*Based on NZU value of \$50.50 as of 30/6/24.

11. The review led to the following changes:
- 11.1. HBRIC's mandate was extended to include oversight and advice on HBRC-owned assets.
  - 11.2. HBRC's Statement of Investment Policy and Objectives was shifted from defensive to growth settings.
  - 11.3. Revised HBRC's Statement of Expectations and substantially rewrote the Statement of Intent to reflect changes.
  - 11.4. HBRIC completed the Managed Fund portfolio Request for Proposal on the Group's behalf, appointing Harbour Asset Management (part of the FirstCape Group) as the sole fund manager.
  - 11.5. HBRIC initiated due diligence on HBRC non-managed funds investment assets (ongoing).
  - 11.6. In June 2023, HBRC appointed Debbie Birch and Jonathan Cameron as HBRIC Ltd Independent Directors. Debbie Birch was subsequently appointed to Napier Port Holdings Limited as a non-independent Director, joining HBRIC Independent Chairperson Dan Druzianic.
12. Following Long-Term Plan deliberations and in consultation with HBRIC Ltd, the Council increased its investment portfolio dividend requirements by \$2.8 million over the first two years of the LTP to reduce the community rating burden.

## Looking forward

### Managed funds

13. Following tax due diligence, the transition of HBRC's portfolio from Jarden/Mercer to FirstCape commenced after June 30 (as directed by the Council). This transition was mostly completed by July 31.
14. Additional tax and legal advice was required for HBRIC's portfolio, and that transition is now underway. After the portfolio is fully established, Harbour Asset Management will present to this Committee.

### HBRC investment asset review

#### Wellington leasehold property

15. **Description:** Leasehold interest in 11 inner residential and central area properties.
16. **Value:** Increased from 2020 valuation of \$17.75 million to the current \$24.1 million, with one property sold for \$628,000 in FY24.
17. **Income:** Rental income rose from \$813,596 in 2020 to \$930,959, contracted for FY25. Rent reviews occur every 14 years, with a weighted average lease term of approximately 7 years across all properties. Current net annual market rent is \$1.4 million.
18. **Comment:** Acquired in 2002 from Capital & Coast DHB, funded by EIT Student Accommodation and Napier Leasehold property sales. The portfolio is low-risk and well-located with solid tenants (Victoria University, Queen Margaret College). The Wellington property market remains under pressure, which may affect future portfolio value and liquidity.

#### Napier leasehold property

19. **Description:** 134 head-leasehold properties, some further subdivided into a total of 414 individual properties.
20. **ACC Contract:** In December 2013, HBRC sold 50 years of lease receivables to ACC for a lump sum payment of \$37.651 million. Actual payments vary according to complex formulas based on rent reviews and occasional tenancy freeholding.
21. **Value:** The current market value is \$42.017 million and the residual liability to ACC is estimated to be \$33m.
22. **Income:** Due to the complexity of the arrangement, it has been difficult to accurately quantify the surplus (if any) accruing to HBRC, net of payments to ACC and internal staff costs.
23. **Comment:** HBRIC is working with the HBRC team responsible for administering these properties on behalf of both the Council and ACC. A key objective is to build a more accurate forecast of future cash flows. Work is ongoing to model the future extent of the ACC liability under different scenarios (e.g., rates of freeholding) to confidently predict the role this investment asset could play in the Group's overall investment performance.

#### Forestry tree crop

24. **Description:** Tree crops on 8 properties, totalling 760ha of plantings on 1,587ha, consisting of 44% radiata and 47% eucalyptus varieties. Most plantings occurred between 2009-2013, except for Tangoio (1992 & 2001).
25. **Value:** The discounted value of future net income is currently assessed at \$10.6 million, down from \$14.7 million in 2021.
26. **Income:** Over the last five years, forestry revenues have fluctuated between nil and \$670,000.
27. **NZUs:** HBRC holds 166,428 Emissions Trading Scheme NZUs. In 2018, these units were proposed to be on-loaned to the Kahutia Limited Partnership, but the transaction was never finalised.

Recent reports estimate that approximately 100,000 of HBRC's NZUs are considered 'Low Risk' meaning they are not required to offset future harvest obligations.

28. **Comment:** We continue to collaborate with HBRC finance and field staff to gain a more detailed picture of forestry operations, including the non-financial objectives for each block (e.g., soil conservation), internal costs, NZU profiles, and other operational matters.
29. In summary, HBRIC is proactively working with the HBRC finance team to build a clearer and more predictable picture of investment flows for HBRC's non-managed funds investment assets. These assets significantly contribute to HBRC's annual Group investment returns and dividend flow to the Council. We are ensuring that internal costs of administering these assets are accurately captured for a true assessment of net return. It is also crucial to maintain consistent treatment of valuation changes and divestments across the Group.

### **FY2025 Group budget**

30. During the investment strategy review, HBRC was presented with a preliminary operating budget for an expanded, self-contained HBRIC. While this model is not ruled out for the future, the HBRIC Ltd Board seeks a deeper understanding of the Group investment portfolio to advise on and agree with an overall Investment Strategy with the Council. This will allow the operational model to be established in a way that best implements the Council's strategy. In the meantime, efforts to keep HBRIC's operating costs low will support the increased dividend requirement.
31. Regardless of the resources required by HBRIC to deliver on the Council's strategy, it is necessary to ensure clear delineation of roles and responsibilities between HBRC and HBRIC, given that investment assets are held across two entities. Work is underway on a revised Services Agreement between HBRC and HBRIC to address these issues.
32. Regarding the Council's FY25 dividend expectations, HBRIC is closely monitoring the performance of the Port and the Managed Funds. Based on current projections, HBRIC believes that the Council's FY25 dividend and inflation protection requirements can be met without resorting to asset sales. However, the higher dividend requirement will delay the establishment of the Council's future resilience fund.
33. Economic conditions remain challenging, and the Group's investments are not immune. HBRIC is actively exploring strategies to fund HBRC's dividend from Group Investment Assets should the current budget come under additional pressure later in the year.

### **Future updates and reporting**

34. HBRIC currently provides a Quarterly update to the Council's Corporate and Strategic Committee. These updates have historically focused solely on HBRIC Ltd's past performance and annual compliance matters, such as the approval of the Statement of Intent.
35. Moving forward, HBRIC Ltd will report on Group investment performance with an emphasis on six-month and full-year reporting. This will better align with the proposed semi-annual dividend payment to HBRC. HBRIC also sees value in hosting two annual workshops with the Committee to discuss key issues and overall investment strategy.

### **Decision-making process**

36. 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.

### **Recommendations**

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

**Authored by:**

**Tom Skerman  
HBRIC Commercial Manager**

**Approved by:**

**Susie Young  
Group Manager Corporate Services**

**Attachment/s**

There are no attachments for this report.



**Hawke's Bay Regional Council**  
**Corporate and Strategic Committee**  
**4 September 2024**

**Item 13**

**Subject: HB Regional Recovery Agency update**

**Reason for report**

1. This item provides an update to the Council on the recovery work of the Hawke's Bay Regional Recovery Agency (RRA).

**Background**

2. The RRA was established by the Matariki Governance Group (MGG, a regional leadership group comprising the region's Mayors, the HBRC Chair, the Chairs of Ngāti Kahungunu Iwi Incorporated and six of the Post Settlement Governance Entities present in Hawke's Bay, and the Chair of the Chamber of Commerce), with the support of Government, as an independent agency to coordinate the region's recovery work in response to Cyclone Gabrielle. The RRA has been funded by Government, at this stage until 30 June 2024.
3. The RRA is governed by an independent Advisory Board. The Board reports to the MGG which considers and signs off on regional priorities. The HBRC agreed in June 2023 to hold the funding for the RRA and act as the umbrella legal entity to 'house' the RRA and give it legal form. The RRA operates as an independent business unit of the HBRC.
4. The prime function of the RRA is to plan and coordinate recovery activity at a regional level, establish and communicate priorities to government and within the region, and to advocate to Government and relevant entities for funding and recovery supporting actions. The RRA was also established to provide assurance advice to the Government and was given a high-level programme management role under the NIWE Hawke's Bay Crown Funding Agreement signed in 2023.
5. Under these arrangements, the RRA continues to work with Matariki partner organisations and Government and its agencies to:
  - 5.1. support partner agency recovery actions
  - 5.2. coordinate recovery work across organisations and between the region and government
  - 5.3. plan next stage recovery activity and assist with thought leadership on recovery and resilience
  - 5.4. advocate to Government and its agencies for financial and other assistance with recovery efforts.
6. This work includes both immediate and short-term recovery priorities as well as longer-term recovery and resilience priorities and opportunities, including those captured in the regional 'Briefing to Incoming Ministers' (BIM) and Recovery Plan 2.0. Progress on these matters is canvassed below.

**Discussion**

**Immediate-term Priorities**

7. The following table provides an update on progress on immediate-term priorities confirmed through the MGG.

Priority	Progress Update
Silt and Debris	<p>HBRC, in conjunction with the other councils, has coordinated the silt and debris delivery programme. The RRA has led advocacy efforts for additional funding allocations, provided coordination with Government, and developed with HBRC the proposed Farm Clear 24 2<sup>nd</sup>-stage commercial fund programme.</p> <p>Progress on the programme associated with the \$50 million allocated to the region in February 2024 (\$40 million) and Budget 24 (\$10 million) is well advanced. An update:</p> <ul style="list-style-type: none"> <li>☐ The last 100 jobs (42 silt, 47 debris, 11 woody debris) were in progress and on track to be substantially complete by end August depending on weather conditions</li> <li>☐ There are a handful of long-tail jobs that will run into October</li> <li>☐ Site remediation works will commence September</li> <li>☐ Woody debris work continues in Wairoa (significant remaining) and in the northern Hastings coastal areas (e.g. Waikare, Aropauanui, Tangoio – included in 11 jobs above)</li> <li>☐ Works are expected to be complete by the end of 2024</li> </ul> <p>In response to the 26 June flood event in Wairoa, \$3 million from the \$10 million silt and debris allocated in Budget 24 was reprioritised to fund collection of household waste and silt and debris by Wairoa District Council. This was done based on RRA advice and with HBRC support, and the initiative was well received by both Government and Wairoa.</p> <p>The RRA, with HBRC support, have provided a proposal to Government for FarmClear 24 (the reopening of the commercial fund, with a particular emphasis on meeting as yet unmet need in the pastoral sector). At the time of writing, the proposal was being considered by Ministers.</p>
Waipawa Drinking Water protection	<p>The stopbank rebuild portion of works has been funded and completed following advocacy from the RRA and CHBDC.</p> <p>Following significant work by the RRA and CHBDC, <i>Government has recently confirmed co-investment (75%)</i> alongside investment from CHBDC to fund the relocation of the treatment plant portion of the facility. This is a major success.</p>
Kaupapa Māori pathway – FoSAL	<p>Following advocacy work by affected Marae/PSGEs and the RRA, additional funding to advance the Kaupapa Māori pathway was provided for within Budget 24 as a tagged appropriation.</p> <p>Negotiations and advocacy continue. The RRA has provided financial support to Petane Marae for its negotiations and is working as part of the negotiation team to support Maungaharuru-Tangitū/Tangoio Marae and community.</p>
Regulatory Relief – Flood Protection works	<p><u>Order in Council</u> – In conjunction with HBRC staff, the RRA worked with Government officials to develop and usher through the statutory and Cabinet processes the OiC required to provide a streamlined consenting process for the HBRC's flood protection projects.</p> <p>The OiC was enacted on 7 June 2024. This represents a significant milestone on the path toward the efficient delivery of flood protection works.</p> <p><b>[Flood protection OiC work Complete]</b></p>

Priority	Progress Update
Regulatory Relief – on-farm cyclone repairs	<p>Following the expiry of SWELA (Severe Weather Emergency Legislation Act) provisions enabling emergency preventive or remedial measures to be carried out as a permitted activity on rural land in severe weather-affected areas, the RRA has been working to have those provisions extended to support the ongoing recovery of the region's primary sector. This work has been carried out with strong support from the HBRC's Rural Partnerships team. The survey carried out by the team has provided good evidence for both this OiC and the Farm Clear 24 proposal.</p> <p>In response to the RRA's request, Ministers asked officials to consider options for extending the relevant provision which led to the drafting of an Order in Council. The OiC was approved by Cabinet for public consultation, and engagement feedback has now been considered by the Review Panel. RRA staff presented to the Panel on the need for and key aspects of the OiC. The outlook for the OiC looks positive with enactment predicted to occur 16 September subject to Cabinet approval.</p>

8. The events updated above represent significant progress forward for recovery efforts in Hawke's Bay. They have been underpinned by significant work by the RRA, PSGE and Council Chairs, Mayors and staff, and also by work from Government Ministers and officials.

### Medium to longer-term recovery and resilience work

#### Transport – local roads funding

9. Damage to local road networks has been one of the largest cost impacts on the region's councils. The RRA has led advocacy work to obtain enhanced Government funding toward this critical recovery work, also supporting the Mayors and HBRC Chair in their engagements with Government.
10. While there is still much work to be done, the prognosis looks positive at this time. Budget 24 provided \$280 million for local road response and recovery work in the 2024/2025 year, to be shared among regions affected by the 2023 North Island weather events. Initial communications from NZTA indicated that \$91m had been ringfenced for Hawke's Bay for the 24/25 year.
11. Together with relevant transport staff from each of the councils, the RRA is coordinating a joined-up process with NZTA investment advisors to assess council programmes of road recovery work and allocation of funding to them. This appears to be progressing well and council programmes for 2024/25 are being considered and should be confirmed soon.
12. However, it has been signalled that further advocacy will be required to ensure that bespoke funding levels are approved alongside the approval of submitted programmes. This work is in progress.
13. The RRA is also coordinating with councils and NZTA a regional multi-year budget bid to submit to the Minister of Transport to fund local road recovery works for the 2025/26 year and beyond. This responds to an invitation issued by the Minister to the region's Mayors. This is a key area of focus in the infrastructure pou as funding support from Government is critical in restoring the economically essential farm/forest/orchard gate to port and processing component of our roading network on an affordable basis. Funding support is essential to our road owning councils.
14. There is very good collaboration across the councils on this work, including the Transport team at HBRC, and the Chair of the Regional Transport Committee (RTC). This collaboration has

enabled us to ensure that recovery works are fully embedded in the Regional Land Transport Plan which informs the National Land Transport Programme.

### **Transport – State Highways**

15. Of the \$609.25 million of funding allocated in Budget 24 for state highway recovery over the 3-year period July 2024 to June 2027, \$250 million has been allocated to Hawke's Bay and Tairāwhiti. The Minister of Transport released a list of funded projects in July.
16. The funding is targeted at returning affected roads back to their pre-cyclone levels of service. Within the funding envelope, provision has been made to replace the Waikare Gorge Bailey Bridge with a permanent structure.
17. The RRA is advised that major State Highway rebuild projects, such as the Devil's Elbow and Waikare Gorge realignments, are not specifically funded at this time and will be assessed by NZTA against other projects nationwide as part of the National Land Transport Programme (NLTP).
18. However, the Minister has expressed to the region's Mayors a desire to consider options for the Waikare Gorge aside from replacing the Bailey Bridge on the current alignment. The region's civic leaders (including the HBRC and RTC Chairs) have expressed via letter strong support to the Minister for leaving the Bailey Bridge in place if it means the full Waikare realignment project can occur in the foreseeable future. We will be watching the NLTP and Government Policy Statement closely to see which State Highway projects are funded and continuing to advocate for timely completion of the Waikare realignment.
19. We will also be watching the NLTP for confirmation of funding for the four-laning of the Napier-Hastings Expressway (SH2). The project has been included on the Roads of National Significant list and has been discussed with regional leaders but is subject to funding confirmation. Work on this project has commenced already, with the NZTA Project Director engaging with the RRA, our Infrastructure Working Group and councils on planning for the project. The first phase of the project has been signalled as the Taradale Road Roundabout to Links Road/Pakōwhai Road Roundabout section of the Expressway.

### **Kaupapa Māori Pathway**

20. RRA funding has been approved to support Petane Marae in their FoSAL Category 3 Kaupapa Māori negotiations with the Crown. This work is being undertaken by the Marae negotiating team.
21. Negotiations between the Crown and Maungaharuru-Tangitū Trust continue in respect of Tangoio Marae and landowners and residents in the Tangoio area. The RRA is providing support as part of the Maungaharuru-Tangitū Trust Team.

### **Crown Funding Agreement Implementation and Monitoring**

22. The RRA continues to carry out its function of high-level programme management for the overall regional delivery plan under the NIWE (2023) Hawke's Bay Crown Funding Agreement. The projects funded under the agreement are the FoSAL Category 3 Voluntary Property Buyout programme (Hastings District Council and Napier City Council), the Category 2 Flood Protection programme of works (Hawke's Bay Regional Council and Hastings District Council), and a specified Transport programme of works (Hastings District Council, Wairoa District Council and Central Hawke's Bay District Council). Aside from the high-level programme management role, the RRA plays a coordination role with Government and between councils where necessary.
23. **Voluntary Buyout** - The Voluntary Buyout Programme is well advanced. At the time of writing, 97% of eligible property owners were actively engaged in the buyout process, 90% of eligible property owners had received an offer from their respective council, and 78% have accepted that offer (63% have settled). The properties remaining without accepted offers are either those

with more complex issues to resolve, or those where the property owners (4 properties in total) have indicated they will not engage with the process or have withdrawn from the process.

24. Demolition is also well advanced, having been completed on 44% of those properties where it is required.
25. It is expected that all offers will have been made by mid-October 2024. The programme is scheduled to close by the end of the year, although provision will be made to support property owners engaging in the process if required.
26. **Transport projects** - NIWE Transport programmes are progressing relatively well. Hastings District Council (who at \$228 million have the bulk of the transport funding under the Crown Funding Agreement) have made significant progress. The Crystal Culvert in Matahaura Road, Tutira, was opened in July, design and/or construction work is well underway on a number of other large structures, the procurement panel has been set up and the first major contract/package of works has been awarded to TW Civil and Infrastructure for major slip and washout repairs on the Taihape Road. A range of other slip repair projects are also either complete, underway or in design.
27. NIWE funded projects in CHB include Wimbledon Rd, Elsthorpe Rd and Wakara Rd where ground stabilisation works, river protection and bridge repairs are advancing through detailed design and procurement over the coming months. Wairoa District Council has one project: replacement of Te Reinga Bridge. A temporary bridge is now in place and initial design work and consenting preparation is underway. Construction is on track to commence in January 2025 with bridge construction substantially complete March 2026
28. **Flood Protection Work** – a key component of the NIWE Crown Funding Agreement is the delivery of flood protection projects to enable households in Category 2 areas to move to Category 1. Aside from the project focused on the Havelock North Streams which is being led by Hastings District Council (with part funding via HBRC), the flood protection programme of works is being led by the Hawke's Bay Regional Council.
29. The Committee and Council will be receiving detailed reporting on the programme via the HBRC project team, so it is not proposed to repeat that here. The RRA works to try to assist the HBRC team via the NIWE Crown Funding Agreement programme governance and management processes with Crown Infrastructure Partners and the Cyclone Recovery Unit, as an observer on the Programme Assurance Group and other actions as requested or appropriate.
30. A key area of assistance to date has been the work together on the OiC process to achieve regulatory relief for flood protection works. This process saw strong collaboration between the RRA and HBRC teams in working with Government Officials to achieve a practical outcome in terms of the approved OiC.

### Council recovery support fund

31. Budget 24 contained \$20m for 2023 NIWE Councils to access to help speed up delivery of existing, funded, recovery projects. As requested by the CRU, the RRA assisted councils as they prepared their applications to the fund. The key criteria that councils had to demonstrate is how additional funding would speed up project delivery.
32. The Ministerial announcement regarding allocation of the fund has seen \$4,550,000 granted to the region, including \$2,180,000 to the HBRC to speed up delivery of the flood protection programme.

### Telecommunications Resilience Review

33. The Telecommunications Resilience Review, funded by REDA and managed by the RRA and REDA working together, has been consulted on with the Telecommunications sector and is now complete. REDA is issuing the report to Matariki partner organisations and it is available on the RRA website.

34. Arising from the engagement process, a number of Telecommunications companies, as well as the Telecommunications Forum (TCF), have joined the RRA Infrastructure Working Group, and a discussion on critical infrastructure interdependencies is being taken up at the CDEM Lifeline Forum. There were constructive inter-utility discussions at the July IWG meeting in response to the Review report.
35. The Review made a number of recommendations to improve resilience including provision of greater battery back-up and more redundancy in inter-region fibre optic capacity. The RRA will follow up periodically with the TCF on industry responses to the Review recommendations.

### **Housing Resilience**

36. Housing is a focus area highlighted by the MGG with its Briefing to the Incoming Government and in Regional Recovery Plan 2.0. Within the broader housing topic, both short-term accommodation and longer-term housing resilience were identified.
37. In terms of housing resilience, following release of the Government's Kāinga Ora review, RRA staff have been working with staff from interested councils, PSGEs and Taiwhenua to develop a region-wide, place-based community housing concept that could align with the policy directions signaled in the review. The key focus of this work is greater regional housing resilience and better tenant, housing and social outcomes.
38. Good progress has been made on this work, with a concept developed and now signaled to the Minister of Housing on a preliminary basis. The next stage of work is to support the interested Matariki partner organisations to consider the opportunities that might arise from Government policy responses to the Kāinga Ora review, and to work out if and how they wish to participate in any regional approach. This work is underway. The substantive Government response to the Kāinga Ora review is awaited. Based on what we know so far, there are likely to be opportunities for PSGEs, Taiwhenua and councils that have an interest in housing to participate meaningfully in delivering local housing resilience.
39. The substantive Government response to the Kāinga Ora review is awaited. Based on what we know so far, there are likely to be opportunities for PSGEs, Taiwhenua and councils that have an interest in housing to participate meaningfully in delivering local housing resilience.

### **Water Security**

40. As requested by the Mayors and Regional Council Chair following the April visit to the Prime Minister, the RRA has been working to develop a vision statement for water security in Hawke's Bay. The idea behind the vision statement is to draw together a region-wide perspective on water security that captures needs and opportunities in different localities across the region. The document seeks to recognise the cultural significance and human health dimensions of freshwater, alongside the economic drivers for water security.
41. The work has been heavily influenced by previous Water Assessments carried out by the Regional Council and has been circulated to Matariki partner organisations for input. That input has now been incorporated, and at the time of writing the final version of the document was about to be circulated.
42. The document is being used to underpin engagement with Kanoa and Ministers with reference to the Regional Infrastructure Fund and will be used to seek to establish an enduring consensus on water security projects.

### **Regional Infrastructure Fund**

43. The RRA, alongside REDA and Matariki staff, has been meeting with MBIE Kanoa staff regarding the Regional Infrastructure Fund (RIF). These meetings enable emerging regional/Matariki priorities to be conveyed to Government, and Kanoa staff to share confidentially proposals that are likely to emerge for consideration.

44. By the time of the Committee meeting, Kanoa staff will have met with the Matariki Governance Group to discuss priorities and potential projects on 30 August 2024. To date, emerging regional priorities have included water security initiatives and flood protection for business areas/activities. Other Hawke's Bay regional priorities identified by Kanoa include high-value food production, housing, freight logistics and addressing labour shortages. Māori economic development also features as a key area of priority for the RIF. From an RRA perspective, a contribution toward recovery and future regional resilience will also play a factor in prioritisation advice.
45. The RRA focus for this work will be on supporting MGG as required to inform regional priorities and determine how particular projects align with them. The RRA is also working to align initiatives driven or supported by Matariki partners with political opportunities as they emerge.

#### **Local and Progressive Procurement and Workforce Development**

46. Enabling the region to benefit from positive outcomes from recovery investment has been a goal set by the MGG. Local and progressive procurement outcomes have been seen as a significant potential contributor to achieving that goal. With the expected investment via TREC reducing at this point in time based on the budget announcements regarding State Highway funding, much of the local and progressive procurement focus has turned to the councils' work programmes.
47. HBRC is considering local and progressive procurement in relation to its programme of flood protection works. Council staff will likely be reporting on this matter as part of their programme reporting.
48. The RRA has developed a progressive procurement framework to support procuring entities measures, indicators and a set of evaluation criteria to measure progress. It is working with HDC on its transport programme and will work with other councils and TREC to support implementation of progressive procurement and workforce development outcomes.
49. Work is also being developed (with MSD and its Construction and Infrastructure Jobs Hub) on opportunities to utilise external funding and supports to help achieve broader employment, training and social outcomes.
50. The major procurement progress at this time is with Hastings District Council's transport recovery programme. At the end of June, HDC selected their panel of suppliers for delivery of roading recovery works as follows:
  - 50.1. TW Civil and Infrastructure
  - 50.2. Tūpore
  - 50.3. Fulton Hogan
  - 50.4. Hicks Brothers.
51. There was significant positivity around two of the selected contractors being locally- based firms. The tender proposals all contained strong commitments toward broader outcomes including progressive procurement and workforce development. The first tranche of work has been awarded as a package for the Taihape Road Slip remedial works to TW Civil and Infrastructure.
52. As the first contract package of works is initiated and further work packages are developed, focus is being placed on the commitments signaled within tender proposals on the achievement of social procurement outcomes. These commitments are being used to develop practical KPIs and measures, and to build a baseline understanding of what is possible throughout the life of the contract and programme of works.

### **Monitoring implementation**

53. Attached to this report is a 'dashboard' monitoring tool that displays key recovery progress metrics. This is still in development for some data sets but is now at a stage where it is presenting an overall picture of progress.

### **Decision-making considerations**

54. 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 Regional Recovery Agency update* staff report.

### **Authored by:**

**Ross McLeod**  
Chief Executive, HB Regional Recovery Agency

### **Approved by:**

**Ross McLeod**  
Chief Executive, HB Regional Recovery Agency

### **Attachment/s**

- |          |                             |                      |
|----------|-----------------------------|----------------------|
| <b>1</b> | Regional Recovery Dashboard | Under Separate Cover |
|----------|-----------------------------|----------------------|