

Meeting of the Corporate and Strategic Committee

Date: 5 April 2023
Time: 11.30am
Venue: Council Chamber
Hawke's Bay Regional Council
159 Dalton Street
NAPIER

Attachments excluded from Agenda

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5.	Quarterly Treasury report for the period 30 September - 31 December 2022	
	Attachment 1: PWC HBRC Treasury Reporting 31 December 2022	2
7.	Organisational Performance report for the period 1 October - 31 December 2022	
	Attachment 1: 2022-23 Q2 HBRC Organisational Performance report	26

Hawke's Bay Regional Council

Quarterly Treasury Reporting

As at 31 December 2022

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1.0 Executive summary

Total assets under management (AUM) across the three respective portfolios was \$147.736 million as at 31 December 2022, comprising \$45.712 million in the Long Term Investment Fund (LTIF), \$58.709 million in the HBRC Port Future Investment Fund (HBRC PFIF) and \$43.315 million in the HBRIC Port Future Investment Fund (HBRIC PFIF). Total AUM is up from \$145.730 million as at 30 September 2022. The three portfolios combined gained \$2.006 million after fees over the quarter and are down \$19.391 million from 31 December 2021 (the highest quarter ending value).

Total capital contributed to the three portfolios since inception is \$152.2 million; adjusted for inflation, this equates to \$164.351 million, meaning the portfolio value at 31 December 2022 was \$16.614 million below the inflation adjusted contribution target.

The Mercer sleeve of the LTIF returned 2.1% net of fees over the December quarter, bringing the total cumulative return since inception to 14.6% (3.5% annualised). The Jarden sleeve of the LTIF returned 0.6% net of fees over the December quarter, bringing the total cumulative return since inception to 12.3% (3.0% annualised).

The Mercer sleeve of the PFIF returned 2.1% net of fees over the December quarter, bringing the total cumulative return since inception to 5.1% (1.5% annualised). The Jarden sleeve of the HBRC PFIF returned 0.6% net of fees over the December quarter, bringing the total cumulative return since inception to 3.7% (1.1% annualised). The Jarden sleeve of the HBRIC PFIF returned 0.6% net of fees over the December quarter, bringing the total cumulative return since inception to 3.6% (1.1% annualised).

All Treasury activity during the quarter remained compliant with the Treasury Policy limits.

Council remains compliant to the LGFA borrowing limits.

Both Jarden and Mercer remain within SIPO asset allocation limits.

2.0 Treasury Activity Compliance Monitor

Policy document	Policy parameters	Compliance
Treasury Policy	Borrowing limits	Yes
	Funding risk control limits	Yes
	Liquidity buffer	Yes
	Interest rate risk control limits	Yes
	Treasury investment parameters	Yes
SIPO	Counterparty credit limits	Yes
	Asset allocations	Yes

3.0 Investment Management Reporting

Long Term Investment Fund (LTIF)

Summary of Assets Under Management (AUM)

A summary of quarterly AUM can be found below. The inflation adjusted column adjusts the initial capital contribution by an annual inflation rate of 2% (or 0.5% per quarter).

	LTIF - AUM				
	Mercer	Jarden	Total	Inflation Adj.	Monies Change
31/12/2018					40,000,000
31/03/2019	20,467,057	20,403,260	40,870,317	40,200,000	
30/06/2019	21,035,196	20,874,345	41,909,541	40,486,575	6,577,569
30/09/2019	24,960,088	24,579,337	49,539,425	47,266,577	
31/12/2019	25,259,718	25,391,673	50,651,390	47,502,910	
31/03/2020	23,247,769	23,057,262	46,305,031	47,740,425	
30/06/2020	25,039,125	24,910,760	49,949,885	47,995,695	
30/09/2020	26,041,054	25,771,612	51,812,666	48,235,674	
31/12/2020	24,930,295	24,994,371	49,924,666	48,476,852	-4,478,429
31/03/2021	24,965,785	25,240,491	50,206,276	48,719,236	
30/06/2021	24,916,251	25,076,669	49,992,920	48,962,832	-1,986,888
30/09/2021	25,173,991	25,309,770	50,483,761	49,207,647	
31/12/2021	25,701,554	26,011,107	51,712,661	49,453,685	
31/03/2022	24,437,015	24,576,623	49,013,638	49,700,953	
30/06/2022	22,946,953	22,732,100	45,679,053	49,949,458	
30/09/2022	22,582,492	22,518,808	45,101,300	50,199,205	
31/12/2022	23,067,769	22,644,936	45,712,705	50,450,201	

Performance Summary

The Mercer LTIF returned 2.1% net of fees over the quarter, outperforming the benchmark by 0.1%. International Listed Infrastructure, Socially Responsible Trans-Tasman Shares and Overseas Shares and International Listed Property were the strongest performing asset classes at 8.2%, 5.5%, 4.6% and 5.5% respectively. This was a strong rebound from the previous quarter, with no asset classes reporting negative returns. Overseas sovereign bonds were the worst performing category at 0%.

The Jarden LTIF portfolio returned 0.6% net of fees over the quarter, underperforming the benchmark by 0.4%. Jarden reported strong returns in both International Property and New Zealand Equities at 4.5% and 4.4% respectively. Jarden had two categories with negative gross returns, Cash and New Zealand Property at -2.6% and -1.6% respectively. Jarden's global equities did not perform as strongly as Mercers only returning 0.4%.

		Mercer Net Returns		Mercer Benchmark Returns		Jarden Net Returns		Jarden Benchmark Returns	
Quarter ending		LTF HBRC		LTF HBRC		LTF HBRC		LTF HBRC	
	31/12/2018					0.3%			
	31/03/2019	3.7%	4.5%			2.7%	4.3%		
	30/06/2019	2.7%	3.1%			2.3%	3.9%		
	30/09/2019	3.0%	3.2%			1.9%	3.7%		
	31/12/2019	1.2%	1.4%			3.3%	1.9%		
	31/03/2020	(7.9%)	(8.7%)			(9.2%)	(6.9%)		
	30/06/2020	7.0%	7.0%			8.0%	8.0%		
	30/09/2020	4.0%	2.6%			3.5%	3.5%		
	31/12/2020	4.4%	3.8%			5.7%	4.6%		
	31/03/2021	0.1%	0.9%			1.0%	0.3%		
	30/06/2021	3.5%	3.1%			3.7%	3.2%		
	30/09/2021	1.0%	0.9%			0.9%	1.0%		
	31/12/2021	2.1%	2.7%			2.8%	2.5%		
	31/03/2022*	(4.9%)	(3.5%)			(5.5%)	(5.5%)		
	30/06/2022	(6.1%)	(6.0%)			(7.5%)	(7.1%)		
	30/09/2022	(1.6%)	(1.8%)			(0.9%)	(1.3%)		
	31/12/2022	2.1%	2.0%			0.6%	1.0%		
Financial YTD		0.5%	0.2%			(0.4%)	(0.3%)		
Days Invested in Financial Year		184	184			184	184		
Financial YTD (annualised)		1.0%	0.3%			(0.8%)	(0.7%)		
Cumulative Return Since Inception		14.6%	14.7%			12.27%	17.62%		
Annualised Return Since Inception		3.5%	3.5%			3.0%	4.2%		
Inception Date		18-Jan-19	18-Jan-19			18-Jan-19	18-Jan-19		
Days Invested		1,443	1,443			1,443	1,443		
Reported balance as at 31-Dec-22 (\$)		23,067,769				22,644,936			
Total Capital Contributions (\$)		23,288,784				23,288,784			
Net Returns (\$)		2,918,608				2,676,306			

Breakdown of individual funds by Investment Manager

Mercer (3 months ending 31 December 2022)

Long Term Investment Fund (LTIF)

LTIF HBRC

Asset Class	Opening Balance	Closing Balance	Gross Return	Benchmark Return	Perf. vs Benchmark	Asset Allocation	SAA Ranges	Portfolio Compliant?
Operational Cash	61,613.8	121,191.0	-			0.5%	- 20.0%	Y
Index Cash Portfolio	1,562,206.8	1,169,581.0	1.0%	1.0%	0.0%	5.1%	- 20.0%	Y
NZ Sovereign Bonds	3,316,334.3	3,426,232.5	0.5%	0.1%	0.5%	14.8%	5.0% 25.0%	Y
Overseas Sovereign Bonds	2,864,408.0	2,752,770.1	0.0%	(0.3%)	0.3%	11.9%	5.0% 25.0%	Y
Global Credit	2,478,008.9	2,536,540.0	2.5%	2.5%	0.0%	11.0%	5.0% 25.0%	Y
Other Fixed Interest*	1,520,732.5	1,519,214.6	1.1%	0.6%	0.5%	6.6%	- 10.0%	Y
Socially Responsible Trans-Tasman Shares	1,711,673.2	1,849,841.4	4.6%	3.8%	0.8%	8.0%	- 18.0%	Y
Socially Responsible Overseas Shares	5,363,844.3	6,035,745.7	5.5%	4.4%	1.1%	26.2%	17.0% 37.0%	Y
International Listed Property	582,206.9	691,400.2	5.5%	7.4%	(1.9%)	3.0%	- 10.0%	Y
Unlisted Property	1,111,236.8	1,080,788.0	1.8%	2.0%	(0.2%)	4.7%	- 10.0%	Y
International Listed Infrastructure	662,179.9	713,927.4	8.2%	7.6%	0.6%	3.1%	- 10.0%	Y
Unlisted Infrastructure	1,348,046.5	1,171,536.9	1.2%	1.8%	(0.5%)	5.1%	- 10.0%	Y
Total	22,582,491.93	23,067,768.84	(1.3%)	(1.8%)	0.5%	100.0%		

Jarden (3 months ending 31 December 2022)

Long Term Investment Fund (LTIF)

LTIF HBRC

Asset Class	Opening Balance	Closing Balance	Gross Return	Benchmark Return	Perf. vs Benchmark	Asset Allocation	SAA Ranges	Portfolio Compliant?
Cash	1,749,965.0	1,609,745.0	(2.6%)	1.0%	(3.6%)	7.1%	2.0% 8.0%	Y
NZ Fixed Income	4,410,427.0	4,521,409.0	0.1%	0.2%	(0.1%)	20.0%	15.0% 24.0%	Y
International Fixed Income	5,330,477.0	5,355,279.0	0.5%	0.8%	(0.3%)	23.6%	23.0% 28.0%	Y
NZ Property	623,588.0	607,709.0	(1.6%)	(3.6%)	2.0%	2.7%	1.0% 4.0%	Y
NZ Equities	3,259,433.0	3,354,091.0	4.4%	4.8%	(0.4%)	14.8%	13.0% 18.0%	Y
Global Equities	6,477,073.0	6,498,707.0	0.4%	3.7%	(3.3%)	28.7%	25.0% 34.0%	Y
International Property	667,845.0	697,597.0	4.5%	0.5%	4.0%	3.1%	1.0% 4.0%	Y
Total	22,518,808.00	22,644,937.0	1.2%	1.0%	0.2%	100.0%		

- The Long Term Investment Fund (LTIF) was \$45.713 million in size as at 31 December 2022, up from \$45.101 million as at 30 September 2022. The portfolio experienced a net gain of \$0.611 million over the quarter.
- Total capital invested into the LTIF was \$46.578 million in January 2019. Adjusted for inflation (assuming a 2% annual rate), this was \$50.450 million as at 31 December 2022, leaving the portfolio \$4.737 million below the inflation target.
- The Mercer sleeve of the LTIF returned 2.1% net of fees over the December quarter, bringing the total cumulative return since inception to 14.6% (3.5% annualised).
- The Jarden sleeve of the LTIF returned 0.6% net of fees over the December quarter, bringing the total cumulative return since inception to 12.3% (3.0% annualised).
- Portfolio compliance with the SIPO - both the Mercer and Jarden portfolios are compliant.

Port Future Investment Fund - HBRC (PFIF)

Summary of Assets Under Management

A summary of quarterly AUM can be found below. The inflation adjusted column adjusts the initial capital contribution by an annual inflation rate of 2% (or 0.5% per quarter).

	PFIF HBRC				
	Mercer	Jarden	Total	Inflation Adj.	Monies Change
Initial capital					
31/12/2018					
31/03/2019					
30/06/2019					43,957,500
30/09/2019	22,102,336	21,988,515	44,090,851	44,177,288	
31/12/2019	22,367,660	22,335,538	44,703,198	44,398,174	
31/03/2020	20,586,066	21,125,782	41,711,847	44,620,165	16,606,302
30/06/2020	22,172,324	38,955,296	61,127,620	61,775,078	
30/09/2020	23,059,540	40,056,333	63,115,873	62,083,953	
31/12/2020	23,347,259	40,952,383	64,299,642	62,394,373	-1,991,673
31/03/2021	23,380,495	41,037,892	64,418,387	62,706,345	
30/06/2021	23,276,245	41,093,479	64,369,724	63,019,877	-2,237,366
30/09/2021	23,517,020	41,743,714	65,260,734	63,334,976	
31/12/2021	24,009,858	42,498,284	66,508,142	63,651,651	
31/03/2022	22,828,552	40,257,345	63,085,897	63,969,909	
30/06/2022	21,436,567	37,332,957	58,769,524	64,289,759	
30/09/2022	21,096,095	36,923,988	58,020,083	64,611,208	
31/12/2022	21,549,431	37,159,084	58,708,515	64,934,264	

Performance Summary

The Mercer HBRC PFIF portfolio also returned 2.1% net of fees over the quarter, outperforming the benchmark by 0.1%. The Jarden HBRC PFIF portfolio returned 0.6% net of fees over the quarter, underperforming the benchmark by 0.4%.

Quarter ending	Mercer Net Returns		Mercer Benchmark Returns		Jarden Net Returns		Jarden Benchmark Returns	
	HBRC (port proceeds)		HBRC & HBRC (port proceeds)		HBRC (port proceeds)*			
31/12/2018								
31/03/2019								
30/06/2019								
30/09/2019								
31/12/2019		0.7%		0.7%		0.0%		0.5%
31/03/2020		1.2%		1.4%		1.6%		1.9%
30/06/2020		(7.9%)		(8.7%)		(5.4%)		(6.9%)
30/09/2020		7.6%		7.0%		5.5%		8.8%
31/12/2020		4.0%		2.6%		2.9%		3.5%
31/03/2021		4.4%		3.8%		5.4%		4.6%
30/06/2021		0.1%		0.9%		0.8%		0.3%
30/09/2021		3.5%		3.1%		3.7%		3.2%
31/12/2021		1.0%		0.9%		1.0%		1.0%
31/03/2022*		2.1%		2.7%		2.6%		2.5%
30/06/2022		(4.9%)		(3.5%)		(5.5%)		(5.5%)
30/09/2022		(6.1%)		(6.0%)		(7.4%)		(7.1%)
31/12/2022		(1.0%)		(1.8%)		(1.1%)		(1.3%)
		2.1%		2.0%		0.6%		1.0%
Financial YTD		0.5%		0.2%		(0.5%)		(0.3%)
Days Invested in Financial Year		184		184		184		184
Financial YTD (annualised)		1.0%		0.3%		(0.9%)		(0.7%)
Cumulative Return Since Inception		-		-		-		-
Annualised Return Since Inception		5.1%		3.9%		3.73%		5.32%
		1.5%		1.2%		1.1%		1.6%
Inception Date		16-Sep-19		16-Sep-19		15-Sep-19		15-Sep-19
Days Invested		1,202		1,202		1,203		1,203
Reported balance as at 31-Dec-22 (\$)		21,549,431				37,159,084		
Total Capital Contributions (\$)		21,978,750				21,978,750		
Net Returns (\$)		1,653,461				1,177,064		

*Before 31 March 2022 Jarden consolidated HBRC and HBRC port proceeds so the returns are equal across each portfolio over this period. From 30 June 2022 onwards the funds have been managed separately.

Breakdown of individual funds by Investment Manager

Mercer (3 months ending 31 December 2022)

HBRC (port proceeds)

Asset Class	Opening Balance	Closing Balance	Gross Return	Benchmark Return	Perf. vs Benchmark	Asset Allocation	SAA Ranges		Portfolio Compliant?
Operational Cash	57,556.3	113,214.1				0.5%	-	20.0%	Y
Index Cash Portfolio	1,459,381.1	1,092,598.3	1.0%	1.0%	0.0%	5.1%	-	20.0%	Y
NZ Sovereign Bonds	3,098,050.7	3,199,781.1	0.5%	0.1%	0.5%	14.8%	5.0%	25.0%	Y
Overseas Sovereign Bonds	2,675,870.5	2,571,580.7	0.0%	(0.3%)	0.3%	11.9%	5.0%	25.0%	Y
Global Credit	2,314,904.5	2,369,583.1	2.5%	2.5%	0.0%	11.0%	5.0%	25.0%	Y
Other Fixed Interest*	1,420,536.8	1,419,218.7	1.1%	0.6%	0.5%	6.6%	-	10.0%	Y
Socially Responsible Trans-Tasman Shares	1,599,009.6	1,728,083.5	4.6%	3.8%	0.8%	8.0%	-	18.0%	Y
Socially Responsible Overseas Shares	5,010,792.1	5,638,468.4	5.5%	4.4%	1.1%	26.2%	17.0%	37.0%	Y
International Listed Property	543,885.6	645,891.7	5.5%	7.4%	(1.9%)	3.0%	-	10.0%	Y
Unlisted Property	1,036,094.4	1,009,649.7	1.8%	2.0%	(0.2%)	4.7%	-	10.0%	Y
International Listed Infrastructure	616,594.7	666,936.1	8.2%	7.6%	0.6%	3.1%	-	10.0%	Y
Unlisted Infrastructure	1,259,317.1	1,094,425.5	1.2%	1.8%	(0.5%)	5.1%	-	10.0%	Y
Total	21,096,095.4	21,549,431.0	(1.3%)	(1.8%)	0.5%	100.0%			

Jarden (3 months ending 31 December 2022)

HBRC (port proceeds)

Asset Class	Opening Balance	Closing Balance	Gross Return	Benchmark Return	Perf. vs Benchmark	Asset Allocation	SAA Ranges		Portfolio Compliant?
Cash	2,653,782.0	2,456,591.0	(3.1%)	1.0%	(4.1%)	6.6%	2.0%	8.0%	Y
NZ Fixed Income	7,318,680.0	7,429,540.0	-	0.2%	(0.2%)	20.0%	15.0%	24.0%	Y
International Fixed Income	8,725,061.0	8,765,657.0	0.5%	0.8%	(0.3%)	23.6%	23.0%	28.0%	Y
NZ Property	982,253.0	955,701.0	(1.6%)	(3.6%)	2.0%	2.6%	1.0%	4.0%	Y
NZ Equities	5,394,461.0	5,558,623.0	4.6%	4.8%	(0.2%)	15.0%	13.0%	18.0%	Y
Global Equities	10,742,477.0	10,835,706.0	0.6%	3.7%	(3.1%)	29.2%	25.0%	34.0%	Y
International Property	1,107,274.0	1,157,264.0	4.5%	0.5%	4.0%	3.1%	1.0%	4.0%	Y
Total	36,923,988.00	37,159,082.0	1.2%	1.0%	0.2%	100.0%			

- The HBRC PFIF was \$58,708 million in size as at 31 December 2022, up from \$58,020 million as at 30 September 2022. The portfolio experienced a net gain of \$0.688 million over the quarter.
- Total capital invested into the HBRC PFIF was \$43.958 million as at September 2019 and an additional \$16.606 million was transferred across in June 2020. Adjusted for inflation (assuming a 2% annual rate), this was \$64.934 million as at 31 December 2022, leaving the portfolio \$6.226 million below the inflation target.
- The Mercer sleeve of the HBRC PFIF returned 2.1% net of fees over the December quarter, bringing the total cumulative return since inception to 5.1% (1.5% annualised).
- The Jarden sleeve of the HBRC PFIF returned 0.6% net of fees over the December quarter, bringing the total cumulative return since inception to 3.7% (1.1% annualised).
- Portfolio compliance with the SIPO - both the Mercer and Jarden portfolios are compliant.

Port Future Investment Fund - HBRC (PFIF)

Summary of Assets Under Management

A summary of quarterly AUM can be found below. The inflation adjusted column adjusts the initial capital contribution by an annual inflation rate of 2% (or 0.5% per quarter).

	PFIF HBRC				
	Mercer	Jarden	Total	Inflation Adj.	Monies Change
Initial capital					
31/12/2018					
31/03/2019					
30/06/2019					61,625,795
30/09/2019	29,665,878	29,509,415	59,175,293	61,933,924	
31/12/2019	30,021,998	29,991,361	60,013,359	62,243,594	
31/03/2020	28,811,474	29,640,790	58,452,264	62,554,812	-16,606,302
30/06/2020	31,031,541	14,588,491	45,620,032	46,584,135	
30/09/2020	32,273,255	15,038,719	47,311,974	46,817,056	
31/12/2020	32,881,279	15,432,281	48,313,560	47,051,141	-1,200,653
31/03/2021	32,928,087	15,797,933	48,726,020	47,286,397	
30/06/2021	32,849,937	15,653,008	48,502,945	47,522,829	-2,000,000
30/09/2021	33,189,746	15,581,477	48,771,223	47,760,443	
31/12/2021	33,080,698	15,826,880	48,907,578	47,999,245	-1,300,000
31/03/2022	31,453,091	14,884,106	46,337,196	48,239,241	
30/06/2022	29,535,219	13,690,729	43,225,949	48,480,437	
30/09/2022	29,066,118	13,542,858	42,608,976	48,722,840	
31/12/2022	29,690,722	13,624,628	43,315,350	48,966,454	

Performance Summary

The Mercer HBRIC PFIF portfolio also returned 2.1% net of fees over the quarter, outperforming the benchmark by 0.1%. The Jarden HBRIC PFIF portfolio returned 0.6% net of fees over the quarter, underperforming the benchmark by 0.4%.

Quarter ending		Mercer Net Returns		Jarden Net Returns	
		HBRC (port proceeds)	Mercer Benchmark Returns HBRC & HBRC (port proceeds)	HBRC (port proceeds)*	Jarden Benchmark Returns
31/12/2018					
31/03/2019					
30/06/2019					
30/09/2019		0.7%	0.7%	0.0%	0.5%
31/12/2019		1.2%	1.4%	1.6%	1.9%
31/03/2020		(7.9%)	(8.7%)	(5.4%)	(6.9%)
30/06/2020		7.6%	7.0%	5.5%	8.8%
30/09/2020		4.0%	2.6%	2.9%	3.5%
31/12/2020		4.4%	3.8%	5.4%	4.6%
31/03/2021		0.1%	0.9%	0.8%	0.3%
30/06/2021		3.5%	3.1%	3.7%	3.2%
30/09/2021		1.0%	0.9%	1.0%	1.0%
31/12/2021		2.1%	2.7%	2.6%	2.5%
31/03/2022*		(4.9%)	(3.5%)	(5.5%)	(5.5%)
30/06/2022		(6.1%)	(6.0%)	(7.5%)	(7.1%)
30/09/2022		(1.6%)	(1.8%)	(1.1%)	(1.3%)
31/12/2022		2.1%	2.0%	0.6%	1.0%
Financial YTD		0.5%	0.2%	(0.5%)	(0.3%)
Days Invested in Financial Year		184	184	184	184
Financial YTD (annualised)		1.0%	0.3%	(1.0%)	(0.7%)
Cumulative Return Since Inception		5.1%	3.9%	3.61%	5.32%
Annualised Return Since Inception		1.5%	1.2%	1.1%	1.6%
Inception Date		16-Sep-19	16-Sep-19	15-Sep-19	15-Sep-19
Days Invested		1,202	1,202	1,203	1,203
Reported balance as at 31-Dec-22 (\$)		29,890,722		13,624,628	
Total Capital Contributions (\$)		30,812,898		30,812,898	
Net Returns (\$)		1,653,461		1,102,242	

*Before 31 March 2022 Jarden consolidated HBRC and HBRIC port proceeds so the returns are equal across each portfolio over this period. From 30 June 2022 onwards the funds have been managed separately.

Breakdown of individual funds by Investment Manager

Mercer (3 months ending 31 December 2022)

HBRC (port proceeds)

Asset Class	Opening Balance	Closing Balance	Gross Return	Benchmark Return	Perf. vs Benchmark	Asset Allocation	SAA Ranges	Portfolio Compliant?
Operational Cash	79,393.6	155,986.0				0.5%	- 20.0%	Y
Index Cash Portfolio	2,010,729.7	1,505,377.6	1.0%	1.0%	0.0%	5.1%	- 20.0%	Y
NZ Sovereign Bonds	4,268,482.2	4,408,646.0	0.5%	0.1%	0.5%	14.8%	5.0% 25.0%	Y
Overseas Sovereign Bonds	3,666,804.0	3,543,114.0	0.0%	(0.3%)	0.3%	11.9%	5.0% 25.0%	Y
Global Credit	3,189,466.4	3,264,802.4	2.5%	2.5%	0.0%	11.0%	5.0% 25.0%	Y
Other Fixed Interest*	1,957,347.8	1,955,394.1	1.1%	0.6%	0.5%	6.6%	- 10.0%	Y
Socially Responsible Trans-Tasman Shares	2,203,109.2	2,380,946.7	4.6%	3.8%	0.8%	8.0%	- 18.0%	Y
Socially Responsible Overseas Shares	6,903,849.9	7,768,659.9	5.5%	4.4%	1.1%	26.2%	17.0% 37.0%	Y
International Listed Property	749,353.5	889,907.1	5.5%	7.4%	(1.9%)	3.0%	- 10.0%	Y
Unlisted Property	1,430,292.4	1,391,091.4	1.8%	2.0%	(0.2%)	4.7%	- 10.0%	Y
International Listed Infrastructure	852,297.4	918,902.0	8.2%	7.5%	0.6%	3.1%	- 10.0%	Y
Unlisted Infrastructure	1,735,082.2	1,507,896.2	1.2%	1.8%	(0.5%)	5.1%	- 10.0%	Y
Total	29,066,118.4	29,690,722.5	(1.3%)	(1.8%)	0.5%	100.0%		

Jarden (3 months ending 31 December 2022)

HBRC (port proceeds)

Asset Class	Opening Balance	Closing Balance	Gross Return	Benchmark Return	Perf. vs Benchmark	Asset Allocation	SAA Ranges	Portfolio Compliant?
Cash	974,029.0	848,047.0	(3.4%)	1.0%	(4.4%)	6.2%	2.0% 8.0%	Y
NZ Fixed Income	2,602,220.0	2,690,359.0	-	0.2%	(0.2%)	19.7%	15.0% 24.0%	Y
International Fixed Income	3,226,630.0	3,241,643.0	0.5%	0.8%	(0.3%)	23.8%	23.0% 28.0%	Y
NZ Property	353,301.0	353,481.0	(1.6%)	(3.6%)	2.0%	2.6%	1.0% 4.0%	Y
NZ Equities	2,009,278.0	2,068,987.0	4.5%	4.8%	(0.3%)	15.2%	13.0% 18.0%	Y
Global Equities	3,957,868.0	3,994,090.0	0.6%	3.7%	(3.1%)	29.3%	25.0% 34.0%	Y
International Property	409,532.0	428,022.0	4.5%	0.5%	4.0%	3.1%	1.0% 4.0%	Y
Total	13,542,858.00	13,624,629.0	1.1%	1.0%	0.1%	100.0%		

- The HBRIC PFIF was \$43.325 million in size as at 31 December 2022, up from \$42.609 million as at 30 September 2022. The portfolio experienced a net gain of \$0.706 million over the quarter.
- Total capital invested into the HBRIC PFIF was \$61.626 million as at September 2019 with a transfer of \$16.606 million out of the portfolio in June 2020. Adjusted for inflation (assuming a 2% annual rate), this was \$48.966 million as at 31 December 2022, leaving it \$5.651 million below the inflation target.
- Portfolio compliance with the SIPO - both the Mercer and Jarden portfolios are compliant.

Combined Funds (LTIF & PFIF)

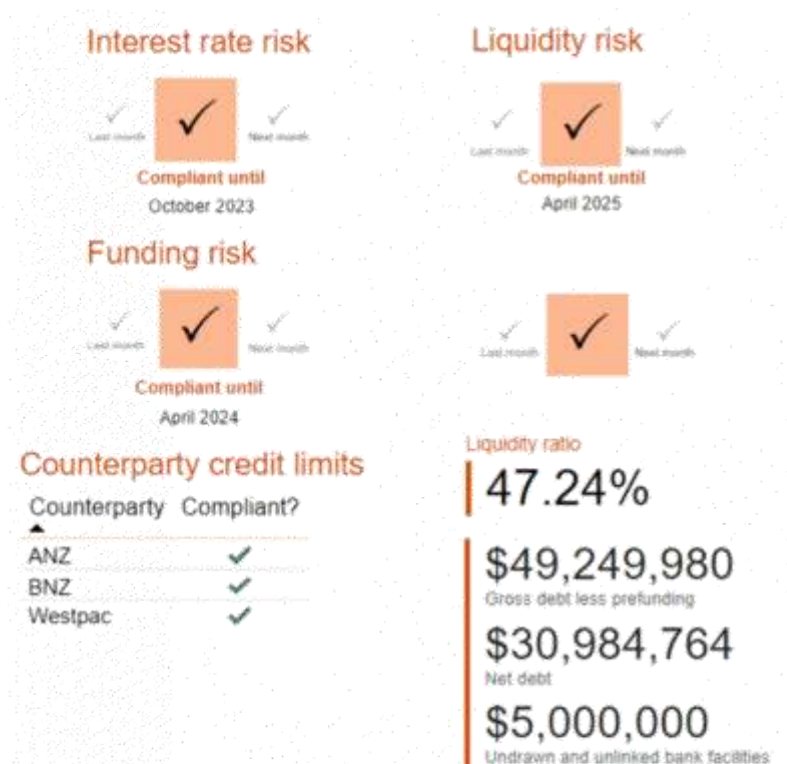
	Total AUM				
	Mercer	Jarden	Total	Inflation Adj.	Monies Change
Initial capital					
31/12/2018					40,000,000
31/03/2019	20,467,057	20,403,260	40,870,317	40,200,000	
30/06/2019	21,035,196	20,874,345	41,909,541	40,486,575	112,160,864
30/09/2019	76,728,303	76,077,266	152,805,569	153,377,789	
31/12/2019	77,649,376	77,718,572	155,367,947	154,144,678	
31/03/2020	72,645,309	73,823,833	146,469,142	154,915,401	
30/06/2020	78,242,991	78,454,546	156,697,537	156,354,908	
30/09/2020	81,373,849	80,866,664	162,240,513	157,136,683	
31/12/2020	81,158,833	81,379,035	162,537,868	157,922,366	-7,670,755
31/03/2021	81,274,367	82,076,316	163,350,683	158,711,978	
30/06/2021	81,042,433	81,823,156	162,865,589	159,505,538	-6,224,254
30/09/2021	81,880,758	82,634,961	164,515,719	160,303,066	
31/12/2021	82,792,110	84,336,271	167,128,381	161,104,581	-1,300,000
31/03/2022	78,718,658	79,718,073	158,436,731	161,910,104	
30/06/2022	73,918,740	73,755,787	147,674,526	162,719,654	
30/09/2022	72,744,706	72,985,654	145,730,360	163,533,253	
31/12/2022	74,307,922	73,428,648	147,736,570	164,350,919	

4.0 Treasury Investments

Deal Date	Bank	Deposit	Amount (NZD \$m)	Maturity	Interest rate (%)
31-Dec-2022	BNZ	Cheque/call	5.41	Overnight	
31-Dec-2022	ANZ	Cheque/call	12.85	Overnight	
Total			18.26		

5.0 Treasury Policy Compliance Checklist

The table below illustrates Council's compliance with interest rate, funding and liquidity risk parameters set out within the Treasury Policy. A snapshot of current funding in place (maturity term and pricing) as well as interest rate fixing is also provided.



The net debt amount includes gross debt less call amounts and term deposits of \$18.26 million. New treasury transactions in the period are outlined in Appendix 1.

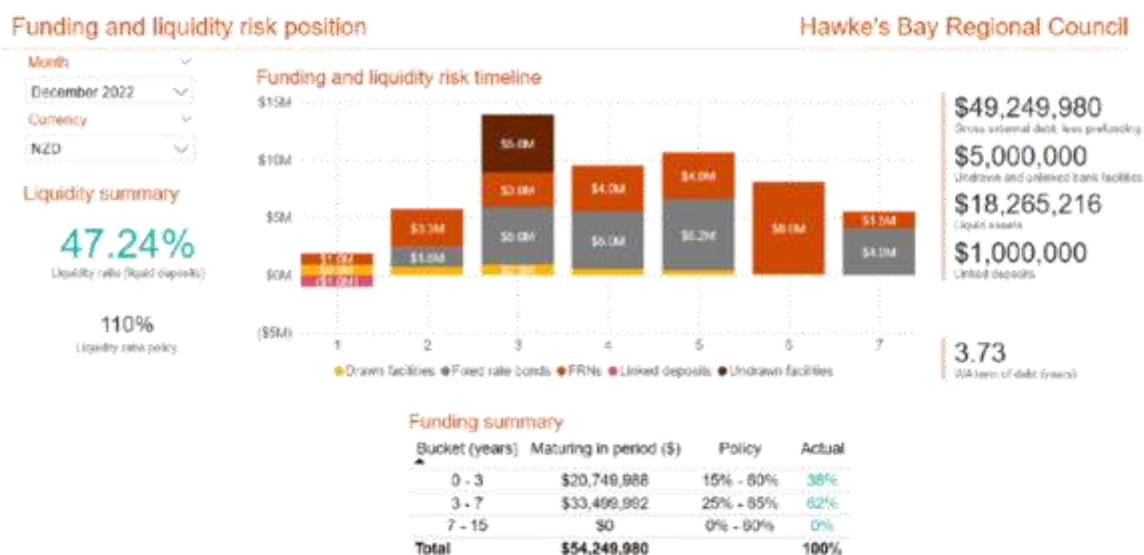
6.0 Borrowing Limits

Ratio	Hawke's Bay Regional Council	LGFA Lending Policy Covenants	Actual (as at 31 December 2022)
Net external debt as a percentage of total revenue	<150%	<175%	<i>n.a.*</i>
Net interest on external debt as a percentage of total revenue	<15%	<20%	<i>n.a.*</i>
Net interest on external debt as a percentage of annual rates income	<20%	<25%	<i>n.a.*</i>
Liquidity buffer amount comprising liquid assets and available committed debt facility amounts relative to existing total external debt	>10%	>10%	47%

*data not available due to the decision being made to not prepare financial statements due to the implementation of a new financial system.

7.0 Funding and Liquidity Risk Position

The chart below shows the spread of Council's current debt funding maturity terms and positioning within funding maturity limits set out within the Treasury Policy. Council's liquidity buffer amount is also shown.



*The profile includes both fixed rate bank loans and fixed rate borrowings from the LGFA.

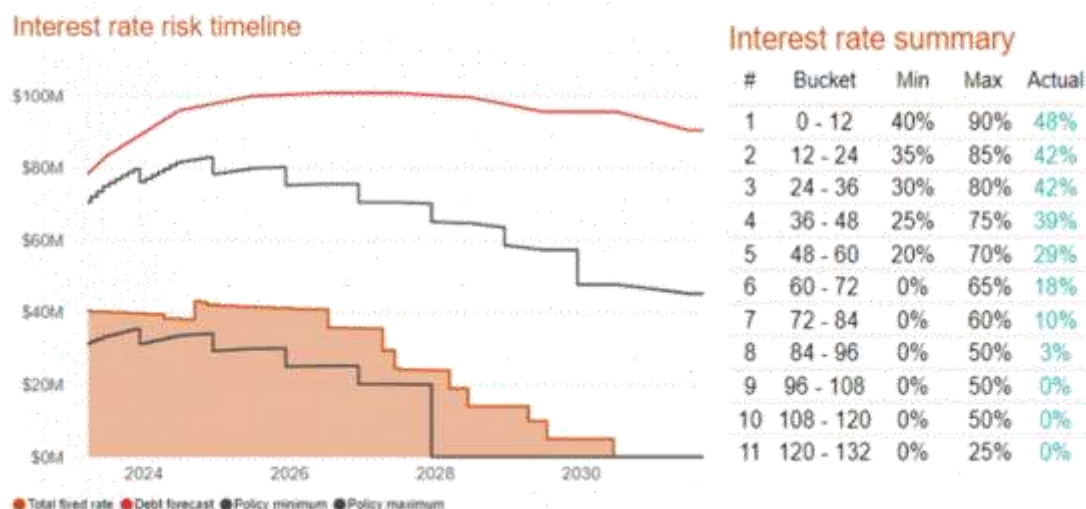
Debt Funding Strategy

As at 31 December 2022 both the funding and liquidity policies were within compliance. No new Treasury activity was undertaken over the quarter.

Ongoing debt funding requirements continue to be reviewed and any additional debt funding required will be funded at upcoming LGFA tenders to support the capital programme which is considered on an ongoing basis. An updated debt funding strategy is being designed to plan for the debt requirements for rebuilding post cyclone Gabriel.

8.0 Interest Rate Risk Position

This section is based on the long-term debt forecast (management approved) which is based on 80% of the current adopted LTP. The interest rate profile below shows the level of Council's interest rate fixing within the Treasury Policy parameters. The orange shaded area represents fixed interest rate swaps and existing fixed rate bonds/loans.



Interest rate strategy

As at 31 December 2022 the interest rate risk position was within policy compliance. No new interest rate hedging was entered into over the quarter. A new debt forecast and interest rate profile will be considered as part of the updated debt funding strategy.

The entirety of the New Zealand interest rate swap curve advanced during the final quarter of 2022, with the extent of outright elevation significantly more pronounced in short term interest rates. The inflation focus, specifically the expectation of a central bank response, has seen movements in the short-end of the interest rate swap curve (1 - 3 years) significantly outpace movements in the long-end (7 - 10 years), resulting in an amplified level of inversion in the domestic interest rate swap curve across the course of the quarter. Inflation concerns have continued to drive interest rates higher but this has happened so rapidly in the short-end that the NZ Interest Rate Swap curve reached record levels of inversion after year two as the market begins to price in cuts in the OCR as inflation mandates are met and growth slows. This supports the strategy of transacting forward starting swap strategies at 4% or below.

9.0 Funding Facility

Bank (Facility maturity date)	Maturity Date	Drawdown Amount (\$m)	Facility Limit (\$m)
BNZ	10-Apr-25	0.00	5.00
TOTAL		0.00	5.00

Available bank facility capacity (liquidity buffer)	Last quarter (\$m)	31/12/22 (\$m)
Gross amount	5.00	5.00
Drawn	0.00	0.00
Excess amount	5.00	5.00

10.0 Cost of Funds vs Budget

Month		YTD	
Actual (\$m)	Budget (\$m)	Actual (\$m)	Budget (\$m)
<i>n.a.*</i>	0.1	<i>n.a.*</i>	0.9

*data not available due to the decision being made to not prepare financial statements due to the implementation of a new financial system.

11.0 Counterparty Credit

All counterparty credit exposures are fully compliant with policy at 31 December 2022.

Counterparty credit limits

Counterparty	Investments exposure	Investment limit	MTM	Derivatives exposure	Derivatives limit	Total exposure	Total limit	Compliant?
ANZ	\$12,853,513	\$15,000,000		\$0	\$5,000,000	\$12,853,513	\$20,000,000	✓
BNZ	\$5,411,703	\$15,000,000		\$0	\$5,000,000	\$5,411,703	\$20,000,000	✓
Westpac	\$1,000,000	\$15,000,000	\$2,390,919	\$4,367,146	\$5,000,000	\$5,367,146	\$20,000,000	✓

12.0 Market Commentary

Interest rate markets

Overview

Volatility and elevation were the central themes of global interest rate markets across the final quarter of 2022, with aggressive monetary policy tightening from global central banks all working in unison to drive interest rates to multi-decade highs. Global inflation, and the monetary policy responses to said inflation, remain as the primary drivers of fixed income markets.

The entirety of the New Zealand interest rate swap curve advanced during the final quarter of 2022, with the extent of outright elevation significantly more pronounced in the short end. The inflation focus, specifically the expectation of a central bank response, has seen movements in the short-end of the interest rate swap curve (1 - 3 years) significantly outpace movements in the long-end (7 - 10 years), resulting in an amplified level of inversion in the domestic interest rate swap curve across the course of the quarter. Traditionally, curve shape is defined by the spread between the 10-year and 2-year points on the interest rate swap curve.

- As at 1 October 2022, the 10-year swap rate was 23 bps below the 2-year.
- As at 31 December 2022, the 10-year swap rate was 57 bps below the 2-year.

In absolute terms, over the three months to December, the 2-year swap advanced by 71 bps and the 10-year advanced by 36 bps. This point-to-point perspective however masks much of the volatility seen across the quarter. In early December, curve inversion exceeded 90 bps - close to levels last seen during the Global Financial Crisis ("GFC"). The shape of the current curve, incorporating the inversion, is reflective of a market expectation of further increases to the Official Cash Rate ("OCR") in the near term and a slowing of the domestic economy in the medium term.

New Zealand interest rate swap curve comparison



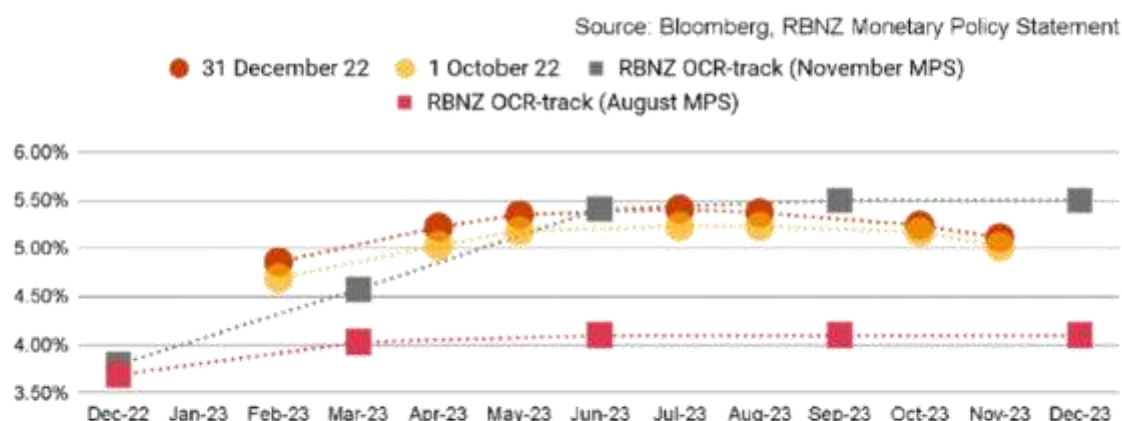
Central bank actions

The RBNZ increased the OCR by a record 75 bps at its November meeting, the final meeting for 2022. In the lead up to the meeting, market pricing suggested a possibility of a 75 bps increase, but did not go so far as to fully embrace a move of that size. As such, a 75 bps increase, and keeping all else equal, would have still been viewed as hawkish. The RBNZ did not keep all else equal. The bank stated it actively considered a 100 bps increase for November and elevated its base-case projection for the terminal cash rate to 5.50% from 4.10%. The overtly hawkish action and statement, coupled with subsequent comments from Governor Adrian Orr reinforcing the bank's commitment to returning inflation to within the 1.00% - 3.00% target band, was a significant contributing factor to the relative outperformance of the short-end of the curve.

The US Fed's approach to monetary policy at its final 2022 meeting in early December mirrored the RBNZ's inflation fighting commitment. The Fed met market expectations for a 50 bps increase to the base cash rate (Fed Funds Rate - "FFR"), a reduction from the 75 bps increases delivered at each of the four prior meetings. Aligned with the RBNZ's messaging, the Fed materially elevated its forward guidance for the future path of the FFR (increasing to 5.10%, from 4.60%, for year-end 2023) and in the accompanying statement and post-meeting press conference, heavily emphasised the bank's commitment to lowering inflation - at the expense of economic growth if necessary. In the press conference, Fed Chair Jerome Powell suggested that the bank would need to see "substantially more evidence" to be "really confident" that inflation is on a "sustained downward path" before monetary policy easing would be considered. At a subsequent presentation, Powell repeatedly stressed the need to see declines in measures of both core services inflation (excluding housing) and wage growth, to be confident that lower inflation can be maintained.

The view and actions of the Fed exert a degree of influence across the New Zealand interest rate swap curve. Further, US inflation has historically exhibited a positive correlation with the local Consumer Price Index. While signs of an easing of consumer inflation pressures are emerging across both economies, the easing is not yet sufficient to convince the central banks that the fight against inflation has been won. Until a meaningful and sustained decline in the pace of consumer price appreciation is observed, monetary policy settings will remain economically restrictive.

Market-Implied OCR and RBNZ OCR-track



New Zealand third quarter economic activity

Economic activity across the economy was much stronger than expected in the third quarter, with gross domestic product ("GDP") expanding by 2.00% (exp. 0.90%) quarter-on-quarter. From a market perspective, the GDP result (released mid-December) had little impact on the short-end of the curve as monetary policy settings are adjusted with the sole focus of returning inflation to the target band. The data did still prompt an advance in the belly and long-end of the curve, the market inferring that the anticipated future economic slowdown may be less severe than projected given the comparatively elevated starting point. Regardless, the GDP measure has been incredibly volatile in the post-Covid world as the economy continues to normalise. In addition, the data does not change the fact that the economy is heading towards a downward trajectory - one data point is not a trend. Higher interest rates are already showing signs of weighing on household consumption - and consumer spending equates to approximately two thirds of economic activity.

Looking ahead

The central theme of the fourth quarter of 2022 was one of central bank aggression toward inflation and market concern as to the longer term economic impact of that aggressive stance. The data picture remains mildly

muddled in terms of sentiment and direction, though forward-looking aspects are indeed supportive of the market's concern. Looking at the curve over the southern hemisphere summer season, the expression of unwavering inflation-fighting commitment from the RBNZ (and to an extent, the Fed) will serve to support an elevated and anchored short-end (up to 2 years) interest rate swap curve.

Equity markets

**Note all international equity returns are converted into NZD terms with local currency returns also provided. With the material appreciation in the NZ dollar over the quarter this softened gains and exacerbated losses for unhedged investors across all quoted indexes.*

The final quarter of 2022 ended on a positive note for equities in terms of local currencies but negatively in unhedged NZD terms as returns were subjected to a divergence in monetary policy expectations between the RBNZ and most major central banks. Ultimately, the MSCI world index was seen to decline by 2.55% in NZD terms (gain of 9.89% in USD terms).

Australasian equities were some of the biggest performers this quarter. With both the ASX200 and NZX50 reporting gains of 3.08% (9.6% in AUD terms) and 3.68% respectively. NZ equities benefiting from stronger economic growth than initially expected (2% versus 0.9%). While, Australian equities were supported by softening monetary policy expectations from the RBA and strong revenue results in the bank and mining sectors, both of which make up a significant portion of the Australian stock market.

US equities fared the worst in NZD terms with the S&P 500 reporting a decline of 4.62% despite strong growth in USD terms of 7.55%. US stocks benefited this quarter from strong earnings reports mostly across the board, however weaker returns by technology stocks did offset this somewhat. Additionally, a slowdown in the pace of US interest rate hikes supported market risk sentiment.

The UK stock market also performed well, aided in part by the resignation of former UK Prime Minister Liz Truss and the dismantling of her controversial fiscal policy package. Overall, the FTSE 100 index reported gains of 8.68% in GBP terms or 4.76% in NZD terms. The Eurozone, however, was the star equity performer over the quarter with the MSCI EMU Index (Europe Economic and Monetary Union) revealing a 12.83% gain in local currency terms or translated into NZD terms 9.47%. Most of these gains came from the energy and financial sectors, supported by hopes of peaking inflation and a slowing on monetary policy hikes by the European Central Bank (ECB). A trend similar to that of other established economies.

Similarly to other global central banks the Bank of Japan's monetary policy decisions supported equity gains, despite taking the non-traditional approach to policy by widening their yield control policy in lieu of interest rate hikes. This move surprised the market enough to drive a sharp appreciation in the yen as investors gained confidence in inflation beginning to subside. However, despite a positive start to the quarter in both October and November, equities did fall in December resulting in overall modest gains for Japanese equities with the Nikkei 225 index reporting a final 0.75% gain in Yen terms (or -1.30% in NZD terms). Chinese equities, in contrast, experienced a significant boost in value over Q4, benefiting from their recent relaxation of Covid-19 policy. Consequently, the MSCI China Index reported a gain of 12.87% in HKD terms or a more modest gain of 0.72% in NZD terms.

And finally, emerging markets ended the year strong with a 9.77% gain in USD terms, although this gain was eroded significantly in NZD terms to fall by 2.65%. The MSCI Emerging Markets index was primarily supported by a change in monetary policy tone by the Fed raising hope for a shorter/shallower recession than previously feared. Additionally, the strong Chinese equity performance also boosted the index.

LGFA debt funding markets

LGFA credit margins eased slightly in the fourth quarter, resulting in lower funding margins across the curve. We observe current investor demand as having a materially stronger preference for shorter dated LGFA bonds in the current "risk off" environment. Longer dated bonds at recent LGFA tenders have had low bid / coverage ratios. Low investor demand for longer dated bonds has meant the LGFA funding curve remains steep.

Issuers competed strongly for investor demand in 2022 with ~\$1.7 billion of Kauri bond issuance and a large issuance by the New Zealand Debt Management Office (DMO) also. We expect there will remain strong competition throughout 2023 as Kauri and the DMO continue to compete with the LGFA for investors. Higher term deposit pricing from the banks which we have seen recently has provided another alternative for investors.

We anticipate the LGFA funding curve will remain steep over the near term with heightened global investor risk off sentiment and volatility means relatively stronger demand for shorter dated bonds to anchor yields at lower levels.

13.0 Policy exceptions

Date	Detail	Approval	Action to rectify*
N/a			

14.0 Appendix

New Treasury Transactions up to 31/12/2022

Borrowing activity

LGFA	Amount (NZDm)	Start Date	Maturity Date	Margin
N/a				

Swaps

Counterparty	Amount (NZDm)	Start Date	Maturity Date	Rate
N/a				



Organisational Performance Report: Q2 2022-2023

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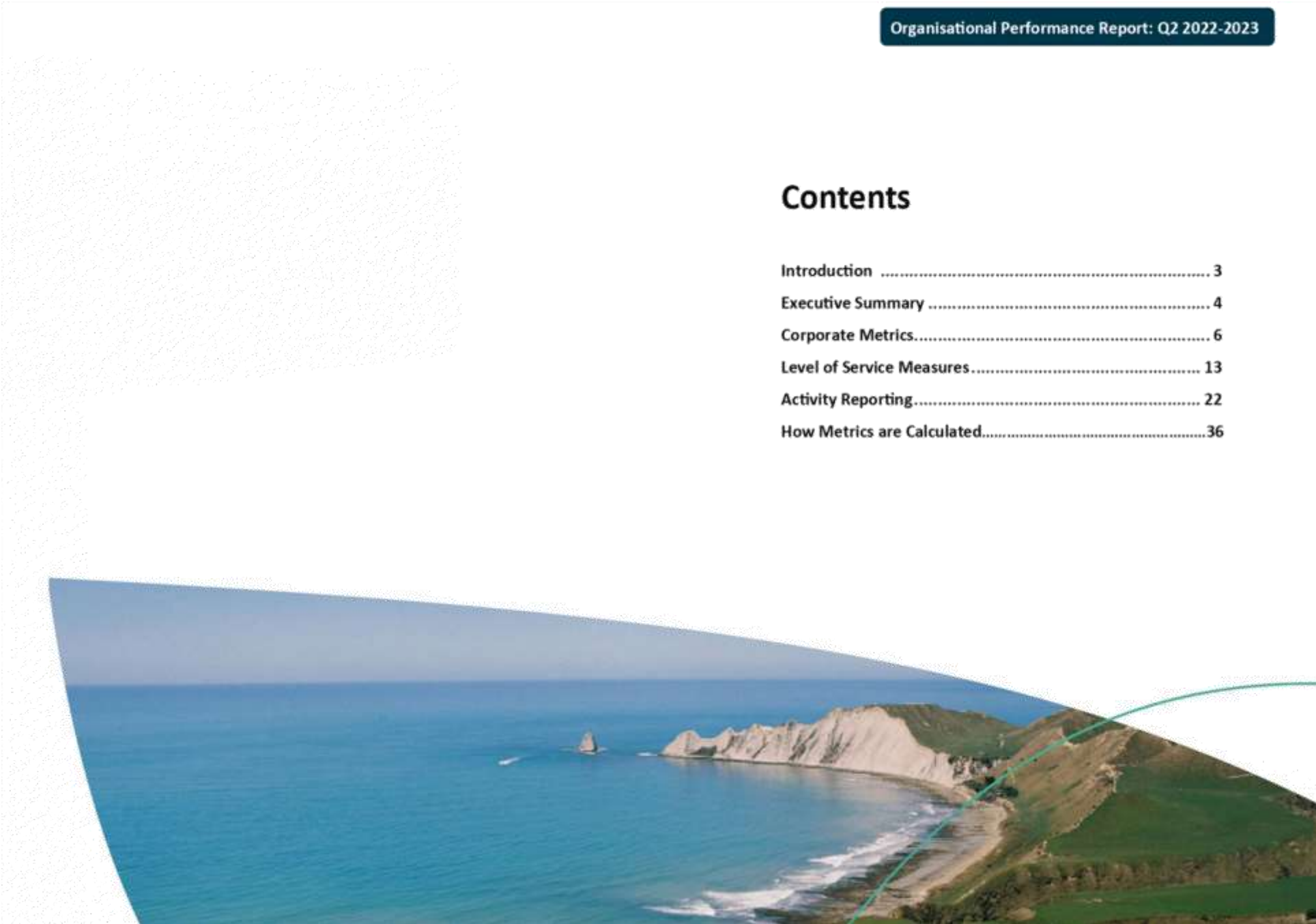
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Organisational Performance Report: Q2 2022-2023

Introduction

This Organisational Performance Report is the second quarterly report for the 2022-2023 financial year and covers the period of 1 October to 31 December 2022.

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

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

Executive Summary

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

The quarter started with the local body elections in October. Our new Council was sworn in on 26 October 2022 where for the first time for HBRC we introduced two Māori constituencies – Māui ki te Raki and Māui ki te Tonga.

Also of significance, Council elected its first Māori and youngest chairperson, Hinewai Ormsby. Councillor Ormsby was first elected to HBRC in 2019.

In mid-December, HBRC's chief executive James Palmer announced he would be resigning, finishing in February 2023 to take up the position of Secretary for the Environment and Chief Executive, for the Ministry for the Environment. Te Pou Whakarae (Māori Partnerships Group Manager) Pieri Munro has stepped up as Interim Chief Executive until a permanent new chief executive is appointed.

...continued over

Levels of Service Measures - Summary

- 36 On track to reach end of year target
- 11 Not on track and at risk of not reaching end of year target
- 1 Not on track and not likely to reach end of year target
- 10 Reporting not due and/or no measures to report on

Organisational Performance Report: Q2 2022-2023

The wet weather continued this quarter, playing havoc in our primary sector, disrupting communities, and hindering several of HBRC's workstreams. Rainfall monitoring figures released in mid-January 2023 showed it had been the wettest six months since records began.

Staff shortages also affected some areas of work. Turnover has been reducing since it peaked in January to March 2022 but recruitment to some roles has been slow due to demands in the labour market.

Underspends in our budgets are largely attributable to vacancies, and to the wetter than normal weather—resulting in some of our work programmes being delayed.

The next quarterly report will cover the impacts of Cyclone Gabrielle, February 2023, for HBRC. The cyclone has been devastating — taking lives and destroying homes and livelihoods.

Below are some further key highlights and lowlights from the past quarter.

Highlights

- HBRC completed a significant stopbank upgrade in Taradale. This work is part of our Resilient River Communities project to protect local communities, and prepare the region for climate change.
- HBRC shared the Regional Water Assessment (RWA) with Treaty partners, mayors and stakeholders ahead of a wider release in due course. The RWA investigates how much water the region currently has, how it's used, and what that will look like in future. It is part of the HBRC's wider Regional Water Security Programme.
- HBRC's Pūrongo ā-Tau/Annual Report 2021-2022 was adopted in December 2022 with an unmodified audit opinion.
- The TANK water quality dashboard was completed. This provides catchment context information to catchment groups and the community.

- Hawke's Bay Trails, a local collaboration led by HBRC, celebrated its 10th anniversary since it opened as one of 23 iconic 'Great Rides' in New Zealand.
- HBRC secured funding of \$1.39 million from central government to upgrade eight bus stops in the region and create two new stops. The funding is part of a *Transport Choices* package included in the Government's Climate Emergency Response Fund (CERF) led by Waka Kotahi NZ Transport Agency.
- HBRC hosted the Climate Resilient Development breakfast event with more than 120 attendees.
- The Environmental Education team hosted and participated in the 'local day' for the New Zealand Association of Environmental Education Conference with a visit to Ātea a Rangi, Te Mata Park, Ōtātara Outdoor Learning Centre, and Fish & Game.
- HBRC launched the *Summer Sorted* and *Know our Water* campaigns. The *Know our Water* campaign is a joint initiative between the region's five councils.

Lowlights

- GoBus, HBRC's bus operator, had to temporarily suspend a number of daily bus trips due to a serious shortage of drivers and ongoing illness. Not being fully staffed means GoBus is vulnerable to further cancellations if drivers get ill.
- The bus driver shortage also impacted the *MyWay* service, with two vans operating rather than the planned three. The service, however, consistently met its target at 70% above baseline patronage.
- Staff vacancies in our Customer Experience team created a huge pressure in workload for the team at a time busy with calls for rates and bus enquiries. Staff from other teams were called in to help out with calls and enquiries.



Corporate Metrics

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

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

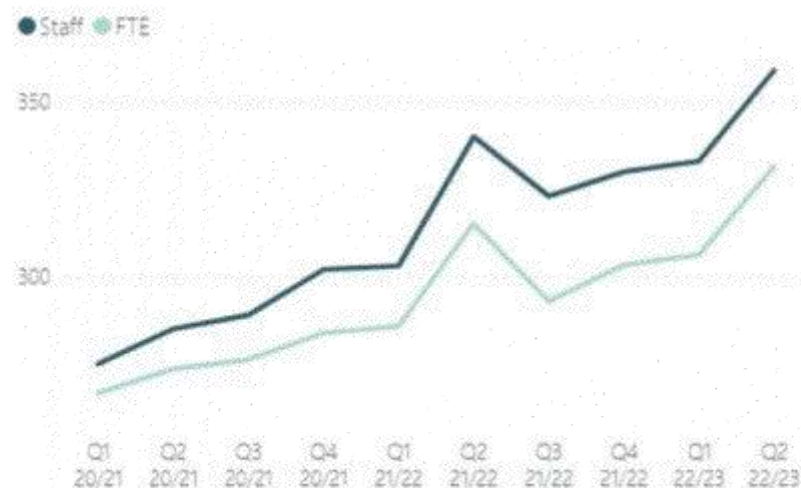
This section provides a snapshot of:

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

Organisational Performance Report: Q2 2022-2023

People and Capability

Employee Count



Vacancies and recruitment

We have seen a significant decline of vacancies from 46 last quarter to 29 this quarter. This reflects the decrease in resignations, low numbers of new roles being created and the high number of new staff recruited. It is positive to see our vacancy numbers declining as we recruit and retain staff.

Resignations

Resignations have continued to decline over the last four quarters with 10 staff (9 of them are permanent staff) giving notice between October and December. Our exit interviews indicate that staff are predominantly leaving for career progression and development.

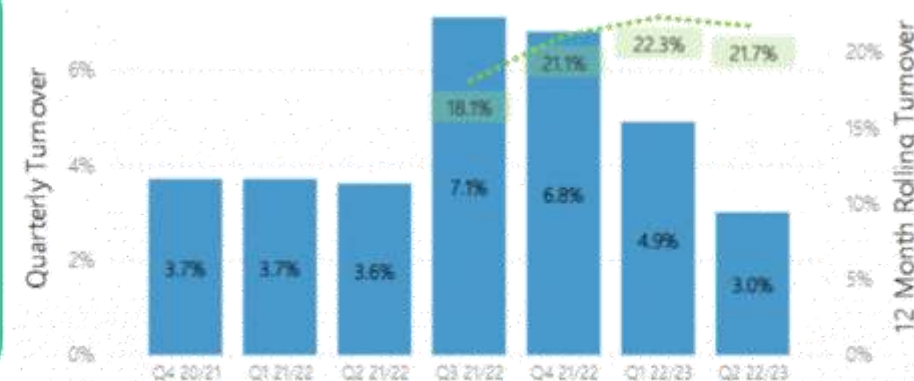
Turnover



Our employees

We saw a sharp increase in staff of almost 8% from last quarter, reflecting the onboarding of 39 new staff members. Of those 12 are summer students who joined us in November 2022, and who will remain with us through to February 2023. The induction programme for this year's intake of students was much more involved, and we have had positive feedback regarding this experience. We hope to continue to build our student programme as it is a wonderful way to build relationships and succession planning for our organisation. We are seeing positive results and highly capable people are joining the HBRC team. In total 59 of our staff now work part-time hours as we embrace flexible working options as a means of retention for our people.

Employee turnover (permanent staff only)*



*This graph has revised data from last quarter

7

Organisational Performance Report: Q2 2022-2023

Health, Safety and Wellbeing (HSW)

Incidents Reported



Supporting our staff through Covid-19

Covid-19 is still very much in the community with 29 staff testing positive in quarter two. Household contacts do not need to isolate and are able to continue to work with daily rapid antigen testing and mask wearing. HBRC continues to contact trace.

Health & Safety incidents*

There were 22 incidents reported this quarter with the majority being property damage (8), injury/illness (7), and public incidents (7).

Corrective actions

Property damage was mainly to fleet, and repairs were co-ordinated by HBRC Fleet Manager. Public incidents of note were regarding MyWay calls. An internal investigation was conducted and Police were informed. Training with staff was undertaken and work is underway to review the scripting process.

Training for staff

The Operational Felling Plan template was updated and now in use by the tree fallers. Dealing with Aggressive People training was undertaken with frontline reception and rates staff. Other training including first aid, student 1 day 4WD, light utility vehicle, 1 day 4WD, H&S induction, Port induction were delivered to staff.

Staff wellness

MoleMap NZ delivered a skin health education session to all staff.

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

Organisational Performance Report: Q2 2022-2023

Customer Services

Local Government Official Information and Meeting Act (LGOIMA) requests

Of the 24 LGOIMA requests received in quarter two, 2 were withdrawn and 2 were not provided with the information requested within the required 20 working day timeframe.



Customer Experience

It has been another busy quarter with rates continuing to be the most common enquiry. Staff vacancies in the team has put a huge pressure on the workload with other staff being pulled in to deal with the number of calls and enquiries.

Note that we don't have Customer Experience data to share this quarter due to staffing pressures

Rate Collection

Rates Paid vs Same Time Last Year

94.88%

2022/23 Rates Paid

106.70%

2021/22 Rates Paid

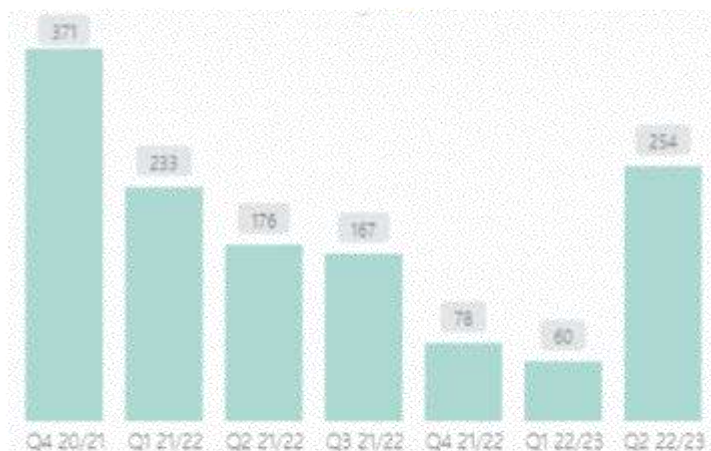


Rates bills are issued annually in September. Some ratepayers pay by direct debit.

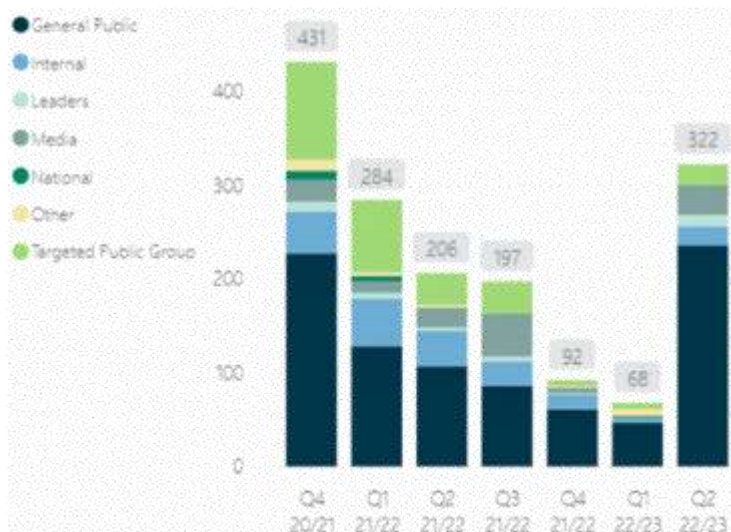
Organisational Performance Report: Q2 2022-2023

Communications and Engagement

Items in Communications Log



Items in Communications Log by Audience



Website

Number of HBRC Website Page Views



Social Media

Total Reach on Facebook



Work this quarter has included the design, collateral, engagement, digital advertising and messaging for a wide range of HBRC projects. We produced six videos, produced material for the Coastal Hazards hui at Westshore, began the *Summer Sorted* and *Know our Water* campaigns. We produced 13 media releases (answered an additional 12 media enquiries).

We produced information material and coordinated the staffing of a stand at the Hawke's Bay A&P show in October. We published three State of the Environment reports, four project-based brochures, nine advertisements across multiple publications, as well as several posters and signs for HBRC.

Each week we averaged more than a dozen posts on social media and responded to many more.

Organisational Performance Report: Q2 2022-2023

Corporate Facilities and Fleet

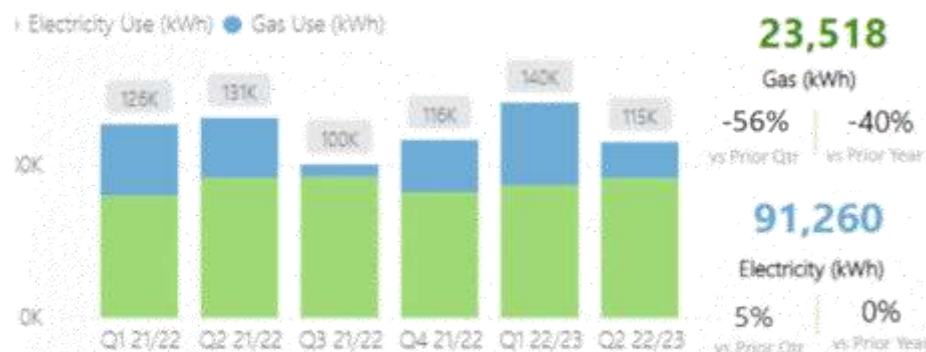
Vehicles



Vehicles and Fleet

HBRC's total fleet of 152 vehicles is an increase of 3 vehicles since last quarter. This has been intentional to have enough vehicles for the students who work from November to the end of February. Another set of orders went into 'All of Government' suppliers to fulfil the replacements due this financial year. The intent is to continue increasing the Hybrid vehicles fleet over this financial year.

Energy Usage



Fuel Use



Fuel

We have observed a 30% increase in fuel consumption this quarter. Common contributors to this include an increase in fleet over the summer period for student work programmes, a higher fuel consumption connected to the operation of pump stations, and vehicle use for multiple weather event responses. The disproportionate cost increase can largely be attributed to the increase in fuel costs due to the effects of the Global market maintaining fuel levels at an elevated figure.

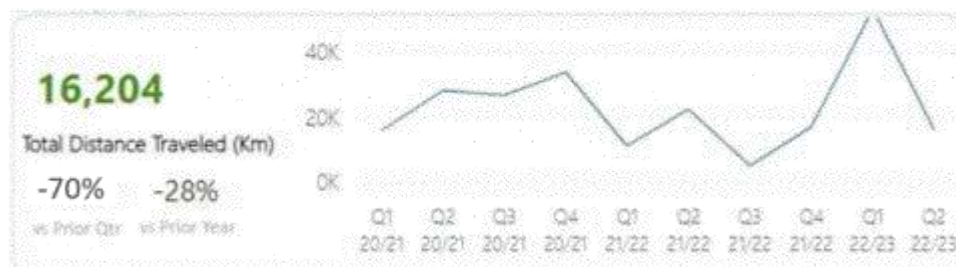
Energy Use

Gas consumption has reduced this quarter. Heading in to summer there has been less demand for heating. We were not able to obtain electricity usage from our Wairoa office this quarter. Data from quarter two 2021/22 was used. This will be updated in the next report.

Organisational Performance Report: Q2 2022-2023

Corporate Carbon Footprint and Air Travel

Air Travel



Air Travel

Through quarter two there has been a decline in staff travel, which is not uncommon as December is a quieter month due to the holiday period. Corporate staff will continue to remind travellers to consider using video technology attendance as an alternatives to air travel where possible.

CO₂ Emissions (tonnes)CO₂ Quarterly Emissions

● Air Travel ● Energy Use ● Fuel Use

Category	CO ₂ Tonnes Emitted	Prior Qtr Change	Prior Year Change
Fuel use	235.0	29%	7%
Energy use	16.6	-23%	18%
Air Travel	3.9	-68%	28%
Total	255.5	19%	4%

Carbon Emissions

The HBRC corporate carbon emissions have trended upwards slightly this quarter. This is largely due to the increase in fuel consumption, particularly diesel.

Carbon Credits

At the end of the quarter, HBRC's Carbon Holding Account had a total balance of 161,307 NZU, comprising 146,400 NZU post 1989 and 14,907 pre 1990. This gives an overall carbon portfolio a value of approximately \$12.26 million, noting this is based on market rates of NZ\$76 as at 23 December 2022 (source: carbonnews.co.nz). The price has dropped after rises in the last two quarters, however it is 20% more compared to quarter two last year.

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



Level of Service Measures by group of activity

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

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

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

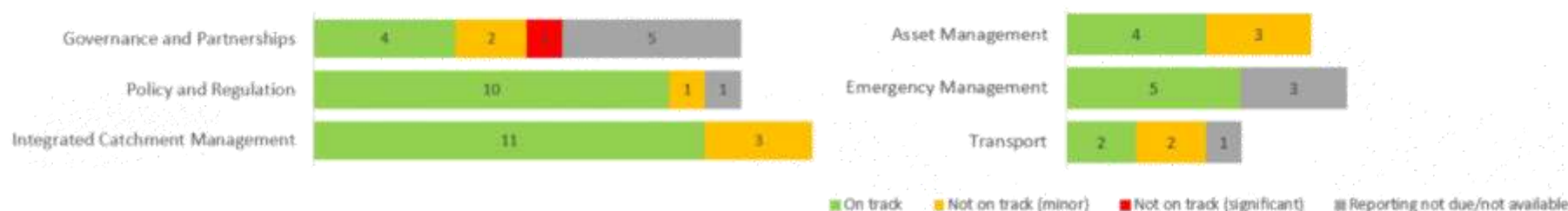
The six groups of activities are made up of 22 activities, 34 levels of service statements and 58 level of service measures.

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

Organisational Performance Report: Q2 2022-2023

Level of Service Measures

Summary—by Group of Activities



Summary of results

Governance and Partnerships

Measure	Target	Q1	Q2	Q3	Q4	YTD Result	Status	Commentary
Triennial election processes are undertaken in accordance with the Local Electoral Act 2001	Achieve	Achieved	Achieved			n/a	●	The Declaration of the final results of the 2022 local election was made on 14 October 2022, and the new Council sworn in on 26 October 2022 in accordance with LGA requirements.
Council meetings are conducted in compliance with statutory requirements and Standing Orders	Achieve	Achieved	Achieved			n/a	●	There were 4 meetings of Council and 2 sub-/committee meetings, and 2 All Governors fora.
Percentage of LGOIMA requests responded to within 20 working days	100%	93%	92%			92.5%	●	24 LGOIMA requests were received this quarter and 22 were completed within the timeframes.
Funding agreements with performance targets and reporting requirements are in place	Achieve	Achieved	Achieved			n/a	●	Funding contracts are in place noting that Business Hawke's Bay has ceased operation.
Long Term Plans and Annual Reports receive "unmodified" audit opinions	Achieve	Achieved	Achieved			n/a	●	The HBRC Annual Report 2021-2022 was adopted in December 2022 with an unmodified audit opinion.
Percentage of tāngata whenua representatives "satisfied or very satisfied" with the Treaty-based partnership approach to engagement and decision making (source: biennial survey of RPC and Māori Committee members)	No survey	-	-			-	●	No survey this year.

Organisational Performance Report: Q2 2022-2023

Level of Service Measures

Governance and Partnerships cont.

Measure	Target	Q1	Q2	Q3	Q4	YTD Result	Status	Commentary
Percentage of staff who feel confident to engage with relevant iwi, hapū, post settlement governance entities, taiwhenua or their representative agencies	Increase trend (51%)	n/a	n/a			n/a	●	Annual staff engagement-level survey was due to be run in Q3 but now likely not until next financial year.
Annual reporting on mātauranga Māori monitoring and reporting activities	Achieve	n/a	n/a			n/a	●	Monitoring and reporting on mātauranga Māori will become more evident with the appointment of a Kaihautū Pūtaiao Mātauranga Māori specialist starting Q3.
Number of early childhood centres and schools participating in the Enviroschools programme	Maintain/ Increase (71)	70	70			70	●	One primary school has withdrawn from the programme.
Number of properties utilising the Sustainable Homes programme including Heatsmart per year	Increase (1,056)	271	152			423	●	The number of applications is down 25% at 423 compared with 531 at this time last year. Rising interest rates are likely to be affecting applications.
Annual reporting to Council on progress made on coordinated programme of actions (climate action)	Achieve	n/a	n/a			n/a	●	Annual report to Council to be completed by the end of the year. No reporting required this quarter.
Level of emissions related to HBRC's own corporate carbon footprint (source: ekos, Carbon Inventory Report)	Improve 1217tCO ₂ e	n/a	n/a			n/a	●	Report to completed and audited for inclusion in the HBRC Annual Report. No reporting required this quarter.

Policy and Regulation

Measure	Target	Q1	Q2	Q3	Q4	YTD Result	Status	Commentary
Compliance with statutory timeframes as set by legislation	Achieve	Achieved	Achieved			n/a	●	Appeals were submitted to the Environment Court on the TANK plan change (PC9). Mediation continued for Outstanding Waterbodies Plan Change 7.
All matters logged in the Statutory Advocacy Register. All submissions to be posted on HBRC website	Achieve	0	3			3	●	Three submissions logged in November 2022.
Percentage of resource consents processed within statutory timeframe in Resource Management Act	100%	100%	100%			100%	●	All timeframes have been met with 288 applications received, 90 consents issued in Q2.
Overall allocation of water from each water resource is allocated up to but not exceeding the allocation limits set in the Regional Plan	<=100% Tukituki	n/a	88%			88%	●	Minor changes have occurred since previous reporting. All areas remain at or within the allocation limits. The overall direct take surface water allocation from the Tukituki catchment is 88%.

Organisational Performance Report: Q2 2022-2023

Level of Service Measures

Policy and Regulation cont.

Measure	Target	Q1	Q2	Q3	Q4	YTD Result	Status	Commentary
Percentage of consents monitored each year as per the adopted risk-based Compliance Monitoring Strategy	95% high risk 90% other	On track	On track			n/a	●	70% of the priority 1, 2, and 3 consents required to be monitored for the year have had a monitoring activity in the first half of the year. The teams (rural and urban) are on track to meet targets for the year.
Percentage of monitored consents which receive an overall grade of full compliance	90%	n/a	71.6%			71.6%	●	Moderate non-compliance has been identified in a significant amount of pre-expiry monitoring of watertakes particularly in regard to Bore Security Reports. As these are rectified and reassessed, the percentage of full compliance will improve particularly in Q4 after the rush of the irrigation season.
Percentage of significant non-compliance (SNC) where action is taken in accordance with HBRC's Enforcement Policy within 6 months	100%	100%	100%			100%	●	All significant non-compliance consents are being addressed in accordance with the Enforcement Policy.
Maintain a 24-hour/7 day a week duty management/pollution management response system	Achieve	Achieved	Achieved			n/a	●	The Pollution Hotline is staffed by the Pollution Response Team (PRT) during normal working hours. The afterhours service is staffed by the PRT plus 3 officers from the Compliance Team, who currently work on a 7-week rotation roster.
A Selected Land Use Register of potentially and confirmed contaminated sites is maintained	Achieve	Achieved	Achieved			n/a	●	HBRC maintains a list of hazardous industries and activities (HAIL) in our selected land use register (SLUR), including a public facing portal.
An operative Tier 2 Oil Spill Plan and a trained and qualified oil spill response team is in place at all times	Achieve	Achieved	Achieved			n/a	●	An in-date and operative Tier 2 Plan exists. There is a ROSC and alternate ROSC appointed. There are 17 (85%) responders trained, with the remaining 3 (15%) booked on training in the next reporting period.
Maintain a Maritime New Zealand accredited Hazard Identification/Risk Assessment and Safety Management System for the Napier Pilotage Area	Achieve	Achieved	Achieved			n/a	●	The HBRC Safety Management System has been reviewed and is now in place. A comprehensive review of our Risk Assessments is underway over 3 parts: breakwater harbour, inner harbour, and regional recreation.
Number of maritime incidents occurring per year reported to Maritime NZ in accordance with regulations	Maintain or decreasing trend	n/a	n/a			n/a	●	Q1 & 2 data will be available in May 2023.

Organisational Performance Report: Q2 2022-2023

Level of Service Measures

Integrated Catchment Management

Measure	Target	Q1	Q2	Q3	Q4	YTD Result	Status	Commentary
Council maintains its International Organisation for Standardisation (ISO) 9001-2015 accreditation for data collection, analysis and storage	Achieve	On track	On track			n/a	●	HBRC has (ISO) 9001-2015 accreditation for the following teams: Environmental Science, Environmental Information, Consents, Compliance, Harbourmaster, and Works Group. Annual review is in September 2023.
SOE monitoring programmes are in place and results are published on HBRC and LAWA websites for: - Climate and Air Quality - Freshwater - Land Science - Marine and Coast	Achieve	Achieved	Achieved			n/a	●	Data for SOE data have been delivered on time and to the relevant standards, and published hbrc.govt.nz , search: #envirodata and lawa.org.nz
A 3-yearly State of the Environment Synthesis Report is produced, that meets requirements of NPS-FM 2020. Monthly updates are delivered through digital media	11 monthly updates	3 updates	3 updates			6 updates	●	Monthly SOE reports have been delivered and posted to hbrc.govt.nz , search: #SOEMonthly
The Science team develops and implements an annual work programme to support plan change requirements and to inform regulatory implementation of the Regional Resource Management Plan	Achieve	Achieved	Achieved			n/a	●	The 2022-2023 Operational Plan was developed in June 2022. Despite staff shortages, most programmes have remained on track, partially assisted by delays in the Kotahi Plan.
Percentage of land area (by catchment) that operates under a Farm Environment Management Plan (FEMP) as required under the RRMP	100% Tukituki	n/a	95.4%			95.4%	●	A total of 724 FEMP re-submissions for the 2021 deadline, plus 420 Low Intensity submissions have been received.
Maintain an effective FEMP accredited provider programme with applicants processed to a conclusion within agreed timelines	100% of applicants	100%	100%			100%	●	There are 17 approved FEMP providers for the Tukituki catchment. There is currently one additional provider going through the approval process.
Additional area of erodible land, planted with fit-for-purpose erosion control species, transitioned to more sustainable land use or retired and protected	900ha under cover	279.7ha	156.1ha			435.8ha	●	This total is 48 percent of our target of 900 hectares for the year.
Additional kilometres of waterway protected annually through erosion mitigation works to reduce sediment, nutrient and/or bacterial contamination	60km	9.43km	3.05km			12.48km	●	This total is 20.81% of our target of 60 kilometres for the year.
Annual percentage change in stock exclusion and vegetation across the region by land use and stream order *includes all orders of streams including drains	Increasing trend	n/a	n/a			n/a	●	Baseline data for the region is on track by the end of this financial year. Imagery of the region, excluding the Tukituki Catchment (previously field surveyed), has been studied by a summer student to identify fencing and riparian properties at randomly selected sites. This work should be completed Q3. The annual percentage change therefore won't be reported this financial year but baseline data is the stepping stone ongoing.

Organisational Performance Report: Q2 2022-2023

Level of Service Measures

Integrated Catchment Management cont.

Measure	Target	Q1	Q2	Q3	Q4	YTD Result	Status	Q1&2 Commentary
Sediment load in tonnes per year in receiving waterbodies (streams/ivers and estuaries). (Source: 20 ISCO automated sediment samplers in priority catchments with highly erodible land)	Reducing load	n/a	n/a			n/a	●	ISCO sediment sampling has been disrupted due to staff shortages. The very wet year meant that a number of events were missed due a technician vacancy to keep the ISCOs sampling. Staffing is now resolved but the downtime will affect the calculation of annual load. NIWA is reviewing the ISCO network to check it is fit for purpose and examining the data to determine if we can extract information from the data collected.
Annual water use efficiency campaign is delivered	Achieve	Achieved	Achieved			n/a	●	Public facing <i>Know Our Water</i> summer campaign was launched in Q2 as a joint initiative with the five Hawke's Bay councils.
Number of Ecosystem Prioritisation sites protected per annum	3 new, 7 maintained	n/a	4 new, 8 maintained			4 new, 8 maintained	●	Deer fencing, pest plant control and planting is underway at four new Priority Ecosystem sites with a further five sites in the being finalised. Eight existing sites are receiving maintenance pest control work, including pest plants and feral ungulate control. Wet weather has hindered fencing and earthworks. If the wet weather continues it may result in some sites not being completed this financial year.
Maintain and implement current Regional Pest Management Plan (RPMP) and prepare an Operating Plan and Annual Report in accordance with the Biosecurity Act	Achieve	Achieved	n/a			n/a	●	2022-2023 Operating Plan and 2021-2022 Annual Report were presented to Environment & Integrated Catchments Committee in September 2022. Work is on track.
Area of predator control per annum	10,000ha	n/a	14,600ha			14,600ha	●	The Whakatipu Māhia – Predator Free Māhia project includes predator trapping for mustelids across the 14,600ha project area. The field team have continued to mop up remaining possums through a challenging wet spring and summer. This mop up period of the project is taking longer than expected and the team has been unable to begin the 10-week 'proof of absence' period. The project team are in discussions with PF2050 Ltd to determine the best course of action to complete the possum eradication, and requirements for transition to maintenance of the possum free area.

Organisational Performance Report: Q2 2022-2023

Level of Service Measures

Asset Management

Measure	Target	Q1	Q2	Q3	Q4	YTD Result	Status	Q1&2 Commentary
Major flood protection and control works maintained, repaired and renewed to the standards defined in the relevant scheme Asset Management Plan and annual works programme: 1. An annual maintenance programme is prepared and delivered. 2. Annual capital programme is prepared and delivered	Achieved	Underway	Underway			n/a	●	1. Annual maintenance programme has been developed and a contract is in place with the Works Group to deliver the programme. 2. Annual capital programme: IRG Projects have experienced delays due to weather, and as a result of the need for additional stakeholder engagement.
Following a flood event, affected areas are surveyed and repairs are programmed: 1. Following a major flood event, a flood report will be compiled within 6 months of the event 2. Major event report outcomes incorporated into AMP	Achieved	Achieved	n/a			n/a	●	The report for the March-April 2022 major flood event was completed within 6 months and outcomes incorporated in the Asset Management Plan.
Ecological Management and Enhancement Plans (EMEP) are implemented	Achieved	On track	On track			n/a	●	EMEPs are managed and delivered by the Environmental Engineer and Schemes team to identify the ecological, cultural, recreational, and drainage values associated with the reach of the rivers managed for drainage and flood control purposes. A review of EMEP is due in 2022-2023.
Percentage of time that priority telemetered rainfall and river level sites are operational throughout the year	98%	n/a	98%			98%	●	No issues at prioritised sites
Actions from the Regional Water Assessment are identified and implementation is progressing according to the approved plan	Implementation on track	Underway	Underway			n/a	●	Final report presented to 'All Governors' and Regional Leaders forum in December 2022, with hardcopies to key stakeholders for feedback. All three projects continue to progress, particularly with the conclusion of a significant body of technical work for Heretaunga Water Security. The Heretaunga Water Security budget is unlikely to deliver a full feasibility outcome owing to the additional geotech/seismic assessments undertaken in order to confirm the final dam alignment and design. We are working closely with the Kānoa unit on project funding streams.
Regional Parks and HBRC trails are maintained as per Council's Asset Management Plan	Achieved	n/a	Achieved			n/a	●	Maintenance on the four regional parks (Waitangi, Tūtira, Pākōwhai and Pekapeka), as well as the development and maintenance of Hawea Historical Park, Waipatiki Beach Holiday Park and Te Mata Park are all on track.
HBRC Forests and the Tangoio Soil Conservation Reserve are managed to the standards defined in their respective management plans	Achieve	Underway	Underway			n/a	●	The bulk of the silviculture programme started late due to labour shortage. Recruitment of labour with forestry skills within HBRC Works Group hope to resolve this. The wet season has led to significant plant pest growth. Logging at Tūtira is likely to be delayed until next summer due to the wet ground conditions.

Organisational Performance Report: Q2 2022-2023

Level of Service Measures

Emergency Management

Measure	Target	Q1	Q2	Q3	Q4	YTD Result	Status	Q1&2 Commentary
A 10-yearly Hazard Research Plan is approved by and reported on annually to the CDEM Group Coordinating Executives Group and hazard information is publicly available on the Hawke's Bay Hazard Portal	Achieve	On track	On track			n/a	●	The current Hazard Research Plan is approved by the CEG. Hazard information is maintained on Hawke's Bay Hazard Portal gis.hbrc.govt.nz/Hazards/ . We are currently reviewing how hazard information is disseminated and to make it more accessible to the public.
Percentage of surveyed residents that can identify 3 of our top 5 hazards; earthquake, tsunami, volcanic, pandemic or flooding (source: 2-yearly SIL Perception Survey).	>50%	n/a	n/a			n/a	●	No survey was planned until Q4, however this is likely to be delayed due to Cyclone Gabrielle.
An operative Group Plan under the CDEM Act 2002 is in place, reported on annually and reviewed within statutory timeframes by the Joint Committee.	Achieve	n/a	n/a			n/a	●	No reporting required this quarter. We are awaiting the release of the Emergency Management Bill which will impact on this work.
A Group Work Programme implementing the Group Plan objectives is approved and reviewed 6 monthly by the Coordinating Executives Group.	Achieve	On track	On track			n/a	●	A two-year Group Work Programme was approved by the CEG - and endorsed by the Joint Committee this quarter. Progress will be reported at the CEG meeting in late February 2023.
A 5-yearly independent assessment of CDEM Group's capability is completed and shows continuous improvement.	No assessment	-	-			-	●	No assessment required this year.
Percentage of surveyed residents prepared to cope for at least three days or more on their own (source: 2- yearly SIL Perception Survey)	>50%	n/a	n/a			n/a	●	No survey was planned until Q4, however this is likely to be delayed due to Cyclone Gabrielle.
HBRC provides support to the Hawke's Bay CDEM Group in accordance with a service level agreement	Achieve	On track	On track			n/a	●	HBRC provides support to the HBCDEM Group in accordance with an agreed roles and responsibilities matrix. This matrix and levels of service will need to be reviewed after the recent CDEM Review report recommendations implementation, and as part of the current Group Work Programme.
Maintain established team, training, procedures including Emergency Operations Centre Manual and Business Continuity Plan	Achieve	On track	On track			n/a	●	Training to support any response is well supported by HBRC staff. HBRC has fully supported the Group's recent responses. Training is coordinated by the People and Capability Team.

Organisational Performance Report: Q2 2022-2023

Level of Service Measures

Transport

Measure	Target	Q1	Q2	Q3	Q4	YTD Result	Status	Q1&2 Commentary
Adopted Regional Land Transport Plan (RLTP), Regional Public Transport Plan and Regional Cycling Plan in place	Achieve	Achieved	Achieved			n/a	●	All plans are currently in place. The RLTP is due to be reviewed in the next quarter for adoption in 2024.
Percentage of the Hawke's Bay population that use public or active transport for work or education	Increasing trend	n/a	n/a			n/a	●	Other than the Census, we are still aiming to find alternative ways to track this data.
Incidence of deaths and serious injury crashes in our region (per 100,000 people)	Decreasing trend	Tracking above rolling average				n/a	●	Provisional results from Waka Kotahi for July to December 2022 are 11 deaths and 66 serious injuries for the Hawke's Bay region.
Annual patronage on the Hawke's Bay bus services	Maintain or increasing trend	125,147	110,657			235,804	●	Patronage is directly connected to the number of route cancellations. We have not seen a conclusive increase in patronage relating to the Half Price Fares scheme. The MyWay trial has increased patronage in Hastings, however patronage drops during the school holidays.
Percentage of urban households within 400m of a regular bus route	100% Hastings urban area	100%	100%			100%	●	MyWay, the on-demand public transport trial, services urban households in the Hastings area within 200m. The service operates between 6am-6pm, Monday to Friday.

Organisational Performance Report: Q2 2022-2023

Activity Reporting

by group of activity

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

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

Performance Summary

Non Financial (by 31 activities)





Financial (by 59 cost and income lines)





Organisational Performance Report: Q2 2022-2023

Governance and Partnerships



Community Representation and Leadership

Type	Status	Commentary
Non financial		October through December 2022 was focused on bringing new and returning elected representatives on board, including swearing in all councillors, elections of the Chair and Deputy Chair, and setting the governance structure for the new triennium. There were 4 regional council meetings, 2 sub/committee meetings, 2 All Governors fora. A Regional Collaboration Day with elected members from the region's 5 councils was held on 11 November. Less committee meetings than normal allowed time for briefings and training particularly for new councillors. Of the 24 LGOIMA requests received, 2 were not provided with the information within 20 days. In both cases, the requests were for a substantial amount of information and made by solicitors.
Operating expenditure		The YTD budget was underspent by 55% or nearly \$350K due to unspent contingency funding and election costs. Invoices for the election costs are due in Q3.

Tangata Whenua Partnerships

Type	Status	Commentary
Non financial		HBRC maintains active relationships with tangata whenua, formally through the Regional Planning Committee (9 appointees), and the Māori Committee (12 representatives). Both committees are preceded by a tangata whenua-only meeting. The 2022 triennium election resulted in two new councillors representing two new Māori constituencies. There were no meetings of RPC or Māori Committee this quarter to allow time for briefings for new councillors. HBRC provides for attendance online and also pays for a technical adviser to the RPC. Tangata whenua reps have voting rights on other committees of HBRC including Environment & Integrated Catchments, Corporate & Strategic, Hearings, and Clifton to Tangoio Coastal committees. HBRC covers all related costs including meeting fees or an annual salary proportionate to a chair or co-chair role.
Operating expenditure		Underspent by 57% (\$169K) due to fewer meetings and associated costs over the local election period.





Regional Development

Type	Status	Commentary
Non financial		On behalf of the five HB councils, HBRC continues to fund the establishment of new regional economic development agency (REDA), operations of the Business Hub and a Food & Fibre Sector Programme. Tenants are now occupying the relocated Hub at 101 Queen St, Hastings with Hasting District Council committing to the lease and supporting fit-out alterations. The meeting room space at the Hub will be open around May. The Board for REDA has been appointed and they will shortly begin advertising for a chief executive. The Board will have a constitution and Letter of Expectation endorsed by the Matariki Governance Group. Once PSGEs have confirmed/established the entity to hold their 1/3 share in REDA, the organisation will be incorporated enabling the Board to sign funding agreements with councils and transfer the lease and operations of the Hub.
Operating expenditure		Overspent by 41% (\$401K). HBRC is holding REDA's funding on behalf of the five HB councils and is paying for establishment costs and operations of the Business Hub. HDC is paying the lease for the Business Hub, fit-out alterations and associated costs. Council finance teams are in the process of preparing for a washup of the REDA budget, and transfer of the remaining funding once REDA is established.

Organisational Performance Report: Q2 2022-2023



Governance and Partnerships contd

Community Sustainability

Type	Status	Commentary
Non financial		HBRC promotes sustainability using incentives, education, advocacy and leadership. 152 applications to Sustainable Homes (including Heatsmart), compared to 271 in previous quarter. Drop in applications likely due to interest rates, cost of living and new funding options, for example, ANZ Good Energy Home Loan. However, demand remained strong for Heatsmart up from 72 to 122 grants valued at \$84,500 and up from 7 to 8 loans valued \$32,250. 70 Enviroschools unchanged with Sherwood School in CHB undertaking a Green-gold reflection. Other highlights were hosting the climate resilient breakfast and 'local day' for NZ Environmental Education Conference. The focus for corporate sustainability was streamlining carbon footprint reporting and creating a system to reduce environmental impacts of running the organisation. We are continuing to replace fuel/diesel fleet vehicles with EV or hybrid options through replacement schedules. We are looking ahead to plan and budget to replace gas operated HVAC system to a more energy efficient heating and cooling alternative.
Operating expenditure		Underspent by 18% for the combined activity spread across corporate sustainability (\$45K); Sustainable Homes (\$48K); Climate Action (\$35K).
Capital expenditure		Underspent by \$550K in the Sustainable Homes programme.
Other revenue		Other income is showing as a large under budget which relates to a un-journalled Sustainable Home interest income which has since been rectified.

Policy and Regulation

Policy Planning

Type	Status	Commentary
Non financial		We have been focusing on the Kotahi plan, Outstanding Water Bodies, TANK and Water Conservation Orders. There were meetings bringing the newly elected members up to speed with Kotahi and an All Governors hui held in December, as well as holding the first Technical Advisory Group meeting prior to Christmas. In this quarter OWB mediation was on-going. 16 Appeals were lodged with the Environment Court to the TANK plan change decision. HBRC lodged an appeal against the Environment Court decision on the Water Conservation Orders on points of law and is also involved in the drafting of the Order.
Operating expenditure		Underspent by 40% (\$709K). Contracts with tangata whenua for the Kotahi plan remain outstanding due to the lack of capacity, capability and personnel to resource the work. Significant funding will be required to support legal expenses associated with mediations and appeals for TANK, Outstanding Water Bodies and the Water Conservation Orders in the second half of the year.




Organisational Performance Report: Q2 2022-2023

Policy and Regulation contd




Policy Implementation

Type	Status	Commentary
Non financial		We have been focused on providing intensive winter grazing guidance to both internal teams and external stakeholders. There has been a range of one-to-one, small groups as well as wider advertising. The team has been heavily involved in the ongoing Freshwater Farm Plan discussions and preparing for when they finally land. The team continued to support the development of a FEMP project plan for the 2024 review. There have been some delays in the implementation of TANK due to the appeals process. We continue to support the policy team for the Kotahi plan and working with the Catchment Policy Implementation and the Policy teams to determine the shape of catchment Action Plans. Time has been spent on internal training and developing guidance material including for Intensive Winter Grazing.
Operating expenditure		Underspent by 42% (\$69K). Delays in the TANK process due to appeals, means we have been unable to implement the regulatory provisions in the plan. Remaining uncertainty regarding the final version of the Freshwater Farm Plan regulations has meant that the team has been unable to spend time on developing a regional response. Delays in the Kotahi plan engagement, and catchment context values and challenges setting has meant that we have not been required to hold as many catchment meetings as expected. Less external activity has lessened the need for expert legal opinions and therefore less expenditure.

Consents

Type	Status	Commentary
Non financial		We have processed and issued 96 consents and processed 71 transfers over Q2. All consents issued were processed within statutory timeframes. Three hearings were held over this period. Two key decisions were issued for Ravensdown Ltd. and the Tangoio wastewater group. The decision on the Tangoio group has been appealed and will incur time and cost to represent over several quarters. In total 288 applications were received during this quarter.
Operating expenditure		We have incurred higher costs for external consultants taking the expenses over budget by 24% (\$203K). These include consultant input for three major hearings during this quarter. These costs are recoverable from the applicants.
Other revenue		We are recording income in excess of 42% of budget. This means that overall the consents work is currently in a surplus position.

Compliance and Pollution Response

Type	Status	Commentary
Non financial		[No commentary provided]
Operating expenditure		Under budget by 51% (\$765K) largely due to staff vacancies in the team.
Other revenue		Over budget by 22% (\$114K) due to proceeds from enforcement action.

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Policy and Regulation contd

Maritime Safety

Type	Status	Commentary
Non financial		[No commentary provided]
Operating expenditure		Overspend is 18% (\$37K) due to the phasing of costs throughout the year.
Other revenue		Over budget by 25% (\$45K) due to phasing.

Integrated Catchment Management





Environmental Information

Type	Status	Commentary
Non financial		We have managed to keep up with workload during a very wet few months. The team is fully resourced and a lot of training is going in to bring the new members up to speed. The wet weather gave us the opportunity to measure some good river flows but also created a few maintenance issues with the high water damaging a few sites (Kahahakuri, Ruakituri, Ngaroto and Fernhill). The high and turbid water has also pushed a few water quality programmes out a few weeks.
Operating expenditure		The budgets are under spent by 21% (\$273K) but this is mainly due to unders and overs and should balance over the next few months.
Capital expenditure		Under half of the Capex budget (34% or \$246K) is spent and this will show up when the items arrive and are correctly added into our system. Several large items are on order.
Other revenue		The annual science billing run will be done in April 2023 which will impact current budgets and balances.

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Integrated Catchment Management contd


Environmental Science

Type	Status	Commentary
Non financial		[No commentary provided]
Operating expenditure		Underspent by 45% (\$975K) due to staff vacancies, and subsequent delays in the work programmes.
Capital expenditure		Underspent by 11% (\$20K).
Other revenue		Under budget by 8% (\$68K).

Catchment Management

Type	Status	Commentary
Non financial		[No commentary provided]
Operating expenditure		Underspent by 41% (\$2.1M) due to distribution of erosion control scheme grants that are weighted for dispensing at the end of financial year. However, this is likely to be under budget at end of the year.
Capital expenditure		Underspent by 31% (\$64K) due to no HBRC financing sought by landowners for Land for Life programme. This is likely to be underspent at end of year.
Other revenue		Under budget by 34% (\$576K) due to delay in MFE funding for environmental protection and enhancements (particularly the Whakakī project).

Biosecurity and Biodiversity

Type	Status	Commentary
Non financial		[No commentary provided]
Operating expenditure		Underspent by 14% (\$305K) due to phasing of work in biosecurity work programmes.
Other revenue		Over budget by 34% (\$187K) due to grants received that weren't originally in the budget (eg Department of Conservation's <i>Jobs for Nature</i>)

Integrated Catchment Management contd

Catchment Policy Implementation

Type	Status	Commentary
Non financial	●	There was some slowing of the work with catchment groups in the TANK catchments this quarter due to a staff vacancy that was filled at the end of 2022. Other work stayed on track. Highlights were: TANK water quality dashboard completed to provide catchment context information to catchment groups and the community; Water efficiency campaign developed and rolled out with Comms team; Continued development and support of catchment groups and catchment collectives. Of note is the formation of Tukituki Land Care collective; Auditing is underway for FEMPs in the Tukituki, and the project plan was developed leading to 2024 resubmission period; Intensive winter grazing work with the Regulatory Implementation team to contact high risk properties and follow up with offers of assistance to plan and manage risks.
Operating expenditure	●	Budget is underspent by 29% (\$125K) due to staff vacancy for part of the year and even pro-rata split of expenditure by month. Budget is expected to be used by end of financial year.

Asset Management

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

Type	Status	Commentary
Non financial	●	Maintenance work was carried out as per contract. Some delays were due to wet conditions, but we are expected to recover in second half of the year. The Strategic Enterprise Asset Management system is in development, and is expected to improve efficiency and reporting. There is a focus on asset mapping and information as part of the implementation.
Operating expenditure	●	Underspent by 16% (\$543K) due to delays in maintenance contract with some work not able to be completed.
Capital expenditure	●	Underspent by 62% (\$5.96M) due to some construction projects being affected by wet conditions, and delays on planning and consenting.
Other revenue	●	This revenue is under budget by 23% (\$1.09M) due to IRG funding for flood protection works. Payments relate to completed work that has been delayed due to wet weather and with stakeholder engagement.

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Asset Management contd

Flood Risk Assessment and Warning

Type	Status	Commentary
Non financial	●	The Wairoa Flood Forecasting system has been implemented, is now operational, and has performed well. Work is progressing on implementing the system for the Tukituki catchment. The Engineering team has been working on catchment reviews, hydrodynamic modelling for flood hazard planning and mapping. This is part of the capital upgrade work programme (HPFCS Levels of Service). The telemetry system has been performing above the target threshold.
Operating expenditure	●	Time spent on other projects meant this budget was underspent by 13% (\$33K).
Capital expenditure	●	Capital expense for improved Flood Forecasting system was less than budget as the work was done internally and staff time was coded elsewhere.

Open Spaces

Type	Status	Commentary
Non financial	●	Maintenance work was carried out as per contract, with a focus on Waitangi, Pākōwhai and Pekapeka Regional Parks, and the pathway connections. Public expectations are continuing to increase as parks mature and become significant part of the community, including the celebration of 10 years of the Hawke's Bay Trails.
Operating expenditure	●	On track
Capital expenditure	●	Underspent by 78% (\$807K) due to the capital works being in the planning phase, and the seasonal nature of work.
Other revenue	●	Revenue is under budget by 48% (\$126K) due to harvesting of our forests. Forestry harvesting is generally completed in Q4 however, it is worth noting that a decision has been made to delay harvesting until next financial year and this budget will not be reached.

Organisational Performance Report: Q2 2022-2023

Asset Management contd

Coastal Hazards

Type	Status	Commentary
Non financial	●	Annual gravel re-nourishment for Westshore was completed. There will be a continuation of the monitoring of Westshore to identify additional re-nourishment. The Clifton to Tangoio Coastal Hazards strategy work is still progressing.
Operating expenditure	●	Underspent by 43% (\$326K) due to staffing over the quarter with staff on long term leave and the continued unsuccessful recruitment of a Coastal and Rivers Specialist. This has limited progress over Q2 and possibly into Q3.
Capital expenditure	●	Underspent by 100% (\$25K) due to installation of camera monitoring equipment. This work is programmed for Q3 and Q4.
Other revenue	●	Over budget by 27% (\$6K) due to advanced receipting of revenue from other council's contributions associated with the Clifton to Tangoio Coastal Strategy.




Regional Water Security

Type	Status	Commentary
Non financial	●	The Heretaunga Tamatea Settlement Trust provided written support for consent application for the Managed Aquifer Recharge. We expect a consent decision in the next quarter. For the Heretaunga Water Storage, a final round of advanced pre-feasibility Geotech investigations on preferred dam has been completed. Landslide and seismic assessments received and peer review process has commenced. Final report for the Regional Water Assessment was completed and presented to an All Governors and Regional Leaders forum in December. Hardcopies were provided to key stakeholders for feedback.
Operating expenditure	●	Regional Water Assessment and CHB Managed Aquifer Recharge work programmes remain on budget. Consenting delays have exposed that project to the current inflationary pressures and, assuming a successful consenting outcome, will need to be closely managed during the final design and construction phase. Heretaunga Water Security budget is unlikely to deliver a full feasibility outcome (if pursued by HBRC) owing to the additional geotech/seismic assessments undertaken in order to confirm the final dam alignment and design. Additional funding options will be developed and presented as part of the final report and recommendations to Council in Q4.
Capital expenditure	●	



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Emergency Management

Hawke's Bay CDEM Group

Type	Status	Commentary
Non financial		[No commentary provided]
Operating expenditure		On track
Other revenue		Under budget by 51% (\$50K) due to East Coast Lab research funding.




HBRC Emergency Management

Type	Status	Commentary
Non financial		[No commentary provided]
Operating expenditure		Underspent by 94% (\$113K).





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Transport

Transport Planning and Road Safety

Type	Status	Commentary
Non financial		The Road Safety s17a review implementation is on track. The road safety function and action plan are being redeveloped in line with the new Road Safety Strategy. The Regional Public Transport Plan is complete and is being monitored for implementation. The Regional Land Transport Plan process is underway for the next funding cycle, which includes investment logic mapping and a programme business case. The Transport Team also intends to develop an Active Transport Strategy in partnership with the technical advisory group (TAG) workstream.
Operating expenditure		Underspent by 35% (\$121K) due to work being delayed to the next quarter.
Other revenue		Under budget by 99% due to entitled funding yet to be claimed.



Passenger Transport

Type	Status	Commentary
Non financial		Bus patronage continues to decrease on the previous year, despite services stabilising and fares being half price. However, MyWay (the on demand public transport) trial is seeing consistent patronage levels. Without adding additional vehicles, capacity is limited. The improvement in patronage is likely because of offering a more flexible style of public transport, although capacity is more limited than fixed route, and costs more to operate.
Operating expenditure		On track
Capital expenditure		On track
Other revenue		Under budget by 46% due to entitled funding yet to be claimed, and fare revenue less than expected.




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Corporate Services




Strategy & Governance

Type	Status	Commentary
Non financial		This quarter featured a comprehensive series of 5 briefings to the incoming council supported by the Strategy and Governance Team. There was also 4 meetings, 2 sub/committee meetings, 2 All Governors fora and a Regional Collaboration Day. There were less committee meetings than normal to allow time for briefings and training, particularly for new councillors. There was 24 LGOIMA requests (vs 29 in Q1). The Strategy and Performance team filled a vacancy after 9 months and are on track with its work plan. Highlights included the Q1 2022-23 Org Performance Report and adoption of the 2021-22 Annual Report and Summary at the December council meeting.
Operating expenditure		This budget was underspent by 11% (\$55K). This was largely due to a timing issue with budgeted consultancy costs for the Long Term Plan/Annual Plan and strategy execution that has not been incurred yet. Internal time has not been at the budgeted level as the team was not at full capacity.

Information and Communications Technology (ICT)

Type	Status	Commentary
Non financial		Across the ICT section most elements in the workplans are on target. The longer term projects tracking well overall include: SharePoint migrations (ahead of schedule); Synergy, SEAM and Biodiversity projects are on track but resourcing risks are surfacing in these projects. These risks are being mitigated, so we don't expect them to cause significant delays to progress. There are minor delays in the operational work programmes due to the limited availability of resources. To counter this, we've reprioritised and adjusted the sequencing of activities. The completion of the following tasks are now expected to be delayed beyond EOY: Implementation of a shared ICT tool, and Dynamics CRM erosion control system enhancements.
Operating expenditure		Underspent by 18% (\$717K). We are also starting to see some savings in operational areas as a result of efficiency measures. Project costs are lower than forecast, but are also largely attributed to the phasing of costs and are not expected to cause delays to progress.
Capital expenditure		Underspent by 51% (\$582K). The majority of the underspends across ICT workstreams are due to the phasing of costs throughout the year.



Finance, Treasury and Procurement

Type	Status	Commentary
Non financial		We continue to work on a number of large projects: improvement of TechOne to BAU, revenue & financing policy review, rates modelling, 2023-2024 Annual Plan, investment strategy. There is a lot of work outside of BAU at present which is starting to have impacts on staff. We are also still trying to recruit to a Senior Group Accountant and a new Project Manager for the Synergy project. Accommodation is getting a bit tight as we await the refurbishment of the ground floor.
Operating expenditure		Overspend in operating expenditure (24% or \$324K) and under budget in revenue (28% or \$2.96M). They are mainly impacted by investment returns. These have been low (or negative) for the year so far following the general market.
Other revenue		

Organisational Performance Report: Q2 2022-2023

Corporate Services contd

People and Capability

Type	Status	Commentary
Non financial		HBRC's annual turnover rate is 21.7%, and is lower than the previous quarter, highlighting the importance of recruitment and retention, and associated initiatives. We are continuing our focus on staff engagement, with a staff survey planned for February 2023. Focus has been on ensuring summer students have a great experience, learn something relevant to their field of study, and find out what it's like to work for a council and HBRC. Students can be our ambassadors and may return to work for us once they graduate. Various development programmes have been running, including Leaders' Forums and courses on Excel, time management, and change management. Organisational Change Management is in its infancy but seen as a critical function. The Health & Safety committee is functioning well and an H&S audit next quarter. Looking to implement talent mapping in the next quarter.
Operating expenditure		Overspent by 20% (\$160K). The continuing high turnover of staff has negatively impacted the budget. We have overspent our recruitment budget and our training budget. We are not in a position to cease recruitment nor can we cease training people (particularly health & safety training which is compulsory).

Māori Partnerships

Type	Status	Commentary
Non financial		The Māori Partnerships team is now established with three relationship managers (north, central, southern Hawke's Bay) supported by a cultural development adviser focused solely on cultural capacity and capability across all staff and governors. The existing suite of tools in use at HBRC include Pataka, Te Kupenga App, Te Rito modules, and an engagement framework. All are being revised and added-to as part of their mahi. A Mātauranga Māori specialist has been recruited from Q3 (3 days a week), in particular to complement our policy, planning and catchment delivery work. This all lends toward growing confidence within our staff in their engagement with tangata whenua.
Operating expenditure		Underspent by 28% due to staff vacancies in the team, that have now been filled.

Corporate Support

Type	Status	Commentary
Non financial		[No commentary provided]
Operating expenditure		Overspent by 75%. Our Customer Experience team has hired temporary staff at an additional cost to cover public enquiries and MyWay bookings. The rising cost of fuel and demand for HBRC cars for the growing number of staff has incurred additional costs for fleet.
Capital expenditure		This budget is underspent by 40% largely due to underspends in the accommodation project, including delays etc
Other revenue		We are under budget due to delays in the sale of fleet assets. We are holding on to them for longer to help manage the numbers.

Organisational Performance Report: Q2 2022-2023

Corporate Services contd

Community and Engagement

Type	Status	Commentary
Non financial	●	We delivered on our key workstreams including design, collateral, engagement, digital advertising and messaging for a wide range of HBRC projects. We produced six videos, produced material for the Coastal Hazards hui at Westshore, began the <i>Summer Sorted</i> and <i>Know our Water</i> campaigns. We produced 13 media releases (answered an additional 12 media enquiries). We produced information material and coordinated staffing at a stand at the Hawke's Bay A&P show. We published three State of the Environment reports, four project-based brochures, nine advertisements across multiple publications, as well as several posters and signs for council. Each week we averaged more than a dozen posts on social media and responded to many more. We produced and delivered our weekly staff e-newsletter, supported for the chief executive in all staff meetings, and key staff and announcements by project leads.
Operating expenditure	●	Overspent by 16% (\$69K) due to staffing changes as part of the community and engagement team restructure.

Risk, Quality and Assurance

Type	Status	Commentary
Non financial	●	Due to Covid19 disruptions and the operational business in 'catch-up' a formal decision was made to halt indefinitely the continued rollout of the risk maturity roadmap. Due to the maturity programme/roadmap being at a point where Group resources were required to workshop risks and maintain the system. The risk maturity rollout was adjusted to focus on specific risk system components. Deliverables not reflected in the workplans included, in development of a controlled doc system, interest register with workflow, and online gift register. RQ&A redrafted and recommunicated expired policies where no one owner was appointed and helped other policy owners review and upload theirs. Next targeted areas for risk maturity will be incident identification and management, and then compliance management (obligations register). Finalising the risk appetite was also halted however redesigning risk reporting including high-level KRIs is continuing. Quality management system milestones remain 'on-track'.
Operating expenditure	●	Underspent by 42% (\$85K). A formal decision was made to halt the continued rollout of the risk maturity which meant some contracting spend has been deferred. In addition, a partial transfer of the information management FTE has not been completed in the financials.

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How Metrics are Calculated

Employee count (p 7) is the total count of all staff employed by HBRC. This includes staff employed on casual and fixed term (eg students) contracts. This is calculated as at the end of the quarter.

Full time equivalents (FTE) (p 7) are the total FTEs as at the end of the quarter. Staff employed on casual contracts are counted as a 0 FTE.

Turnover (p 7) is calculated by averaging the FTE count (previous end of quarter FTE + current end of quarter FTE divided by 2). This is then divided by the number of resignations. Only resignations of permanent staff are included in this figure.

Health and Safety Incidents (p 8) are all the incidents reported in HBRC's health & safety software Hasmate.

Communications Log (p 9) tracks media queries and team activity by type, logged by staff on SharePoint.

Website and social media (p 9) data is sourced from Google and Facebook analytics.

LGOIMA (p 10) are all the LGOIMA requests that are registered in our LGOIMA register on SharePoint.

Vehicle number, fuel usage and fuel CO₂ emissions (pp 11 & 12) data is provided by our internal systems and our fuel suppliers.

Energy usage and energy CO₂ Emissions (pp 11 & 12) data is provided to HBRC by our energy suppliers.

Air Travel (p 11) data is provided to HBRC by our travel agent.

