

## Meeting of the Corporate and Strategic Committee

**Date:** Wednesday 19 February 2025  
**Time:** 9.00am  
**Venue:** Council Chamber  
Hawke's Bay Regional Council  
159 Dalton Street  
NAPIER

## Agenda

---

Item	Title	Page
1.	Welcome/Karakia/Housekeeping/Apologies	
2.	Conflict of Interest Declaration	
3.	Confirmation of Minutes of the Corporate and Strategic Committee meeting held on 13 November 2024	
4.	Public Forum	3
<b>Information or Performance Monitoring</b>		
5.	Financial Report for FY24-25 to 31 December 2024	7
6.	Organisational Performance Report for the period 1 October - 31 December 2024	13
7.	Regional Economic Development Agency update	15
8.	HBRIC quarterly update	19

---



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

**19 February 2025**

**Item 4**

**Subject: Public Forum**

**Reason for report**

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

**Background**

2. The Hawke's Bay Regional Council's Standing Orders **(14.)** provide for public forums which are run as follows.
  - 2.1. Public forums are a defined period of time of up to 30 minutes, usually at the start of a meeting, put aside for the purpose of public input. Public forums are designed to enable members of the public to bring matters to the attention of the local authority.
  - 2.2. Any issue, idea or matter raised in a public forum must fall within the terms of reference and ideally, relate to an agenda item for that meeting.
  - 2.3. Requests to speak at public forums are to be submitted to the HBRC Governance Team (06 88359200 or [governanceteam@hbrc.govt.nz](mailto:governanceteam@hbrc.govt.nz)) at least 2 working days prior to the meeting it relates to.
3. Some time limits and restrictions apply, including:
  - 3.1. A period of up to 30 minutes will be set aside for the Public Forum and each speaker allocated up to 5 minutes to speak. If the number of people wishing to speak in the public forum exceeds 6 in total, the meeting Chairperson has discretion to restrict the speaking time permitted for all presenters.
  - 3.2. The meeting Chairperson has the discretion to decline to hear a speaker or to terminate a presentation at any time if:
    - 3.2.1. the speaker's topic / issue is not within the terms of reference for the Committee or on the Agenda for the meeting
    - 3.2.2. the speaker is repeating views presented by a previous speaker
    - 3.2.3. the speaker is criticising elected members and/or staff
    - 3.2.4. the speaker is being repetitious, disrespectful or offensive
    - 3.2.5. the speaker has previously spoken on the same issue
    - 3.2.6. the matter is subject to legal proceedings
    - 3.2.7. the matter is subject to a hearing, including the hearing of submissions where the local authority or committee sits in a quasi-judicial capacity.
4. At the conclusion of a speaker's time, the Chairperson has the discretion to allow committee members to ask questions of speakers to obtain information or clarification on matters raised by the speaker.
5. Following the public forum no debate or decisions will be made at the meeting on issues raised during the forum unless related to decision items already on the agenda.

### **Decision-making process**

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

### **Recommendation**

That the Corporate and Strategic Committee receives and notes the *Public Forum speakers' verbal presentations*.

### **Authored by:**

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

### **Approved by:**

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

### **Attachment/s**

- 1 [↓](#) Corporate and Strategic Committee Terms of Reference

## Corporate and Strategic Committee Terms of Reference



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

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

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



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

**19 February 2025**

**Item 5**

**Subject: Financial Report for FY24-25 to 31 December 2024**

**Reason for report**

1. This report presents the financial results of the Council for the six months to 31 December 2024.

**Background**

2. Financial performance is reported to the Corporate and Strategic committee quarterly. The report presented today is for the second quarter of the 2024-2025 financial year.
3. The financial performance statements included are:
  - 3.1. HBRC Statement of Comprehensive Revenue and Expense
  - 3.2. HBRC Statement of Financial Position
  - 3.3. Comprehensive Revenue and Expense by Group of Activities.

**Key points**

4. Total operating revenue for the period is \$92.8M, which is \$18M above budget. Subsidies and grants make up \$10m of that variance, with Sediment & Debris and Hawke's Bay Regional Recovery Agency (HBARRA) being the major contributors.
5. Comparably, total operating expenses for the period are \$29M above budget at \$75.9M, again largely impacted by expenditure on Sediment & Debris as this programme utilises and expends all funds in line with the DIA Sediment & Debris Funding contractor.
6. Borrowings continue to be high in our short-term position while we continue to work through the National Emergency Management Agency (NEMA) and insurance claims. Reimbursement of costs from Cyclone Gabrielle insurance claims are ongoing and a recent meeting with insurers have been positive to enable us to progress at pace with these to 30 June 2024. to progress these. We have received payments for NEMA claims 7 and 8 during the quarter, totalling over \$700K.
7. To 31 December 2024 liquidity was maintained at a high level due to external borrowing in anticipation of cashflow required for the NIWE project. From February 2025 the LGFA has eliminated additional costs to borrow outside tender dates, allowing HBRC to reconsider their liquidity strategy. Rather than hold additional cash on hand, Council will instead increase their Standby Facility to ensure compliance to their liquidity ratio. It is not anticipating any future drawn-down against the standby facility and Council will instead draw funds from the LGFA as required.
8. The budgets reflected in this report are year 1 of the Three-Year Plan 2024-2027. Revised budgets are used for management reporting which include the Council-approved carry forwards of 2023-2024 budgets.

# Hawke's Bay Regional Council

## Statement of Comprehensive Revenue and Expense

	For the 6 months ended 31 December 2024				Full Year Annual Plan Budget
	Actual 31-Dec 24/25 \$000	Budget 31-Dec 24/25 \$000	Variance \$000	Variance % %	Actual 24/25 \$000
<b>Revenue</b>					
Revenue from activities	4,962	5,380	(418)	-8%	10,761
Rates revenue	24,601	23,749	852	3%	47,497
Subsidies and Grants	44,939	34,879	10,060	22%	69,759
Other revenue	12,140	8,552	3,588	30%	17,105
Fair value gains on investments	6,228	2,090	4,139	66%	4,179
Reduction in ACC Leasehold Liability					-
<b>Total Operating Revenue</b>	<b>92,871</b>	<b>74,650</b>	<b>18,221</b>	<b>20%</b>	<b>149,301</b>
<b>Expenditure</b>					
Expenditure on activities	(69,150)	(42,202)	(26,948)	39%	(83,725)
Finance costs	(2,901)	(2,385)	(516)	18%	(5,449)
Depreciation and Amortisation Expense	(2,349)	(2,225)	(124)	5%	(4,450)
Fair value losses	(1,494)	-	(1,494)	0%	-
Other expenditure	-	-	-	0%	-
<b>Total Operating Expenditure</b>	<b>(75,894)</b>	<b>(46,812)</b>	<b>(29,082)</b>	<b>38%</b>	<b>(93,624)</b>
<b>Operating Surplus / (Deficit)</b>	<b>16,977</b>	<b>27,839</b>	<b>(10,861)</b>	<b>-64%</b>	<b>55,677</b>
<b>Other Comprehensive Revenue and Expense</b>					
Gain/(loss) in other financial assets	14,471	717	13,754	0%	1,434
Gain/(loss) on revalued intangible asset	-	-	-	0%	-
Gain/(loss) on revalued property, plant and equipment as	-	-	-	0%	7,625
Gain/(loss) on revalued infrastructure assets	-	-	-	0%	94,945
<b>Total Other Comprehensive Revenue and Expense</b>	<b>14,471</b>	<b>717</b>	<b>13,754</b>		<b>104,004</b>
<b>Total Comprehensive Revenue and Expense</b>	<b>31,448</b>	<b>28,556</b>	<b>2,893</b>		<b>159,681</b>

### Commentary on Statement of Comprehensive Revenue and Expense

9. The actual result to 31 December 2024 for the total Comprehensive Revenue and Expense is a surplus of \$31.4M while the budget was \$28.6M surplus.
10. Sediment & Debris (HBRRRA) and the Silt Taskforce (HBRC) continue to be significant activities for the organisation. These were due to be completed by 31 December 2024, but an extension to 30 June 2025 has been negotiated. The net position for HBRC from Silt & Debris will be a net \$0 result with no cost overruns expected.
11. After removing HBRRRA (\$1M) and Silt Taskforce funding (\$30M), subsidies and grants are \$13.6m year to date, \$21.2M behind budget, primarily due to the timing of the NIWE programme.
12. Other revenue is exceeding budget by \$3.5M due to unbudgeted income on insurance claims and interest income received from holding HBRRRA funds.
13. Total operating expenses for the quarter were \$75.9M of which \$30.4M is for HBRRRA and Silt Taskforce, leaving \$45M spent year to date against a budget of \$46.8M, an underspend of 4%.
14. The remaining \$1.8M operating underspend is spread across several areas, including IRG, biosecurity, biodiversity, and ECS/Land for Life. Partially offsetting these underspent areas, there are a couple of key areas of overspend. Legal fees related to the Land Categorisation process are expected to total \$90K this financial year, with additional costs anticipated in future years. Furthermore, the ongoing task of opening and maintaining river mouths is projected to result in a \$0.5M overspend this year. Continuous drain clearing is also contributing to these overspends.



15. Further detail on financial and non-financial information for Groups of Activities is detailed in the Organisational Performance Report.
16. Due to the increased value of our infrastructure assets from the revaluation, our depreciation costs have gone up. We did not allocate funds in the LTP to cover the additional \$250K of infrastructure depreciation in 2024-25 (in layman's terms, we did not rate to cover this).

<b>Hawke's Bay Regional Council</b>			
<b>Statement of Financial Position</b>			
	Prior Year (PY) Actual 23/24 As at 30 June \$000	Current Year (CY) Actual 24/25 as at 31 December 2024 \$000	Current Year (CY) Budget 24/25 As at 30 June \$000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant & equipment	37,967	35,116	36,842
Infrastructure assets	435,885	449,742	302,622
Investment property	66,697	66,547	66,243
Intangible assets	10,868	14,379	11,473
Forestry assets	11,318	11,318	12,070
Prepayments	168	-	42
<b>Total non-current assets before other financial assets</b>	<b>562,903</b>	<b>577,269</b>	<b>429,292</b>
Other financial assets	139,872	148,204	143,107
Investment in Council-controlled organisations	352,023	361,632	335,948
<b>Total other financial assets</b>	<b>491,895</b>	<b>509,836</b>	<b>479,055</b>
<b>Total Non-Current Assets</b>	<b>1,054,798</b>	<b>1,087,105</b>	<b>908,347</b>
<b>Current Assets</b>			
Inventories	777	694	821
Trade & other receivables	23,961	27,552	18,968
Derivative financial instruments	1,909	415	2,243
Other financial assets	2,083	2,083	3,081
Cash and cash equivalents	62,276	47,956	26,185
<b>Total Current Assets</b>	<b>91,007</b>	<b>78,699</b>	<b>51,298</b>
<b>TOTAL ASSETS</b>	<b>1,145,805</b>	<b>1,165,803</b>	<b>959,645</b>
<b>NET ASSETS / EQUITY</b>			
Accumulated funds	271,287	286,257	317,607
Fair value reserves	506,415	520,886	286,739
Other reserves	129,794	131,801	126,212
<b>Total Net Assets / Equity</b>	<b>907,497</b>	<b>938,944</b>	<b>730,558</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Derivative financial instruments			
Borrowings	99,600	94,150	150,915
ACC Leasehold financing liabilities	29,574	30,098	29,255
Provisions for other liabilities & charges	19	19	19
Employee benefit liabilities	433	433	426
<b>Total Non-Current Liabilities</b>	<b>129,627</b>	<b>124,700</b>	<b>180,615</b>
<b>Current Liabilities</b>			
Borrowings	30,563	36,563	4,650
ACC Leasehold financing liabilities	3,421	288	1,500
Employee benefit liabilities	2,505	2,753	2,574
Trade & other payables	55,736	60,278	29,629
Funds held on Behalf	16,456	2,277	10,120
<b>Total Current Liabilities</b>	<b>108,681</b>	<b>102,159</b>	<b>48,472</b>
<b>TOTAL LIABILITIES</b>	<b>238,308</b>	<b>226,860</b>	<b>229,087</b>
<b>TOTAL NET ASSETS / EQUITY &amp; LIABILITIES</b>	<b>1,145,805</b>	<b>1,165,803</b>	<b>959,645</b>

## Commentary on Statement of Financial Position

17. Infrastructure assets continue to increase due to the significant amount of capital work being undertaken to repair assets damaged by Cyclone Gabrielle. The value has increased from \$442.4M to \$449.7M since the last quarter, giving a \$7.3M increase. The end of year budget in the LTP does not include the significant revaluation of infrastructure assets that occurred during the 2023-2024 annual reporting process.
18. Intangible assets value has increased this quarter by \$300K, predominantly due to the carbon credits movement in price.
19. Napier Port share price as at 31 December 2024 was \$2.57 against \$2.26 at 30 September 2024, a total increase of \$34M. This is reflected in the investment in council-controlled organisations.
20. Trade and other receivables have decreased since the last quarter by \$1.5M due to payments received for rates and our continued focus on collections.
21. Cash and Cash equivalents is at \$48M as of 31 December 2024, a decrease of \$15M since the last quarter. \$8M has been set aside in a short-term deposit to repay the LGFA loan maturing in April 2025.
22. Trade payables are sitting at \$60.2M, a decrease of \$2.4M from the last quarter which was \$62.6M. With spend increasing on capital projects, the value of payables is likely to remain quite high for the balance of the year.

## Financial summary by Group of Activities (GOA)

23. The following table provides a breakdown of the statement of comprehensive revenue and expense by Group of Activities (GOA). The Organisational Performance Report includes further financial and non-financial commentary for each GOA. Please note that the budgets used in this report are from the LTP and the budgets used in the Organisational Performance Report include subsequent adjustments, including approved carry forwards from 2023-2024.
24. GOA expenditure includes each activity's external expenditure, internal staff time, finance costs (interest), depreciation/amortisation and a share of corporate overheads.

Hawke's Bay Regional Council												
Statement of Comprehensive Revenue and Expense by Group of Activities												
For the 6 Months to 31 December 2024												
	Governance and Partnerships			Integrated Catchment Management			Asset Management			Policy and Regulations		
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000
<b>Revenue</b>												
Revenue from activities	(44)	-	(44)	1,401	1,294	106	889	2,122	(1,233)	1,640	1,650	(9)
Rates revenue	2,756	2,752	4	10,552	10,548	4	9,035	9,032	3	4,034	4,034	(0)
Subsidies and Grants	-	19	(19)	1,220	1,392	(172)	9,775	30,334	(20,559)	30,468	29	30,440
Other revenue	1,007	870	137	1	-	1	2,051	79	1,972	19	3	16
Net Fair value gains on investments	-	-	-	-	-	-	-	163	(163)	-	-	-
<b>Total Operating Revenue</b>	<b>3,720</b>	<b>3,641</b>	<b>79</b>	<b>13,174</b>	<b>13,234</b>	<b>(61)</b>	<b>21,751</b>	<b>41,730</b>	<b>(19,980)</b>	<b>36,161</b>	<b>5,715</b>	<b>30,447</b>
<b>Expenditure</b>												
Expenditure on activities	2,934	3,055	(122)	11,847	12,687	(840)	9,524	12,520	(2,996)	36,002	6,116	29,886
Finance costs	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation and Amortisation Expense	-	-	-	320	304	16	760	617	143	6	4	2
<b>Total Operating Expenditure</b>	<b>2,934</b>	<b>3,055</b>	<b>(122)</b>	<b>12,167</b>	<b>12,991</b>	<b>(824)</b>	<b>10,284</b>	<b>13,136</b>	<b>(2,853)</b>	<b>36,008</b>	<b>6,120</b>	<b>29,888</b>
<b>Operating Surplus / (Deficit)</b>	<b>786</b>	<b>586</b>	<b>200</b>	<b>1,007</b>	<b>243</b>	<b>764</b>	<b>11,467</b>	<b>28,594</b>	<b>(17,127)</b>	<b>154</b>	<b>(405)</b>	<b>\$59</b>

	Emergency Management			HBRA			Transport			Corporate Overheads		
	Actual \$'000	Budget \$'000	Variance \$'000	Actual \$'000	Budget \$'000	Variance \$'000	Actual \$'000	Budget \$'000	Variance \$'000	Actual \$'000	Budget \$'000	Variance \$'000
<b>Revenue</b>												
Revenue from activities	498	60	438	-	-	-	362	175	187	216	79	136
Rates revenue	2,845	2,828	17	-	-	-	2,373	2,372	1	(6,994)	(7,817)	823
Subsidies and Grants	70	163	(93)	1,083	-	1,083	2,323	2,943	(620)	-	-	-
Other revenue	-	-	-	160	-	160	26	-	26	8,889	7,601	1,288
Net Fair value gains on investments	-	-	-	-	-	-	-	-	-	4,734	1,927	2,807
<b>Total Operating Revenue</b>	<b>3,413</b>	<b>3,051</b>	<b>363</b>	<b>1,243</b>	<b>-</b>	<b>1,243</b>	<b>5,084</b>	<b>5,489</b>	<b>(406)</b>	<b>6,844</b>	<b>1,790</b>	<b>5,054</b>
<b>Expenditure</b>												
Expenditure on activities	2,672	2,409	263	361	-	361	5,299	5,370	(72)	(363)	(295)	(69)
Finance costs	-	-	-	-	-	-	-	-	-	3,788	2,725	1,064
Depreciation and Amortisation Expense	1	-	1	-	-	-	106	111	(5)	1,157	1,189	(32)
<b>Total Operating Expenditure</b>	<b>2,673</b>	<b>2,409</b>	<b>264</b>	<b>361</b>	<b>-</b>	<b>361</b>	<b>5,404</b>	<b>5,481</b>	<b>(77)</b>	<b>4,582</b>	<b>3,619</b>	<b>963</b>
<b>Operating Surplus / (Deficit)</b>	<b>740</b>	<b>641</b>	<b>99</b>	<b>882</b>	<b>-</b>	<b>882</b>	<b>(321)</b>	<b>8</b>	<b>(329)</b>	<b>2,262</b>	<b>(1,829)</b>	<b>4,091</b>

### Rates collection

25. Rates penalties issued in 2024 totalled \$700K (12,111 ratepayers). In 2023 we issued \$552K of penalties to 11,720 ratepayers.
26. Year to date at 31 December 2024 the team has processed remissions for utility charges to local authorities (\$187K), Public Transport (\$99K), Natural Calamity (\$71K) and Hardship as a Result of the Policy Changes (\$7K).
27. There are 25 remaining hardship remissions received relating to Revenue & Financing Policy changes and natural calamity. These are being assessed and remitted where appropriate.

### Debt collection

28. As at 31 December 2024 the Council had \$2.49M of outstanding trade debtors. This compares to \$9.1M at the end of last financial year (June 2024). Receivables from government agencies had inflated previous balances.
29. For rates specifically, an outstanding of balance of \$3.6M remains unpaid with \$1.2M related to the latest rates invoices issued for 2024-2025. At the same time last year, we had \$5.0M outstanding with \$3.0M related to the 2023-2024 rates invoices that had just passed their due date.

### Commentary – Treasury

30. With the Silt & Debris operations wrapping up, almost all the funds held on behalf have been exhausted. In the past HBRC has used the interest received on these funds to offset Council's cost of funds and, moving forward, expects net costs of funds to increase.
31. During the quarter to 31 December 2024 HBRC repaid \$5M long term debt to the LGFA and has pre-funded \$8M of debt maturing in April 2025.
32. In December HBRC commenced a programme of short-term borrowing to fund the Crown's portion of the NIWE project costs. This is initially a commercial note for 4 months while HBRC finalises reimbursement terms with the Crown. HBRC may be required to hold additional debt (estimated at \$13M) to fund this cashflow throughout the entire NIWE project.
33. HBRC continues to work through its application to LGFA for a Green Loan to cover its share of the NIWE project costs. This is a slow process; however, once approved, any existing long-term borrowing for this can be converted to a Green Loan at reduced cost of borrowing.
34. All Managed Fund Portfolios are now held with Harbour Asset Management and performing well. Markets have been favourable and to 31 December 2024 the managed funds have returned net 7.56% year to date. Looking forward it is possible HBRC may, after ensuring inflation protection of the assets, realise a portion of fair value gains to fund the cash dividend required from investment assets under the SOE to HBRC. Any gains realised will be held in a resilience reserve.

## Cyclone Recovery

35. The following table summarises the current forecast financial impact from Cyclone Gabrielle response and recovery. It excludes work on sediment and debris and NIWE.
36. Overall, we expect to have spent a total of \$71.5M in responding to and recovering from the cyclone. The other costs relate to staff time that is not claimable, independent reviews and the like.

<i>Impact from cyclone</i>					
	22/23	23/24	24/25 Nov Actuals	24/25 Forecast Jan-June	Total
<b>Costs</b>					
Infrastructure	22,461,910	20,135,462	1,961,775	5,432,282	49,991,428
Welfare	8,489,521				8,489,521
Other	8,785,947	4,201,552			12,987,499
	<b>39,737,378</b>	<b>24,337,014</b>	<b>1,961,775</b>	<b>5,432,282</b>	<b>71,468,448</b>
<b>Funding</b>					
Other Income	(15,157,521)	(12,552,965)	(4,512,249)	(20,748,506)	(52,971,240)
General Rate		(3,122,126)			(3,122,126)
Internal Loans	(9,638,227)	(5,655,591)		10,055,856	(5,237,961)
<b>Reserves</b>					
Scheme Disaster Reserves		(3,544,821)			(3,544,821)
Council Disaster Damage Re	(6,808,123)	176,015	2,550,474	2,581,633	(1,500,000)
General Reserve	(5,454,773)	362,473			(5,092,300)
Emergency Management Re	(2,678,734)			2,678,734	(0)
	<b>(39,737,378)</b>	<b>(24,337,014)</b>	<b>(1,961,775)</b>	<b>(5,432,282)</b>	<b>(71,468,448)</b>

37. NEMA and insurance monies received will be used to repay external loans taken out to cover the expenditure incurred. The balance of the borrowing and the recovery of the Council and scheme disaster damage reserves will be funded from general rate funding already included in the LTP.

## Decision-making considerations

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

## Recommendation

That the Corporate and Strategic Committee receives and notes the *Financial Report for FY24-25 to 31 December 2024* staff report.

## Authored by:

**Pam Bicknell**  
Senior Group Accountant

**Megan McKenzie**  
Senior Business Partner

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

**Tuesday Walker**  
Graduate Financial Accountant

**Chris Comber**  
Chief Financial Officer

## Approved by:

**Susie Young**  
Group Manager Corporate Services

**Attachment/s** There are no attachments for this report.

**Hawke's Bay Regional Council**  
**Corporate and Strategic Committee**  
**Wednesday 19 February 2025**

**Subject: Organisational Performance Report for the period 1 October - 31 December 2024**

**Reason for report**

1. This item presents the Organisational Performance report for the period 1 October – 31 December 2024.

**Organisational Performance Report content**

2. The **attached** report contains four parts:
  - 2.1. **Executive summary** including highlights and challenges.
  - 2.2. **Corporate metrics** that focus on how we are performing across a number of corporate-wide measures such as employee turnover and official information requests.
  - 2.3. **Level of service measures** by group of activities by exception (i.e. measures with red or orange traffic light status with commentary).
  - 2.4. **Activity reporting** with non-financial traffic light status and commentary, and financial status and commentary rolled up to the group of activities.
3. Organisational performance reports were established in 2018. The status and commentary reporting are rolled up from budget lines to activity level. Commentary by budget lines is still available to committee members on request to staff.
4. Staff complete their reporting in a software tool called Opal3. For LOSM and activity reporting, staff select the status (red, amber, green) and provide commentary on what they did in the quarter against their annual work plans.

**Corporate metrics**

5. Employee numbers have dropped for the second quarter in a row despite further recruitment to support additional flood resilience work programmes. HBRC continues to hold at least 20 vacancies as part of its fiscal savings plan.

**Level of service measures**

6. Staff have reported 11 performance measures as 'off track'. A further 6 are reported as 'not due' and will be reported on at the year-end in the Annual Report.

**Activity reporting**

7. Staff have reported 3 activities as 'off track' from their usual workplans. This is 1 more than last quarter.
8. Financial reporting shows that 1 of the 6 Groups of Activities is over budget. Commentary is provided to provide context.

**Decision-making considerations**

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

**Recommendation**

That the Corporate and Strategic Committee receives and notes the *Organisational Performance Report for the period 1 October - 31 December 2024*.


**Authored by:**

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

**Approved by:**

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

**Attachment/s**

1  2024-25 Q2 HBRC Organisational Performance Report Under Separate Cover  
*online only*

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

**19 February 2025**

**Item 7**

**Subject: Regional Economic Development Agency update**

**Reason for report**

1. This item provides a brief update from the Regional Economic Development Agency (REDA), which will be presented by Lucy Laitinen, CEO. This memo provides an update of HBREDA's activity since HBREDA's last update to HBRC in November 2024. Lucy will provide an overview of the key findings of HBREDA's recently published research into the HB economy at the meeting. Hard copies of the research and the HBREDA Annual Report have already been provided to councillors.

**Background**

2. HBREDA held its inaugural shareholders' AGM on 13 December where it tabled its annual report and approved annual accounts and reported against its letter of expectations (LOE).
3. Prior to the shareholders' AGM, HBREDA contracted independent consultant Kevin Jenkins to undertake an external review of the Board, as required by its Governance Charter every two years. The review was provided to shareholders at the Shareholders' AGM.
4. HBREDA's first LOE ended in December 2024 and the Matariki Governance Group will shortly issue a new LOE to HBREDA following input from shareholders. Following receipt of the LOE, HBREDA will present a statement of intent to shareholders outlining its intended work programme for the year

**General**

5. HBREDA is supporting the Regional Recovery Agency, where possible, with the regional deal process, primarily through providing economic research and insights to support the application process.
6. HBREDA has been continuing to find opportunities to advocate for increased resilience in HB's telecommunications network and the two-year anniversary of Cyclone Gabrielle has enabled HBREDA to provide messaging in the media around our continued telecommunications vulnerabilities.
7. The four latest district-level **Community Compass** reports are now on the HB REDA website: <https://www.hbreda.co.nz/community-compass>.

**Current projects**

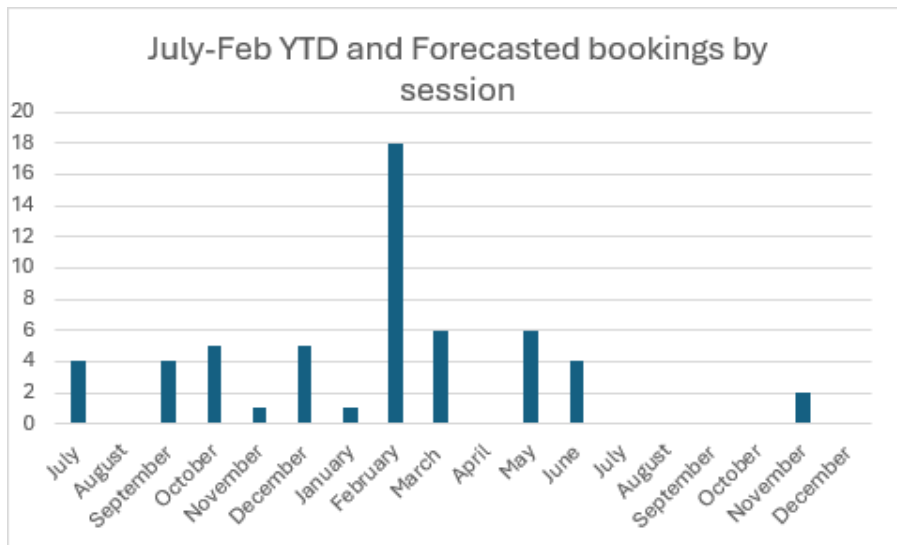
8. **Understanding the HB Economy'' research.** HBREDA launched its study into the HB economy in December at an event for business, followed by a presentation to the Matariki Governance Group. The research gives a comprehensive overview of our economy and the main barriers and opportunities for growth. There are a number of high level recommendations, which we are currently working through and which will inform our work programme as well as regional priority-setting.
9. **The connection between productivity and Māori health outcomes (NZIER).** This project is a partnership between HBREDA and Tīhei Takitimū the Iwi Māori Partnership Board. It aims to estimate the value of lost productivity due to priority health conditions in working age Māori in Hawke's Bay with a view to building a case for increased and more targeted investment in Māori health. Low productivity is arguably the number one problem in our economy and with

an increasing Māori population it makes sense to address systemic issues such as the health profile of Māori as one avenue with the potential to lift productivity by ensuring a more productive workforce.

10. **Analysis of the economic value of SH2 (NZIER).** This project is a partnership between HBREDA and Trust Tairāwhiti. Its aim is to investigate the economic and social impacts of investing in more resilient road infrastructure between Napier and Gisborne. This includes future potential impacts from investment not only to existing businesses but also to other stakeholders within the region as well as wider socioeconomic benefits such as educational and health benefits. If a solid evidence base can be built this piece of work will be used to advocate for increased investment.
11. **FoodEast business case.** HBREDA will shortly start a project with MartinJenkins looking at the opportunity to develop a fermentation capability at FoodEast as well as explore other options to activate the site.
12. **Review of tourism in Hawke’s Bay.** HBREDA is shortly about to start a project with MartinJenkins to investigate the value of tourism in Hawke’s Bay and opportunities to grow that sector.

**Operation of Te Rae**

13. The number of clients continues to grow and feedback remains positive. HBRC past and forecast use of the Te Rae rooms is shown below. The ‘value’ of the rooms at our rates was \$9730 from July 2024 to February 2025. All councils receive free use of the rooms.



**Next steps**

14. HBREDA will respond to the LOE with a statement of intent outlining its planned work programme, which will largely be based on the recommendations of our research into the economy.

**Decision-making considerations**

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

**Recommendation**

That the Corporate and Strategic Committee receives and notes the *Regional Economic Development Agency update*.



**Authored & approved by:**

**Lucy Laitinen**  
**HB REDA Chief Executive**

**Attachment/s**

There are no attachments for this report.



**Hawke's Bay Regional Council**  
**Corporate and Strategic Committee**  
**Wednesday 19 February 2025**

**Subject: HBRIC quarterly update**

**Reason for report**

1. This item provides HBRIC's quarterly update.

**Executive summary**

2. During the second quarter of FY24/25, the Group assets increased by \$25.6m, made up by a \$9.9m increase in NPHL share price, a \$13.6m increase in managed funds and \$2.1m increase on property and carbon credits revaluation.
3. Managed Funds: From 1 July to 31 December, the Group portfolio grew by \$13.6 million, representing an 8.11% year-to-date increase.
4. FoodEast: Progress in tenanting has been made given challenging market conditions
5. Investment Strategy: HBRIC continues to focus on delivering Council's new investment objectives.

**Managed funds**

6. As of 30 December 2024, HBRC and HBRIC held the following managed funds portfolios with Harbour Asset Management:

<b>Fund</b>	<b>Total</b>
<i><b>HBRIC - FIF</b></i>	\$53,097,613
<i><b>HBRC - FIF</b></i>	\$72,135,842
	<b>\$125,233,455</b>
<i><b>HBRIC - LTIF</b></i>	\$55,957,261
	<b>\$181,190,716</b>

7. Chris Di Leva, Harbour Asset Management's Head of Global & Multi Asset Investment, will be in attendance and provide an overview presentation to the Committee.

**FoodEast**

8. FoodEast management continues to make progress in tenanting in challenging market conditions. Focus has shifted from food-producing businesses to agritech businesses, and a strategy is in place for engaging with the regional agritech industry.
9. The highlight of Q2 was the official opening of FEH, with the Hon. Shane Jones attending and unveiling a commemorative plaque marking the occasion.
10. FoodEast also reported progress in the development of its commercial and innovation activities. Total rents received, inclusive of conference room income and on-charge costs less lease incentives were \$78,199 for the first half of the financial year relative to budget of \$90,687. Unbudgeted project income of \$12,500 was received from Sustainable is Attainable (with a further \$12,500 to be received in Q3, and \$25,000 per year in FY2026 and FY2027) along with unbudgeted grant income of \$10,000. Overall revenue was \$100,699 relative to a budget of \$90,687.

## Napier Port

11. The Napier Port Annual Shareholder Meeting was held on 19 December 2024.
  - 11.1. Revenue for the 2024 financial year increased 15.9% to \$141.4 million from \$122.0 million in the previous year, following growth across all trade areas.
  - 11.2. Underlying net profit after tax of \$20.7 million was up 94.6% from \$10.7 million in the prior year.
  - 11.3. Reported net profit after tax of \$24.8 million was up 49.7% on the prior year's \$16.6 million.
  - 11.4. Post-Cyclone Gabrielle business interruption insurance claim contributed further \$9.25 million to earnings.
12. Directors declared a fully imputed final dividend 6 cents per share, taking total dividends for the 2024 financial year to 9 cents per share, up from 5.25 cents for the prior year, and representing a gross dividend yield of 5.5%.

## Council's cash investment expectations

13. Council set FY24/25 cash return expectations from its Group investment portfolio of \$15,050,000. This comprised a \$12,500,000 base Annual Plan expectation plus a one-off special dividend of \$2,550,000.
14. To date, the following cash receipts from investment assets have been paid to Council:

14.1. Napier Port Dividend (Ex HBRIC)	\$6,330,000
14.2. Wellington Leasehold Income	\$ 496,770
14.3. Napier Leasehold Income	<u>\$ 312,215</u>
Total	\$7,138,985
15. Following a six-month performance review of the Group's Managed Funds Portfolio managed by Harbour Asset Management, at its 10 February 2025 Board meeting HBRIC recommended that \$5,000,000 be drawn against the \$12,676,439 YTD group portfolio gains. This sum to be split between HBRC (\$3.7m) and HBRIC (1.3m).
16. Following these payments \$12,138,985 (or 81%) of the full year cash requirements will have been delivered and the managed funds' portfolios will remain in compliance with their capital protection thresholds.
17. Of the remaining \$2,911,015 scheduled to be paid to Council before the end of the financial year, HBRIC is budgeting to receive a further \$3,220,000 by way of interim dividend from Napier Port, which provides confidence that Council's 2024-2025 cash expectations from Group Investments will be fully met.
18. In summary, the early payment to Council is the result of a higher than budgeted final dividend from Napier Port and a strong six-month performance from the managed funds portfolio. However, a solid H1 performance is not guarantee for a similar result in H2. A further update will be provided at HBRIC's next quarterly update to the Committee, including HBRIC's projections for the establishment and seeding of the Income Resilience Reserve, as requested by Council.

## Decision-making considerations

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

**Recommendation**

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

**Authored by:**



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

**Tom Skerman**  
**HBRIC Ltd Commercial Manager**

**Approved by:**

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

**Attachment/s**

- 1  HBRIC December 2024 Financial Statement
- 2  HBRIC Investment Performance update February 2025 Under Separate Cover  
*online only*



# Statement of financial performance

## Hawke's Bay Regional Investment Company Limited For the 6 months ended 31 December 2024

	NOTES	2025 YTD ACTUAL	2025 FY BUDGET	REMAINING BUDGET	FY 2024
<b>Income</b>					
<b>Interest income</b>					
Interest received - bank		85,635	154,254	68,619	265,612
Interest received - managed funds		39,896	-	(39,896)	145,537
Interest received - HBRC		166,630	333,264	166,634	333,261
<b>Total interest income</b>		<b>292,162</b>	<b>487,518</b>	<b>195,356</b>	<b>744,410</b>
<b>Dividend income</b>					
Dividends received - PONL		6,600,000	7,000,000	400,000	7,205,000
Dividends - managed funds		297,490	-	(297,490)	252,457
<b>Total dividend income</b>		<b>6,897,490</b>	<b>7,000,000</b>	<b>102,510</b>	<b>7,457,457</b>
Realised gain / (loss) on managed funds		1,989,758	-	(1,989,758)	(134,076)
<b>Total Income</b>		<b>9,179,409</b>	<b>7,487,518</b>	<b>(1,691,891)</b>	<b>8,067,791</b>
<b>Expenditure</b>					
<b>Operating expenses</b>					
Audit fees and charges		-	100,000	100,000	174,059
Bank fees		78	-	(78)	61
Director's fees		57,502	119,485	61,983	115,000
Director's costs		2,297	6,000	3,703	6,197
Insurance		20,267	41,468	21,201	39,998
Investment Fees		(11,394)	-	11,394	71,900
Legal fees and charges		12,083	7,000	(5,083)	1,692
Management services - HBRC		65,000	130,000	65,000	130,000
Other costs		356	8,000	7,644	5,930
Governance Tools		18,012	17,100	(912)	-
Professional advice		7,750	16,000	8,250	13,500
Professional development		-	5,000	5,000	-
Subsidiary company governance costs		-	5,000	5,000	-
<b>Total operating expenses</b>		<b>171,950</b>	<b>455,053</b>	<b>283,103</b>	<b>558,338</b>
<b>Project costs</b>					
Commercial manager		51,176	100,000	48,824	67,412
Other projects		-	12,000	12,000	-
Investment analysis & due diligence		12,643	190,000	177,357	52,300
Technical advice/legal		10,840	60,000	49,160	8,071
<b>Total Project costs</b>		<b>74,660</b>	<b>362,000</b>	<b>287,340</b>	<b>127,782</b>

## Statement of financial performance

	NOTES	2025 YTD ACTUAL	2025 FY BUDGET	REMAINING BUDGET	FY 2024
<b>Income tax &amp; subvention payments</b>					
Income tax expense		-	-	-	284,425
<b>Total income tax &amp; subvention payments</b>		-	-	-	<b>284,425</b>
<b>Total Expenditure</b>		<b>246,610</b>	<b>817,053</b>	<b>570,443</b>	<b>970,545</b>
<b>Surplus / (deficit) from operations</b>		<b>8,932,799</b>	<b>6,670,465</b>	<b>(2,262,334)</b>	<b>7,097,246</b>
<b>Other comprehensive income &amp; expenditure</b>					
NPHL gain / (loss) on share revaluation	1	9,900,000	-	(9,900,000)	(2,200,000)
Unrealised gains / (losses) from managed funds		1,964,541	-	(1,964,541)	3,086,498
Dividends paid		(6,330,000)	-	6,330,000	(7,205,000)
<b>Total Other comprehensive income &amp; expenditure</b>		<b>5,534,541</b>	<b>-</b>	<b>(5,534,541)</b>	<b>(6,318,502)</b>
<b>Summary Statement of financial performance</b>					
Surplus / (deficit) from operations		8,932,799	6,670,465	(2,262,334)	7,097,246
Other comprehensive income & expenditure		5,534,541	-	(5,534,541)	(6,318,502)
<b>Total Summary Statement of financial performance</b>		<b>14,467,340</b>	<b>6,670,465</b>	<b>(7,796,875)</b>	<b>778,744</b>



# Statement of financial position

## Hawke's Bay Regional Investment Company Limited As at 31 December 2024

	NOTES	31 DEC 2024	30 JUN 2024
<b>Equity</b>			
<b>Asset revaluation reserves</b>			
<b>Port Revaluation Reserve</b>			
Revaluation reserve		(13,200,000)	(11,000,000)
Fair value gain / (loss) on Napier Port Shares		9,900,000	(2,200,000)
<b>Total Port Revaluation Reserve</b>		<b>(3,300,000)</b>	<b>(13,200,000)</b>
<b>Managed Fund Revaluation Reserve</b>			
Funds revaluation reserve		7,682,108	4,595,610
Fair value gain / (loss) on revaluation Mercer m/funds		-	2,250,316
Fair value gain / (loss) on revaluation Jarden m/funds		52	836,182
Fair value gain / (loss) on revaluation Harbour m/funds		1,964,489	-
<b>Total Managed Fund Revaluation Reserve</b>		<b>9,646,648</b>	<b>7,682,108</b>
<b>Total Asset revaluation reserves</b>		<b>6,346,648</b>	<b>(5,517,892)</b>
<b>Shareholder's funds</b>			
Authorised "A" share capital		177,500,000	177,500,000
Retained earnings		166,905,731	166,138,484
Current Year Earnings		8,932,799	7,097,246
Deferred tax expense		(165,871)	(165,871)
<b>Total shareholder's funds</b>		<b>353,172,659</b>	<b>350,569,860</b>
<b>Total equity</b>		<b>359,519,307</b>	<b>345,051,967</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accrued expenditure		74,316	154,028
Trade accounts payable		4,313	24,813
<b>Total current liabilities</b>		<b>78,628</b>	<b>178,841</b>
<b>Total liabilities</b>		<b>78,628</b>	<b>178,841</b>
<b>Assets</b>			
<b>Current assets</b>			
<b>Cash and cash equivalents</b>			
BNZ accounts		527,406	129,600
Jarden Cash Facility (ANZ)		3,208,158	3,873,181
<b>Total Cash and cash equivalents</b>		<b>3,735,564</b>	<b>4,002,781</b>
Prepayments		39,188	59,455
GST		2,862	28,107
Current tax asset		16,520	(213,664)
HBRC Assets Transferred		(2,032)	-
PAYE & Withholding Tax		963	-
Rounding		-	-

## Statement of financial position

	NOTES	31 DEC 2024	30 JUN 2024
Tax deducted from investment activity		40,597	-
Income in advance		-	-
<b>Total current assets</b>		<b>3,833,661</b>	<b>3,876,678</b>
<b>Non-current assets</b>			
Shares - Napier Port Holdings		282,700,000	272,800,000
Funds with fund managers		53,097,558	48,854,303
HBRC loan receivable		16,663,036	16,663,036
Investment in Foodeast GP Limited		3,469,551	3,202,662
Deferred tax asset		(165,871)	(165,871)
<b>Total non-current assets</b>		<b>355,764,274</b>	<b>341,354,130</b>
<b>Total assets</b>		<b>359,597,935</b>	<b>345,230,808</b>
<b>Net assets</b>		<b>359,519,307</b>	<b>345,051,967</b>