HAWKE'S BAY REGIONAL COUNCIL

TE KAUNIHERA Ā-ROHE O TE MATAU-A-MĀUI

Meeting of the Corporate and Strategic Committee

Date: 21 May 2025

Time: 9.30am

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

Attachments excluded from the Agenda
available online only

PORT & HARBOUR
Marine Safety Code
NEW ZEALAND

Safety Management Systems Review

	A review of the SMS in accordance with the NZ Port & Harbour Marine Safety Code
Location	Hawkes Bay
Port operator and regional council	Port of Napier Limited and Hawkes Bay Regional Council
(please make clear if SMS review is for port company and/or regional council)	The SMS review covers both organisations
Date of review	27th -28th of March 2024
Purpose	A peer panel representing the 3 partner sectors to the Code provide an independent review of the safety management system and risk assessments for good navigation practice and consistency with Code
Objective	To confirm that the SMS of Port of Napier Limited and Hawkes Bay Regional Council meets the requirements of the Code, namely, that : ➤ The arrangements, measures, procedures and processes in the SMS are effective to manage the risks, and reflect best practice ➤ The SMS is underscored by effective working relationships ➤ There is evidence of ownership and commitment to the SMS at all levels of the regional council and port company
Panel members	Peer review panel members • Clyde Fernandes, Manager Maritime Inspections, Maritime NZ • Tony Parr, Harbourmaster, Taranaki Regional Council • Alexandra Haughey, Marine Operations Manager, Port Nelson • Paul Barrett, Maritime New Zealand PHMSC Peer Review Panel Advisor
Present	Hawkes Bay Review Key Contacts • Adrian Wright, Hawkes Bay Regional Council, Harbourmaster • Robbie Jensen, Port of Napier Limited, Marine Manager Port of Napier representatives • Todd Dawson Chief Executive Officer • Adam Harvey Chief Operating Officer • Adam Loseby Assistant Marine Manger • Leanne Sutherland Compliance and Quality Manager • Mark Bibby Mooring Supervisor • Kendra Hishon Pilot Launch master

	Hawkes Bay Regional Council representatives	
	• Nic Peet Chief Executive • Katrina Brunton GM Policy & Regulation	
Others contacted	N/A	
Documents reviewed	Pre site visit	See appendix 1
	During site visit	See appendix 2
Overview of process	The review panel meet for a planning meeting on the 19th of February 2024. A second review panel meeting was held on the 11th March 2024 to discuss the teams desktop review of the information provided. The onsite reviews were undertaken on the 27th and 28st of March 2024 commencing with an opening meeting at the Hawkes Bay Regional Council meeting room, representatives from Hawkes Bay Regional Council and Napier Port were present. The peer review plan outlined that the first days focus was the Commitment to Code, Continuous improvement, Policy, Safety Management Systems and an overview of both organisations. The first day review discussion also included, major developments and risk, resourcing and operations, navigation bylaw and Harbourmaster directions, on-line systems and databases. The second day meeting at the Port Company Offices and involved a Port tour and review of training, AtoN and Maritime Transport Operator Plan (MTOP), the Maritime Operator Safety System (MOSS) and pilotage. A closing meeting was held on the afternoon of the second day, The closing remarks included a thank you to the group for their openness and input and allowing the team to ask questions, to see what they plan to do, how they do it and by providing the information in an open manner. The group were also thanked for their candid responses, it was acknowledged that the region has been under a lot of pressure with Covid, the Wharf 6 project and cyclones and that the planning had adapted to do what is needed and right the ship before carrying on with some project plans. The organisations were given very general feedback as the full details and findings were to be included in this report. The Code Working group has set in place a protocol where the Code consistency decision is given once the report is finished and signed off by all parties. We have appreciated that both organisations have very good system frameworks and ISO9001 Certification which means that continuous improvement is in place. The Chief Executive of Napier Port made himself available for the review and the Chief Executive of the Hawkes Bay Regional Council dropped in at the end of the first day to check to see how the review was going. This provided the panel with confidence that the organisations commitment to Code compliance is active.	
Previous reviews (Brief statement on date of previous review, findings/ areas for	The last NZ Port and Harbour Marine Safety Code review was finalised on the 11th November 2021. The findings included that the next review should look at:	

improvement noted at that time)	• What HBRC has done to confirm its roles and responsibilities, including those of the Harbourmaster, and related resourcing, agreements and arrangements with NP made to undertake those roles and responsibilities. • NP risk assessment and SMS coverage of new and changed risks due to the 6 Wharf development. • Follow up and improvements made resulting from the investigations into the Kota Bahagia fire (Dec 2020) which had not been formally reported on at the time of this review It was noted that the SMS was Code consistent on the 11/11/2021 **Self-Assessment 2023** This review was completed in June 2023 and was a joint Self-assessment of the Safety Management Systems Findings included the Harbourmaster indicating that; • The SMS systems remain ISO9001 accredited • An increased level of engagement with councillors regarding maritime safety would be useful • Resume efforts to engage with the Napier Pilotage and Ahuriri Inner Harbour Users Group • Installing fleet wide radios in all vehicles to allow communication when no power is available (cyclone response) • Keeping the Code and practices straightforward and manageable and ensuing more training is available for those new to the industry. The findings for the Port included • The SMS systems remain ISO9001 accredited • The organisations MOMs project is progressing with Code compliance improvements. • Innovation and change need to be implemented with a robust change management process to mitigate risk. • The port convenes and hosts monthly MNZ, HM and Port meetings. • Identifying opportunities to continuously improve levels of competency is important • Port wide review of emergency procedures has been completed The systems are subject to internal and external audit as part of the organisations ISO9001 systems and Internal reviews / joint self-assessments are undertaken annually.
During the planning phase what areas/issues were identified, and why, for further enquiry	The review team provided a request for information 18/3/2024 This also identified areas of interest for the onsite review including. 1. *The Napier Port QMS meetings* 2. *Collaboration* 3. *Navigation aids* 4. *Harbourmaster access to a boat*

		5. Moorings management 6. Organizational structures 7. Shore tensioning units 8. Event investigation and corrective actions 9. MTOP Fit and proper person designation 10. Port Resourcing 11. Vessel Management 12. MoU's 13. Management of navigational safety, accountability and responsibilities. 14. Napier Pilotage and Ahuriri Inner Harbour User Group meetings 15. PROMAPP/Nintex use harbourmaster. 16. Hydrographic survey and dredging 17. Tier One marine pollution response plan The requested information was provided and areas of interest were discussed during the review.
Findings		**Acknowledgement** 1) The panel wish to acknowledge the Port of Napier and the Hawkes Bay Regional Council in preparing and participating in the review in an open and candid manner. An indicator of the organisations commitment is the involvement of and Interest of Chief Executives and Senior Leadership Team members. The significant impacts of Cyclone Gabrielle to the region is also to be acknowledged, the organisations response, adaption and management of the impacts are to be commended. **Port and Harbour Context** 2) The Hawkes Bay Regions Navigation Safety Bylaw outlines boundaries of the Harbourmaster responsibilities from Mahia in the north to Porangahau in the south. The Napier Port is located at the base of Bluff Hill. The Pilotage area extends to Pania Reef and includes two channels for entry and exit to the Port. The Port is the North Island's second largest by tonnage and is connected to the rail network. The Port processes timber, containers of canned goods, apples and pears, meat and other fresh and chilled produce. 80% of cargo is export. The port also features cruise ship activity and also handles bulk cargo. 3) The Hawkes Bay Regional Council is the majority shareholder (55%) in Napier Port Limited. The Hawkes Bay Regional Council Operates employs a Harbourmaster and has put in place the Navigation Safety Bylaw 2024 (last reviewed on 13th Dec 2023). The Harbourmaster's office is transitioning as the current Harbourmaster retires the succession plan includes moving Adrian Wright, the current deputy, into the Harbourmaster role. A recruitment process for a new Deputy Harbourmaster is underway, and should be expedited. Resourcing of the Harbourmaster activities was an identified constraint with the reliance on contractors and external parties to assist with on water compliance with navigation safety bylaws and Maritime Rules, and HBRC asset maintenance, for example AtoN. The HBRC has memorandums of understanding with the Port (2022) and the Napier City Council (2020). The latter under review with respect to improvement and maintenance of assets in the Ahuriri Inner Harbour. 4) Due to the impacts of Covid, Wharf 6 development and Cyclone Gabriel the Napier Port forward planning and project list has been adjusted to allow for the recovery activities.

5) The Hawkes Bay Regional Council and The Napier Port are certified to ISO9001: 2015 by Telarc and Lloyds Register Quality Assurance (LRQA) respectively.

The Harbourmaster and Port company have a close relationship with the Port providing an office for the Harbourmaster at the port and the ability to use Port systems for reporting, alerts and permitting through SAI360 global upload site work alerts.

Working together on risk assessments, providing office space and access to systems indicates a close and collaborative relationship.

Overall summary of findings

6) The Panel found that HRBC and NP show a clear commitment to the Code and each organisations Policies, SMS documentation and activities include statements, processes and reviews to ensure that Code consistency is considered as part of their operations and quality management systems

7) The Panel found that the HBRC and PN SMS and associated activities provide confidence that the organisations are managing risk. Both organisations have experienced or are experiencing significant change and this has put restraints on the planning and implementation of some projects. The Napier Port identified that its progress on its MOMs system had been delayed and the Harbourmaster changes and the need to recruit a new deputy harbourmaster leaves the organisation with a resourcing constraint

8) The Hawke's Bay Regional Council Napier Pilotage Area Risk Assessment document is a shared risk assessment process with input from the Harbourmaster, Napier Port and the Napier City Council to gain a common understanding of risk in the Napier Pilotage area is a useful exercise and an indicator of collaboration

9) The Panel thought it would be useful for the HBRC to develop a programme to raise the awareness of the Code and Code signatory obligations amongst the wider council and Councillors.

10) The HBRC SMS document outlines communication and inclusion of a number of stakeholders, it was identified by the panel that the HBRC could clarify and document local IWI as a stakeholder.

11) Collaboration is a key feature of the HBRC and NP activities including shared office space and systems which clearly show a collaborative and inclusive approach.

12) The response to Cyclone Gabriel was seen as a collaborative process between the Port, the Harbourmasters, NZ Police and FENZ. The Port didn't follow a Coordinated Incident Management System approach (CIMS) however they did follow some of the principles. The organisation could review the Cyclone response and its emergency plans to see if a CIMS approach would be useful during any future events.

13) The organisation had also developed emergency event scenarios for the pilots, however these had yet to be tested it would be useful to ensure that the scenarios identified are included in emergency response trials.

14) NP Ports SAI360 incident and risk management system is seen as a useful tool and allowing the Harbourmaster access to the system to assist with alerts and permitting is another example of the collaboration between the Part and HBRC. The systems training manager is not being used, the data is being exported to excel and the Port is working on a learning

management system which will improve the visibility and tracking of the training activities.

15) The review of the MoU with the Napier City Council had been delayed due to the Long Term Plan (LTP) cycle. The work in the inner harbour identified a number of risks for the HBRC. The organisations should review the MoU and associated risk assessment to ensure that appropriate controls are in place and that the responsibilities for resourcing the controls are clearly defined.

16) The Napier port procedures have been developed where possible with hyperlinks to associated documentation and risk registers so that the source documents when updated only need the one document updated. The single point of truth is a useful mechanism to use.

17) The Napier port fatigue management software (FAID) this was outlined during the review and provides a good survey and feedback mechanism for managing fatigue.

18) Both organisations have well-developed incident management processes HBRC HAZMATE is managed by its Risk and Audit Committee and has escalations to the senior leadership team when required, this is teamed with the IRIS compliance monitoring tool. The development of consolidated data for reporting for the HBRC was seen as a gap. The Port utilises SAI360 as a reporting tool, this has the ability to be reported directly into the software or via radio of the safety team. The process also features escalation to senior management. The organisations have active meetings that include the review of incidents and the tracking of corrective actions.

19) The HBRC & Napier Port MoU outlines the details and approach to the Napier Pilotage area, the schedules 1, 2 and 3 outline the division of roles, collaborative activities and AtoN management respectively. This provides a good example of clarifying roles and responsibilities.

20) The Napier Port has Invested heavily in IT systems and AI and this is was seen as a point of difference to others in the sector and an example of best practice that could be of benefit to others when the systems, data and process have been proven and defined.

Commitment to code Consistent SMS and Continuous Improvement

21) Katrina Brunton GM Policy and Regulation (HBRC) provided a useful overview of the commitment to the Code and outlined that the region had been through significant challenges with the Cyclone and that the Council had relied heavily on Adrian to develop the Harbourmaster role further. The Council has increased funding for code compliance and documenting the rules. Adrian outlined that the commitment is manifested in documentation held in the Council's document management system, the Memorandum of Understanding (MoU) with the Napier Port, and the planned update to the MoU for the Napier City Council.

The council has identified that it needs to develop and resource the compliance and enforcement teams and ensure that there is support staff from within the Council with appropriate delegations to support the Harbourmaster's activities.

The HBRC was also looking at the funding models to include a user pays approach.

The HBRC long term plan is out for consultation from the 15th April 2024 to the 15th May 2024.

Nic Peet, HBRC Chief Executive, dropped into the Peer review meeting room at the end of Day one of the review to introduce himself and to discuss the review. While this showed commitment to the process, it would be useful to develop a programme to raise the awareness of the Code and Code signatory obligations amongst the wider council and Councillors. Any intent to include this in a reviewed induction process is encouraged (Nic joined the HBRC in July)

22) Todd Dawson Chief Executive Officer (NP) and Adam Harvey Chief Operating Officer (NP) outlined that the Code compliance was fundamental to the way the Port operates and the documented systems being certified to ISO9001 means that the systems are well established. While the Port has had a couple of challenging years, collaboration with the Harbourmaster is seen as key to the Port's success. The Port provide an office for the Harbourmaster and access into systems which shows the close relationship. Collaboration includes monthly meetings between the Port, Maritime New Zealand and the Council. The Port operations, Harbourmaster activities and Code reviews are discussed at the meetings.

At a Governance level the Port is 55% owned by the HBRC and is a publicly listed company. Avoidance of conflict of interests is managed through the MoU with HBRC.

The HBRC and Napier Port MoU 2022 outlines the division of roles for navigation safety and collaboration expectations including routine consultation, public education, training coordination and exercises.

The Port company is both a large regional Port and a significant local industrial complex. The maintenance and development of a social licence is important to its relationship with the community at large.

SMS documentation

23) The SMS documentation provided by both organisations is indicative of alignment with the Code, taking into account the nature of the port operation and the associated hazards and risks.

24) The HBRC SMS document section 2.2 General Policy includes the organisation's commitment to complying with the provisions of the PHMSC. The HBRC Safety Management System defines the management system context in terms of a *'Must, Shall, Should or May'* categorisation for processes and standard operating procedures. In broader terms, the document outlines that the organisation Must comply with legislation, Shall comply with the Code, Should follow best practice identified by the Code and May chose to act in other areas that don't have a direct legal obligation.

The Safety Management System includes the Breakwater Harbour (Napier Port) and the Inner Harbour Managed by Napier City Council

The SMS outlines that annual self-assessments against the code and updated risk assessments are required and a rolling safety management system action plan to ensure continual improvement.

The HBRC SMS documents are controlled in promapp/nintex process manager software. The software provides the review schedule, tracks the updates, and automatically assigns new version numbers. All official documents are contained within a council register and the QMS manager has oversight of the review processes/schedules.

Collaboration is also defined in the system and identifies the key stakeholders are Napier Port Limited, Napier City Council, Commercial

operators such as fishing companies and Recreational stakeholders such as the sailing club.

During the review of the HBRC SMS it was identified by the panel that the HBRC could clarify and document local IWI as a stakeholder

Collaboration with the Napier port company is clarified in the HBRC SMS and shared policies were developed in consultation with Napier Port for Pilotage, Breakwater Harbour management, Hydrography, Traffic management and Towage.

The Napier City Council has authority under the Maritime Transport Act for Inner harbour management of infrastructure and works.

25) The Napier Port Safety Management system is outlined in the organisations Marine Services Management Manual (MSMM) the introduction outlines the manuals use of Quality Management System framework (ISO9001) and the intent that the system accommodates the requirements of the Port and Harbour Safety Code.

OBS: During the document review the NP MSMM references the Health and Safety in Employment Act 1992, the organisation should update this to the current legislative requirement that is the Health and Safety at Work Act 2015.

The organisations General Policy and Quality and Safety Policies also outline that the Napier Port is committed to the Code in the Napier Port Management Area

The internal auditing processes also outline that they are reviewed against the Code requirements

Collaboration is integrated into the Port and Harbour Marine Safety Management System Framework Objectives and outlines the Marine Manager in consultation with the Harbourmaster and other stakeholders set objectives to continue the development of the SMS. There are biannual QMS/SMS meetings with the stakeholders to review progress on the objectives.

Emergency response plans were reviewed and discussed and the real world example of the response to Cyclone Gabriel, the response was seen as a collaborative process between the Port, the Harbourmasters, NZ Police and FENZ. The Port didn't follow a Coordinated Incident Management System approach (CIMS) however they did follow some of the principles. The organisation could review the Cyclone response and its emergency plans to see if a CIM'S approach would be useful during any future events.

The organisation had also developed emergency event scenarios for the pilots, however these had yet to be tested it would be useful to ensure that the scenarios identified are included in emergency response trials.

The Port conducts emergency exercises with the Security Teams, Harbourmaster, MNZ, Police and FENZ involvement.

The Port use an application called SAI360, this is used for incident, risk management, alerts and permits. The Harbourmaster has access to this system to assist with alerts and permitting. The system has a training module however this is currently not being used and the Port learning and development advisor utilises a competency matrix. The SAI360 system is used for entering data however the information is exported to excel and linked into the competency matrix.

It is hoped to have a Learning Management System (LMS) up and running by the end of the year. This would be a positive outcome.

Risk Assessment and Management

26) The HBRC has an operational risk management process as part of the Council health and safety management system that covers organisational risks, the procedure outlines Council Level, Department level and Task level risk management activities.

During the review of the risks, hazards and controls the Harbourmaster explained some of the risks that occur as part of the management of the inner harbour that is owned and operated by the Napier City Council include dealing with abandoned boats, drug and gang related activity. It would be useful for the HBRC and the NCC to review its Council, Department and task level risk registers to ensure that the appropriate controls are in place to understand and manage these risks. The risk management activities could be clarified in the MoU review.

Hawke's Bay Regional Council Napier Pilotage Area Risk Assessment document outlines an Identify, Prioritise, Mitigate, Monitor and Review process. The risk assessment was a collaborative risk assessment process by the Council, Port and City Council.

27) The responsibilities of each organisations is defined and the Harbour and Port Safety Management Systems including the Harbourmaster statutory responsibilities and the Port Marine managers role in the Napier Pilotage area.

The risk assessment covers Collision, Contact, Environmental, Equipment Failure, Explosion, Fire, Grounding, Human Factors, Interaction and Personal Injury

The risk mitigation factors identified include

1. AtoN

2. Regulations & Legislation

3. Operational Procedures

4. Communications

5. Drills & Exercises

6. Berthing Operations/Marine Operations/SOPs & Training

7. Health & Safety

8. Vessel Management

9. Weather, Tides, Harbour Information

10. Hydrography and dredging

Each mitigating factor is assessed for criticality and controls assessed for effectiveness

The hazard register outlines the pre and post control numerical risk assessment and a list of the controls in place

The process looks comprehensive for the Port activities.

The Port company also has other risk assessments related to operations, specific activities and equipment such as the risk register for the tugs Ahuriri, Kaweka and Te Mata and the pilot boat Pania.

Higher risk activities have been considered and have specific procedures such as the oil transfer site, marine oil spills contingency plan which is a good example of a risk management and control document

The port companies' operational hazard & risk management framework references ISO 31000:2018 Risk Management Guidelines as a source guidance for its risk management activities.

The Napier Port company risk registers in some cases have hyperlink's to control documentation to help provide clear links between documents and produce a single point of truth where updates to controls need only be documented in one place, this is a useful mechanism.

The Port company has identified that fatigue is a significant risk for the organisation and has developed a fatigue management software (FAID) this was outlined during the review and provides a good survey and feedback mechanism for managing fatigue. The process is still being developed and worked on and the FAID software is seen as a key tool to manage activity to ensure that appropriate controls are in place.

The risk registers are subject to annual review or update if specific activities or processes change. An example is the risk assessment that was performed for Wharf 6 as part of its construction.   Note: This was raised as item to include in this review in the 2021 peer review and provides evidence of new developments in risk registers.

28) The Hawke's Bay Regional Council Napier Pilotage Area Risk Assessment document is a shared risk assessment process with input from the Harbourmaster, Napier Port and the Napier City Council to gain a common understanding of risk in the Napier Pilotage area is a useful exercise and an indicator of collaboration.

Incident Management

29) The HBRC incident management process utilises the HBRC HAZMATE incident reporting process and is managed by the HBRC Risk and Audit Committee. Incident response has an escalation process to the Senior Leadership team. The organisation's risk management and non-conformance management systems sit under the Risk Management Policy (CD0023).

The HBRC also has a compliance monitoring tool called IRIS that contains details of any infringements and activities to manage compliance with Navigation Safety rules and Bylaws. The Database was viewed during the audit, REQ-25368 was viewed this involved a prosecution relating to an event that occurred on the 4/3/2023 for dangerous maritime activity.

During the review it was discussed that one of the gaps in the current system is the ability to report on consolidated data with a specific navigation safety focus so that the analysis of accidents and incidents and trends can be completed. This will assist with the annual risk assessment reviews and targeting resource and activities on any emerging issues.

30) The Port incident management system is an active process and the organisation follows the principles of a no blame culture. The reporting is active with more than 1000 reports per year. A spreadsheet All_Incidents_010123_311223 was viewed and contained records of all incidents for 2023. The reporting structure is multi-faceted with incidents being able to be reported directly into the reporting software (SAI360), via

radio or the safety team. The incidents are discussed at the 9:30am operational teams meetings and assigned to the right person to investigate they are given a specific number and need to be closed out within 28 days. The initial process is to put them through a risk matrix and above a threshold they are escalated up to Senior Management. The procedures outline the requirements to report to Maritime New Zealand for incidents that are required under the Maritime Transport Act 1994 and the Harbourmaster all waterborne commercial maritime safety incidents including near misses that occur within the Napier Pilotage area.

The operational team meeting minutes such as the Floating Plant meeting minutes provided as examples contain and agenda item prompt to report any incidents, hazards or near misses and review the JSA for the work.

An investigation example was provided and reviewed a process failure for one of the shore tensioning units (a Dynema mooring line failure). An external party South Maritime Solutions undertook a comprehensive incident report following an ICAM methodology and reviewed people, environment, equipment, procedures and organisational factors. The report outlined some immediate, as soon as possible, 2 month, 4 month and 6 month recommendations. The process looked comprehensive and the outcomes designed to lower risk. The report was discussed during the review and the close out actions had been completed.

The Kota Bahangia Fire outcomes from Dec 2020 was also discussed and the outcomes of the investigation and actions had been completed, the General Manager and Executive team were involved in the discussions around the investigation and subsequent actions.

Anchorage Management

31) The HBRC outline the Anchoring and mooring rules and Anchorage restrictions in the Navigation Safety Bylaw 2024.

The Harbourmaster looks after the Anchorages monitoring and management

There is a project in the LTP plan to undertake some research on the Anchorage areas to gather information on how they are used, the impacts and risk.

The information sources include AIS systems and systems for tracking ships, there is work being undertaken on virtual aids to navigation to assist the tracking of ships.

There is a 24 hour VHF radio watch and wider area information provided to the Harbourmaster. There is a port company radio in the harbourmaster office and the harbourmaster is available 24 hours a day.

The collaboration between the Harbourmaster and Port company is evident in the sharing of information and the communication systems

The Napier Port offers two secure anchorages both have fine sand and mud bottoms.

SMS Monitoring and Management

32) The Hawkes Bay Regional Council and The Napier Port are certified to ISO9001: 2015 by Telarc and LRQA respectively. The organisation's SMS form part of the QMS, both organisations are certified and re audited annually. Part of the ISO9001 QMS framework is planned internal audits.

The internal auditing processes also outline that they are reviewed against the Code requirements

The last joint self-assessment of the Safety Management System occurred in June 2023

The Port and Harbour Marine Safety Management System Framework Objectives outline that the Marine Manager in consultation with the Harbourmaster and other stakeholders set objectives to continue the development of the SMS.

There are biannual QMS/SMS meetings with the stakeholders to review progress on the objectives.

The Harbourmaster, Maritime NZ and Napier Port meet monthly the meeting minutes provided (13th Feb 2024) provided good evidence of active conversations regarding each organisations activities and the collaboration between organisations and their documented systems to ensure that the intent of the PHMSC is complied with.

The Port Company Marine Operations Management System (MOMS) development was discussed during the review, the development plans have been delayed by the cyclone and Wharf 6 development. The documentation in some cases needs to be updated to reflect current practice. The volume of change and the change management practices could be clarified to ensure that changes are coordinated and that individual projects and outcomes are integrated into the documented systems as they are adopted. This needs to be expedited

The links to navigation safety and the relevance of MOMS to the PHMSC are the risk management and controls documentation for scheduling, fatigue management, passage plans, pilotage, towage, personnel transfer at sea, mooring, emergency response and training. The organisation has plans to reset the timeframes and completion dates for this project now that it is progressing from response and consolidation from the impacts of the cyclone to business as usual. This is to be encouraged and the peer review team thought that the process will improve and reinforce the good systems in place.

Pilotage and Towage

33) The HBRC & Napier Port MoU outlines the details and approach to the Napier Pilotage area, the schedules 1, 2 and 3 outline the division of roles, collaborative activities and AtoN management respectively. Note: This was raised during the 2021 Peer review and provides a good example of clarifying roles and responsibilities.

The Napier pilotage risk register is a shared process between the HBRC and NP

The Harbourmaster has been delegated powers from Maritime New Zealand to set, conduct, and administer pilot licensing examinations and tests for the Napier Pilotage Area

The HBRC Harbourmaster owns the training

The Napier Port help with the assessment and a pilot training manual the Napier Port Pilot Proficiency Plan (July 2021)

The Pilot Exemption Certificates are issued by MNZ on recommendation by the Harbourmaster.

The Napier Port undertake the competency assessments and advanced marine pilot training. The training includes simulation training for pilots and tugmasters the organisation uses smart ships in Brisbane.

The Port are using remote pilotage with a vessel length restriction of 80 meters or less

Pilotage is a standard agenda item on the QMS Meeting agenda

The 2024 QMS objectives outlined the following for pilotage: Pilot training on-going due to resignations, continued planning for improved pilot retention, continuous drive for development of technology: EMPX, PPU, Right Ship etc. Focus on welfare, scheduling of leave & rostering

Pilotage is seen as a constraint or risk to the organisation

The organisation is using and evaluating a number of digital systems to support shipping movements and allocation of resource to help manage the activities

Trelleborg eMPX Master pilot exchange is used to plan, sharing and reviewing information and confirming details and archiving. The system also downloads information from the Harbourmaster management system. The information and plans are sent to the ships 24 hours in advance, this was seen as a useful system.

The organisation has been reviewing passage plan support software which uses AIS, PPU and environmental data to assist pilotage, NP has been looking at TransitAnalyst or Navigatus MPOSA system this is a work in progress

The Sharewater system developed by the Napier Port and now offered to other organisations is a planning and resource allocation software. The software offers berth information, anchoring information and future arrivals. This assists with resource allocation and availability including when pilots are required and the tugs and other resources needed.

The system has a mobile app so that the system information is available at all times remotely.

Reliability of the vessels is also being looked at and the Port is starting to use Rightship data to assess the individual risk of ships coming into the Port. This is seen as a potentially useful tool however the Peer review team thought that it will take some time to prove accuracy and therefore usefulness of the data. The organisation has yet to develop policy and procedures to ensure its use is defined.

The organisation has Invested heavily in IT systems and AI and this is was seen as a point of difference to others in the sector and an example of best practice that could be of benefit to others when the systems, data and process have been proven and defined.

The considerations for pilotage also include the harbour bottom which is fine sand and mud. It was discussed during the review that the Dynamic Under Keel Clearance Systems (DUKCs), combined with real time wind and wave monitoring allows under keel clearance of 30 cm at berths and 60cm in the harbour. Acceptance of these clearances by the Port requires careful management and risk assessment...

Harbourmaster arrangements

34) The Hawkes Bay Harbourmaster resource includes Adrian Wright, the Deputy Harbourmaster. The succession planning process to have Adrian

	employed as the Harbourmaster was underway during the review as Martin Moore had recently retired. Note: Adrian started as Harbourmaster post the review on the 11th April 2024.

employed as the Harbourmaster was underway during the review as Martin Moore had recently retired. Note: Adrian started as Harbourmaster post the review on the 11th April 2024.

There is currently a recruitment process underway for a Deputy Harbourmaster.

Resourcing of the Harbourmaster activities was an identified constraint.

The organisation is collaborating with other organisations and has a reliance on contractors and external parties for equipment to assist with monitoring and HBRC equipment maintenance for example AtoN.

The Harbourmaster doesn't currently have a means of independent on-water patrol or response. On water enforcement is conducted through contract arrangements with local marine services companies.

Navigation Bylaw

35) The Hawkes Bay Navigation Safety Bylaw 2024 was adopted on the 13 December 2023 after public consultation from 29 September - 29 October 2023. The Bylaw came into effect on 19 March 2024.

The development of the Bylaw involved consultation with a large number of stakeholders including IWI, recreational boat users and organisations such as jet boating New Zealand. The consultation and consideration also involved the Department of Conservation and Police.

The main changes included updates to emergency response, reservations and scheduling, passive recreation areas, anchorages and prohibited zones. There is a specific reserved area for rocket operations documented to take into account the precautionary rocket launch area around the Mahia peninsular.

The fees and fines were evaluated against actual costs of delivery and adjusted to a user pays model.

The Bylaw was noted as a comprehensive document, catering well for navigational safety requirements in the region.

Areas for Improvement (AFI)

(AFI)

1) The Hawkes Bay Regional Council could develop a programme to raise the awareness of the Code and Code signatory obligations amongst the wider council and Councillors. Any intent to include this in a reviewed induction process is encouraged. (Communication and commitment to the Code)

2) The Harbourmaster's office is transitioning as the current Harbourmaster retires the succession plan includes moving Adrian Wright, the current deputy, into the Harbourmaster role. A recruitment process for a new Deputy Harbourmaster is underway, and should be expedited.

3) Resourcing of the Harbourmaster activities was an identified constraint with reliance on contractors and external parties to assist with on water compliance with navigation safety bylaws and Maritime Rules, and HBRC asset maintenance, for example AtoN.

4) The HBRC is working on updating the 2020 version of its Memorandum of Understanding with the Napier City council in relation to the work being undertaken in the Ahuriri Inner Harbour. This is to be encouraged.

5) During the review of the HBRC SMS it was identified by the panel that the HBRC could clarify and document local iwi as a stakeholder(s).

6) Emergency response plans were reviewed and discussed and the real world example of the response to Cyclone Gabriel, the response was seen as a collaborative process between the Port, the Harbourmaster, NZ Police and FENZ. The Port didn't follow a strict Coordinated Incident Management System approach (CIMS), however they did follow some of the principles. The organisation could review the Cyclone response and its emergency plans to see if a CIMS approach would be useful during any future events.

7) During the review of the risks, hazards and controls the Harbourmaster explained some of the risks that occur as part of the management of the inner harbour that is owned and operated by the Napier City Council include dealing with abandoned boats, drug and gang related activity. It would be useful for the HBRC and the NCC to review its Council, Department and task level risk registers to ensure that the appropriate controls are in place to manage these risks. The risk management activities could be clarified in the MoU review.

8) The HBRC incident data management could be improved, the current system has limited ability to report on consolidated data with a specific navigation safety focus so that the analysis of accidents and incidents and trends can be completed. The ability to consolidate data will assist with the annual risk assessment reviews and targeting resource and activities on any emerging issues.

9) Given the large area covered by the Bylaws, including significant inland waterways, and the popularity of recreation on the water in the region, enforcement of the Bylaws would be better achieved if the Harbourmaster had access to a suitable vessel for presence and patrol activity.

10) The Port Company Marine Operations Management System (MOMS) development was discussed during the review, the development plans have been delayed by the cyclone and wharf 6 development. The documentation in some cases needs to be updated to current practice. The volume of change and the change management practices could be clarified to ensure that changes are coordinated and that individual projects and outcomes are integrated into the documented systems as they are adopted.

The links to navigation safety and the relevance of MOMS to the PHMSC are the risk management and controls documentation for scheduling, fatigue management, passage plans, pilotage, towage, personnel transfer at sea, mooring, emergency response and training. The organisation has plans to reset the timeframes and completion dates for this project now that it is progressing from response and consolidation from the impacts of the cyclone to business as usual. This is to be encouraged and the peer review team thought that the process will improve and reinforce the good systems in place.

Observations (Lower level / procedural observations)

1) The NP Marine Service Management Manual (version Feb 2024) references of the Health and safety in Work act (Page 5) and the old hierarchy of controls i.e. Eliminate Isolate Minimise (EIM), it is useful to note that the risk assessments used by the organisation do use the appropriate legislative and hierarchy of controls.

2) The Napier Port document management system had a number of procedures that were overdue for review, the organisation could review the

	documents or change the recurrence if the document review schedule is no longer applicable.
Did you identify any good practices that could be shared with the greater Code community? **What were they?**	1) The Napier Port company risk registers in some cases have hyperlink's to control documentation to help provide clear links between documents and produce a single point of truth where updates to controls need only be documented in one place, this is a useful mechanism. 2) The Port Company has identified that fatigue is a significant risk for the organisation and has developed a fatigue management software (FAID) this was outlined during the review and provides a good survey and feedback mechanism for managing fatigue. The process is still being developed and worked on and the FAID software is seen as a key tool to manage activity to ensure that appropriate controls are in place. 3) The Hawke's Bay Regional Council Napier Pilotage Area Risk Assessment document is a shared risk assessment process with input from the Harbourmaster, Napier Port and the Napier City Council to gain a common understanding of risk in the Napier Pilotage area is a useful exercise and an indicator of collaboration. 4) Trelleborg eMPX Master pilot exchange is used to plan, share and review information, and confirming vessel details before pilotage. The system also downloads information from the Harbourmaster management system. The information and plans are sent to the ships 24 hours in advance, this was seen as a useful system. 5) The Use of Technology and Artificial Intelligence by the Napier Port was viewed by the peer review group as an example of good practice. The Sharewater system adopted and developed by the Napier Port and now offered to other organisations is a planning and resource allocation software. The software offers berth information, anchoring information and future arrivals. This assists with resource allocation and availability including when pilots are required and the tugs and other resources needed. The system has a mobile app so that the system information is available at all times remotely. 6) Reliability of the vessels is also being looked at and the Port is starting to use Right Ship as a tool to assess the individual risk of ships coming into the Port. This is seen as a potentially useful tool however the Peer review team thought that it will take some time to prove the accuracy of the data. 7) The close relationship with the Harbourmaster and Port ie office in the Port building for the Harbourmaster 8) The Port use an application called SAI360, this is used for incident, risk management, alerts and permits. The Harbourmaster has access to this system to assist with alerts and permitting. The use of SAI360 for recording incidents and risk management was seen as a very useful tool, allowing access to the harbourmaster to enable alerts and permitting management adds to this system functionality.
Conclusion **(Consistent with Code)**	The SMS for the Port of Napier and The Hawkes Bay Regional Council is Code consistent at time of the SMS review undertaken on 27th and 28th March 2024

(Note any specific areas for attention at next review or assessment)	The next review should look at progress on the identified areas for improvement including the progress on: • HBRC Awareness communication regarding the Code and Code signatory obligations amongst the wider council and Councillors. • The Port MOMs project. • HBRC MoU with NCC • Acquisition of a suitable vessel for use by the Harbourmaster.
Signed and dated by panel	

The review reports remain confidential to the parties concerned. In keeping with the partnership arrangement of the Code, we should like to share this report with Maritime NZ if both port and harbour agree.

Please complete:

Regional Council harbourmaster	Yes	No
Port Marine Manager	Yes	No

Appendix 1: Documents – information reviewed

Hawkes Bay PHMSC Peer review
• Hawke s Bay - Formal Letter and Request
• Preparation for Code review of SMS March 2024 Final
Past reviews and assessment
• SMS Joint Self Assessment NP HBRC June 2023 Final
• SMS Review Panel Report Napier 2021 (RP final 11 November 2021).PDF
Corporate Documents and Minutes
• CD0025-Quality Management Policy-2024_02_15
• HBRC & Napier Port MoU – 2022
• HBRC & NCC MOU – 2020
• HBRC ISO Audit Report - Dec 2023
• NP HM MNZ Meeting Minutes February 2024.docx"
• Preparation for Code review of SMS – HBRC
• QMS Audit Report July 2023.pdf"
• QMS Audit Schedule 2023.docx"
• QMS Audit Schedule 2024.docx"
• QMS Meeting Agenda February 2024.docx"
• QMS Meeting Minutes February 2024.docx"
• QMS Objectives 2023.docx"
• QMS Objectives 2024.docx"
Risk and Issues Assessment Documents
• 6Wharf info.pdf
• Accident Incident Investigation Framework 2019 Final.docx
• Accident Incident Investigation Procedure.docx

- All_Incidents_010123_311223.xlsx
- Bunkering Permit to Work Form.pdf
- Copy of Risk Register - Ahuriri Nov 2022.xlsx
- Copy of Risk register - Kaweka Nov.2022.xlsx
- Copy of Risk register - Pania Nov 2022.xlsx
- Copy of Risk register - Te Mata Nov 2022.xlsx
- Copy of STU Processes (Napier).xlsx
- Dive Operations.msg.msg
- HBRC Risk Assessment Overview.PDF
- Managing Incidents Flowchart.pdf
- METHANE Emergency Notification Protocol.pdf
- MOMS Project Napier 2020.pptx
- Napier Port Emergency Management Plan_01_July_2021.docx.pdf
- Napier Port Emergency Management Plan_01_June_2022.pdf
- NAPIER~1.DOC
- NAPIER~2.PDF
- Napier-Port-MasterPlan_Preliminarydraft.pdf
- PP Risk Assessment inbound 2021.xlsx
- PP Risk Assessment outbound 2021.xlsx
- Project Charter - Mooring Systems (Safety Improvements) Review.docx
- Risk Register as at Aug 2023 - Sent out for Feb 24 update.xlsx
- NAPIER_3.PDF"
- Napier Pilotage Area Risk Assessment.pdf"

SMS Documents
- Marine Services Management Manual.pdf
- Maritime Transport Operator Plan Jan2024.docx
- Maritime Transport Operator Plan Jan2024.pdf
- Maritime Transport Operator Plan June2021.pdf
- Napier SMS Review Report FINAL August 2017.PDF
- NapierSMS Joint Self-Assessment NP HBRC June 2023 Final.PDF
- Tug Orders.pdf
- Vessel MOSS Manual 2022.pdf
- Vessel MOSS Manual Jan2024.docx
- Vessel MOSS Manual Jan2024.pdf
- Hawke's Bay Navigation Safety Bylaw 2024 (1).pdf"
- Dive Permit Fillable.pdf"
- HBRC Harbour SMS.pdf"
- Hot Work Permit.pdf"
- Engine Immobilisation Permit.pdf"

Pilotage
- 5041 SHT42 REV0 - 30th November 2023 - PEL Sector light audit.pdf
- 5041 SHT43 REV0 - 16 FEBRUARY 2024 - Navigation Aid Position Audit.pdf
- 5341-SHT609-REVI - 6 Wharf Development - Nav Aids Ammendment - LINZ.pdf
- ATD Tug Training manual.pdf
- Berthage and cargo advice 2023.docx
- Copy of PPU Safepilot.xlsx
- Daily Duties.docx
- DUKC Template - Latest version.docx
- Marine Coordinator and Planning Manual.docx
- Marine Coordinator Training Plan.docx
- Marine-Fact-Sheet-23-1.PDF
- Maritime Transport Operator Plan Jan2024.docx
- Maritime Transport Operator Plan Jan2024.pdf
- Maritime Transport Operator Plan June2021.pdf
- Mooring Manual.pdf
- MP - MAN - 003 Pilotage Operational Parameters.docx
- Navigation Aid Audit - February 2024.msg
- Navigation Aid Audit - November 2023.msg
- Navigation Buoy Recovery and Deployment Procedure 24Jan24 DRAFT.docx
- Pania Deckhand Training.pdf

- Pania Launchmaster Training.pdf
- Pilot Proficiency Plan.docx
- Pilots Manual.docx"
- Tug Deckhand Training.pdf
- Tug Engineers Manual.pdf
- Tug Engineers Seaways Training.pdf
- Tug Orders.pdf
- Vessel MOSS Manual 2022.pdf
- Vessel MOSS Manual Jan2024.docx
- Vessel MOSS Manual Jan2024.pdf
- VSP Tug training manual - June 2023.pdf
- Week 2 Quiz.docx
- Week 3 Quiz.docx
- Week 4 Checklist.docx
- Napier Port Hydrographic Survey Manual

For the Reviewed Parties – instructions
- Code Peer Review- document list
- Preparation for Code review of SMS February 2021 FINAL

For the panel – background
- Code August 2020 FINAL.DOCX
- Preparation for Code review of SMS February 2021 FINAL.DOCX
- Principles for Marine Risk Management (FINAL) .DOCX
- SMS Reviews Guidance for panel~January 2021.DOCX

Operational Policies
- ATD Tug Training manual.pdf
- Copy of PPU Safepilot.xlsx
- Daily Duties.docx
- Marine Coordinator Training Plan.docx
- Pania Deckhand Training.pdf
- Pania Launchmaster Training.pdf
- Pilot Proficiency Plan.docx
- Tug Deckhand Training.pdf
- Tug Engineers Manual.pdf
- Tug Engineers Seaways Training.pdf
- VSP Tug training manual - June 2023.pdf
- Week 2 Quiz.docx.
- Week 3 Quiz.docx.
- Week 4 Checklist.docx.

Additional Documents Requested by the Panel

- 1 Wharf Mooring.jpg"
- 2 Wharf Mooring (2).jpg"
- 2N Wharf Mooring (1).jpg"
- 2S Wharf Mooring (1).jpg"
- 3 Wharf Mooring (1).jpg"
- 4 Wharf Mooring (1).jpg"
- 5 December 2023 - Minutes.docx"
- 5 Sep 2023 - Minutes.docx"
- 5 Wharf Mooring.JPG"
- 6 Wharf Mooring.JPG"
- 9 October 2023.docx"
- 14 Nov 2023 - Minutes.docx"
- 16 January 2024 - Meeting.docx"
- 18 December 23.docx"
- 21 Nov 2023 - Minutes.docx"
- 22 Jan 24.docx"
- 25.09.23.docx"
- 26 feb 24.docx"
- 26-02-24.docx"
- 29 jan 24.docx"

- 30 January 2024 - Minutes.docx"
- Arr #1 PST.jpg"
- Arr #1 SST.jpg"
- Arr #2N PST.jpg"
- Arr #2N SST.jpg"
- Arr #2S PST.jpg"
- Arr #3E PST (1).jpg"
- Arr #3E SST.jpg"
- Arr #4 PST.jpg"
- Arr #4 SST.jpg"
- December 4-12-23.docx"
- Dep #1 PST.jpg"
- Dep #1 SST.jpg"
- Dep #2N PST (1).jpg"
- Dep #2N PST.JPG"
- Dep #2S PST.jpg"
- Dep #2S SST.jpg"
- Dep #3E PST.jpg"
- Dep #3E SST.jpg"
- Dep #4 PST.jpg"
- Dep #4 SST.jpg"
- FP Meeting Minutes 05.02.2024.docx"
- FP Meeting Minutes 08.01.2024.docx"
- FP Meeting Minutes 12-02-2024.docx"
- Investigation Report 1611 - Findings and Prevenative Actions-Master copy.xlsx"
- Marine Emergency Response 2024.doc"
- ShoreTension Line Failure Report Revision A -SMS.pdf"

Appendix 2: Documents and Digital Systems – Discussed during the onsite reviews

- NP Marine Operations Management System (MOMS)
- NP SAI360 System
- NP SharePoint
- NP Tug surveys in Smart Asset
- NP Mooring manual
- NP Policy for dredging and maintenance
- NP Fatigue management
- NP GIS Port activity map
- NP FAID software
- Rightship
- eMPX
- Sharewater Port Control
- AI for weather machine learning
- Napier pilotage risk register
- NP 2024 compliance calendar
- NP Emergency response trials table
- HBRC Mahi Peninsular rocket launching restrictions
- HBRC Web based reporting system
- HBRC Jet Ski PWC Registration
- HBRC IRIs compliance reporting tool viewed, prosecution REQ-25368 was viewed 04/03/2023
    Dangerous maritime activity
- HBRC social media posts
- HBRC AIS
- HBRC Nintex maintenance system

Checklist for panel members	Yes/No or other comments
Evidence sighted:	
➤ Code application	Yes
➤ Harbour risk assessment	Yes
➤ Harbour safety policy	Yes
➤ Harbour safety plan	Yes
➤ Statement of duties and powers	Yes
➤ MoU's and SOP's	Yes
➤ Delegations	Yes
➤ How bylaws and directions will be enforced and resources sufficient to undertake this work	Yes
➤ Emergency response plans	Yes
➤ Annual audit report of SMS	Yes
➤ SMS group minutes	Yes
➤ Incident reporting	Yes
Have you seen evidence of:	**Yes/No or other comments**
Ownership of and commitment to SMS at top level in both council and port operator organisations (e.g. in long term community plan or annual plan, port operator's annual reports or company websites)	Yes
Delineation of navigation safety responsibilities	Yes
Roles and responsibilities are understood in practice	Yes
Staff are qualified and competent	Yes
A well-functioning harbour safety plan or manual that is regularly reviewed and updated (the annual SMS self-assessment has been completed within the timeframe stated in the plan or manual)	Yes
Working relationships are well documented and function well	Yes
Incidents involving ships within jurisdiction are reviewed and risks assessed (Note any significant changes or incidents that triggered or should have triggered a review of the risk assessment)	Yes

HAWKE'S BAY
REGIONAL COUNCIL

	Policy		
Title:	Enforcement Revenue Spending Policy		
Policy number:	CD0030		

Team policy owned by:	Compliance	**Version number:**	1
Document owner:	Rob Hogan	**Date policy last reviewed and published:**	05/07/2023
Document approver:	Katrina Brunton	**Next review due:**	05/07/2026

Purpose

This policy is to provide guidance on how the Hawke's Bay Regional Council (the Council) will spend money collected from environmental offences that include infringement fines, prosecutions and diversion scheme payments paid through court direction following enforcement action under the Resource Management Act 1991(RMA) by the Council

Target audience

This policy applies to all Elected Members, Sub-Committee Appointees, Staff and Contractors of HBRC.

Policy details

1. **Policy goal or objective**

   1.1. The policy aims to ensure that the money collected from environmental offences is used in a way that is consistent with the objectives of the RMA, which are to promote the sustainable management of natural and physical resources and to avoid, remedy or mitigate any adverse effects of activities on the environment.

2. **Related documents (e.g. Legislation, Policies, SOPs, etc)**

   - Nil

3. **Decision Making Principles**

   3.1. Decisions about spending money collected for environmental offences will be guided by the following principles:

      3.1.1. The proceeds from environmental offences shall first offset any additional expenditure incurred by the Council to proceed with the prosecution.

      3.1.2. The surplus proceeds shall be spent on activities that directly or indirectly benefit the environment and the community affected by the environmental offence.

      3.1.3. The proceeds shall be spent in a transparent and accountable manner, with clear reporting and auditing mechanisms through annual plans and reports.

      3.1.4. Allocated money (including diversion scheme payments) shall be spent in a timely and efficient manner, without unnecessary delays or administrative costs.

4. **Fund Management**

4.1. The Council will:

4.1.1. collect infringement fines, prosecution receipts and diversion payments during the financial year into the pollution and response workstream budget,

4.1.2. assess the costs incurred to support the prosecution of environment offences at financial year end to identify the quantum of infringement fines and prosecution receipts that are required to offset any additional expenditure above the annual budgeted amount,

4.1.3. transfer surplus receipts to a Council created reserve (Enforcement Revenue Reserve Fund) for future environmental protection and restoration activities and managing diversion scheme funds,

4.1.4. keep records about the amount of any specific fine or prosecution receipt that is to be applied in relation to a particular environmental infringement, and

4.1.5. report in the Council's Annual Plan and Annual Report on the projects being funded by the Enforcement Revenue Reserve Fund including objectives for each project and expected budgets and timeframes for delivery.

5. **Funding Purposes**

5.1. The Enforcement Revenue Reserve Fund will be used to support projects and initiatives aimed at protecting and restoring the environment, including but not limited to:

5.1.1. Restoration or enhancement of damaged ecosystems.

5.1.2. Measures to reduce pollution and waste.

5.1.3. Measures to mitigate the adverse effects on people and communities affected by the environmental offence.

5.1.4. Delivery of any projects required through Court directed diversion schemes.

6. **Funding Application Process**

6.1. Proposals for funding must be made in the prescribed form and may be made:

6.1.1. by any person or community affected by the environmental offence, and

6.1.2. through invitation by the HBRC to people or communities affected by the environmental offence.

7. **Funding Allocation and Management**

7.1. The allocation of funds to environmental protection and restoration projects up to $100,000 for any one project will be decided by the Chief Executive and HBRC General Manager Policy and Regulation.

7.2. The allocation of funds to environmental protection and restoration projects over $100,000 for any one project will be recommended by the Corporate and Strategic Committee for approval by the Council.

7.3. The HBRC General Manager Policy and Regulation and the Corporate and Strategic Committee will evaluate proposals for funding based on their potential impact on the environment and their alignment with this policy, subject to the following considerations:

7.3.1.　not all money received in any one year need necessarily be spent in the same or any year,

7.3.2.　funding will not be allocated to activities that are already funded by other sources, including other grants or subsidies,

7.3.3.　the Council may provide direct administration and contract management for works and services being funded under this policy, including those part of any diversion scheme,

7.3.4.　a requirement for the recipient of funding from the Enforcement Revenue Reserve Fund to prepare and lodge with the HBRC General Manager Policy and Regulation a:

- project plan that contains objectives to be met by the project, timeframes, budget, project milestones, and

- a final report on the project, including how money was spent and an assessment as to how the project protected or restored the environment according to the project objectives, and

- the plan and final report are to be at a scale appropriate to the nature and scale of the project.

8.　**Breach of policy – consequences of non-compliance**

8.1.　Non-compliance with this policy will be managed in accordance with HBRC's Code of Conduct.

Summary of key document changes and version control				
Version	Date	Key changes to be communicated to staff	Document owner	Approver
1.0	XX June 2023	New Policy – approved by Council on XX 2023. Communicated to all staff via Snappy.	Manager Compliance	Group Manager Policy and Regulation

Organisational Performance Report

QUARTER 3: 1 January to 31 March 2025

HAWKE'S BAY
REGIONAL COUNCIL
TE KAUNIHERA Ā-ROHE O TE MATAU-A-MĀUI

HBRC Organisational Performance Report: Quarter 3 2024-2025

Contents

HBRC Organisational Performance Report: Quarter 3 2024-2025

Introduction

This Organisational Performance Report is the third quarterly report for our Three-Year Plan 2024-2027, and covers the period of 1 January to 31 March 2025.

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 Three-Year Plan 2024-2027 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 ensure a steadfast focus on performance and accountability.

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HBRC Organisational Performance Report: Quarter 3 2024-2025

Executive Summary

This Organisational Performance Report is the third quarterly report in year one of our Three-Year Plan 2024-2027.

This was a significant quarter for our North Island Weather Events (NIWE) Category 2 programme. In March, staff submitted Project Delivery Plans (PDPs) to the Crown for the community flood resilience projects. These plans are the result of a lot of collaboration with impacted communities and are needed to secure funding the Crown allocated as part of the region's recovery package following Cyclone Gabrielle.

The PDP for the Wairoa project was submitted after Regional Council adopted a revised preferred option for flood mitigation works for the area of the township in Category 2C. Engagement with potentially impacted whānau, home, and landowners is ongoing. Land access needs to be secured for this option to proceed.

Another key milestone in our NIWE programme was staff submitting a resource consent application for the Waiohiki community flood resilience project.

While Heretaunga Water Storage has progressed slower than expected because of cyclone recovery efforts, the project gained traction with Regional Council confirming a preferred location in March. A full feasibility study will now be undertaken, with the proposed water reservoir to be located on a small tributary off the Ngaruroro River. The project was initiated through Regional Council's ongoing Water Security Programme. Governance of the project will now be transitioned to a new entity. This is to ensure independence and the right commercial skills and experience.

We went out for consultation on our Annual Plan 2025-26 at the end of this quarter. Consultation runs from 31 March to 2 May 2025. At the same time, we are consulting on the Draft Regional Public Transport Plan 2025-2035, our Rates Remission and Postponement Policies, and our Revenue and Financing Policy.

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HBRC Organisational Performance Report: Quarter 3 2024-2025

In March, the Government released advice on significant proposed changes to the Resource Management Act 1991 (RMA). There are potential major impacts on some of our current work programmes, for example, the Environmental Information team reported 59% of data processed and verified within two months, well below the 90% target. Staff briefed the Regional Planning Committee and are seeking direction from the committee in the next quarter on how to proceed.

Highlights

- At the end of February, a new map showing the extent of flooding during Cyclone Gabrielle was available on our website.

- Two new dynamic hubs, the Extreme Weather and Engagement hubs, were launched online. Both are rich information sources.

- This year's group of Youth Environmental Ambassadors has 17 students from eight different secondary schools.

- At the end of March we launched the Hawke's Bay Schools Climate Change Challenge, open to all schools across the region, encouraging students to take action on climate change.

- Eastern and Central Community Trust (ECCT) came on board as a funding partner to the Biodiversity Hawke's Bay Environmental Enhancement Contestable Fund. The fund is managed by Biodiversity Hawke's Bay and has two funding rounds a year. The first round opened on 27 March 2025.

- Catchment Advisors have been able to get an early start on pole applications for 2025-26 due to accurate stocktakes.

- Seven vehicles were sold partially realising Council's cost saving target for fleet. The new share vehicle poll is getting good use.

- The Enterprise Asset Field App was launched in this quarter as the first phase of go-live for our SEAM project.

- We also launched and revamped the Emergency Response Room as an operational hub for regional events.

- Construction commenced with enabling works for two projects (Waiohiki and Ōhiti).

- For Wairoa, option 1C+ was adopted and submitted in the Project Delivery Plan.

- The Heretaunga Water Storage project is continuing at pace, being delivered through a Project Management Office with oversight by a Project Steering Group.

- Bus usage is steadily improving helped by a return to a full timetable (in place for full 12 months) and improved reliability.

Lowlights / Challenges

- Several teams at Regional Council have reported they are operating at reduced capacity due to staff vacancies, including vacancies we are holding as part of our fiscal plan. This is impacting some work programmes.

- Compliance Rural team staff have been asked to work additional hours to keep up with their workload, dealing with an overwhelming volume of forestry permitted activity notifications at times. This has led to delays in monitoring.

- Maintenance, repairs and renewal work (mostly unplanned/reactive work) for existing flood and drainage scheme was impacted by budget and resourcing constraints.

- A SOS alert for a bee sting allergy was incorrectly treated as non-emergency by the monitoring provider.

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HBRC Organisational Performance Report: Quarter 3 2024-2025

Corporate Metrics

Our people are our greatest asset working to deliver services to meet outcomes outlined in our Three-Year Plan 2024-2027.

Our work serves our community, and it is important we ensure customers have the best experience possible with the Regional Council, and offer value for money.

This section provides a snapshot of:

- staff numbers and turnover
- reported health and safety incidents
- customer experience
- digital media reach
- official information and media requests, and communications
- fleet and air travel.

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Human Resources

Employee count (permanent staff)

324* Employees	3.2% vs prior qtr	315.8* FTEs	3.4% vs prior qtr
	2.2% vs prior year		2.8% vs prior year

* This includes 26 staff (25.7 FTE), compared with 23 staff (22.8 FTE) last quarter in the Regional Projects team. Most of these are in the Infrastructure Programme Management Office (IPMO) for the NIWE Flood Resilience Programme established after Cyclone Gabrielle.

Employee count and FTE (permanent staff)
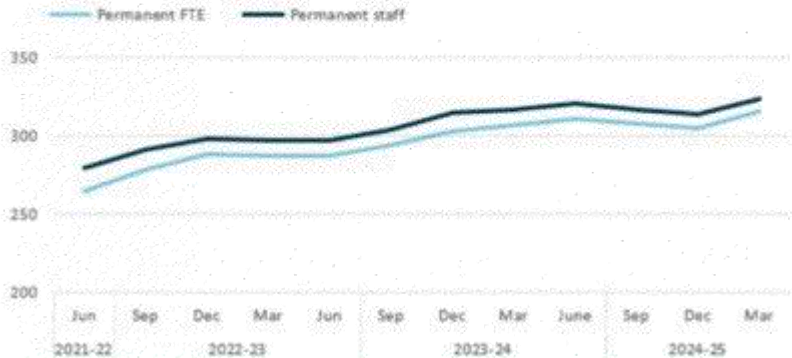
Our employees

We welcomed 27 new permanent employees, bringing our total to 324. In addition, nine new fixed-term employees were recruited to provide targeted support for specific projects and time-bound initiatives, enabling us to remain agile in meeting current delivery priorities. Recruitment activity has picked up following the Christmas holiday period, with many people exploring new opportunities.

HBRC Organisational Performance Report: Quarter 3 2024-2025

50	47
New starters over past 12 months	Resignations over past 12 months

Vacancies and recruitment

We had 38 vacancies this quarter, two fewer than last quarter. Of these, we are holding 20 vacancies as part of our fiscal savings plan, and we are actively recruiting for nine positions.

Resignations

We had 15 resignations this quarter, five where fixed-term agreements came to an end, and two individuals left due to relocating out of the region. The remaining resignations were a mix of personal decisions, career progression opportunities, or lifestyle changes. While exit survey feedback was limited, the responses we did receive suggest that departing employees generally held a positive view of their experience with the organisation. Comments indicated a sense of appreciation for the opportunities provided, as well as the supportive workplace culture.

Employee turnover (permanent and fixed-term staff)

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Attachment 1   Item 6

HBRC Organisational Performance Report: Quarter 3 2024-2025

Health, Safety and Wellbeing (HSW)

Staff wellness

Employee Assistance Programme services continue to be available to all staff. Workload continues to be a discussion point. We conducted workstation assessments with behaviour modification and/or equipment as recommended.

Incidents reported

■ Injury/Illness/Harm   ■ Near Miss   ■ Property Damage   ■ Public Incident   ■ Non-work
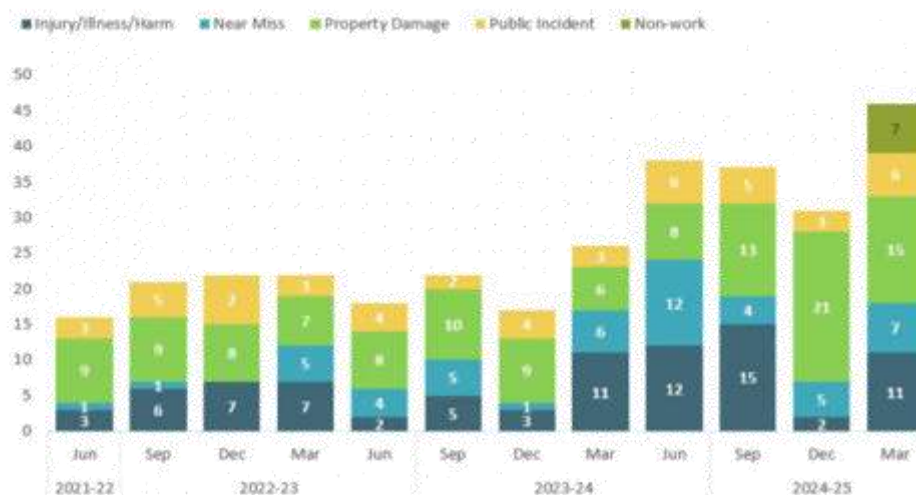
Other Health & Safety incidents captured but not reported in the figure include: environmental incidents, hazards, improvement/ideas, and public complaints. Data shows HBRC staff only and does not include contractors.

"Non-work" is a new category from Quarter 3, FY25.

Health & Safety Incidents*

46 incidents were reported in this quarter compared to 31 last quarter, this included seven "non-work" incidents. "Non-work" was reported this quarter as a new category to capture events where HBRC work isn't a contributing factor, but support is still provided or action is taken. An example is an out-of-hours assault on a staff member.

Of the 15 property damage incidents, some were unavoidable such as stone chips or other motorists' behaviour while others were avoidable. One of the near miss incidents was a higher risk event where an SOS alert for a bee sting allergy was incorrectly treated as non-emergency by the monitoring provider.

Corrective actions

We provided driver training to 11 staff members this quarter. A series of actions is being taken to address the mishandled SOS alert.

Training for staff

Staff workload/project involvement and 'busy periods' impact availability. The HSW team continued to coordinate and try to balance requirements. Training for new staff and refresher training for current employees included:

- Dealing with aggressive members of public
- 4WD, forklift operators, in-cab driving assessment, trailers
- Fire warden
- First aid
- Fit test (respirator)
- WorkSafe approved Health and Safety representatives.

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HBRC Organisational Performance Report: Quarter 3 2024-2025

Customer Services

Contacts handled

Inbound calls
5724
-20.5% vs last qtr
-11.8% vs prior yr

Walk ins
750
-7.7% vs last qtr
+63.0% vs prior yr

Emails
2400
-26.0% vs last qtr
+14.0% vs prior yr

Website
257
-35.4% vs last qtr
-12.9% vs prior yr

Payments
445
-11.5% vs last qtr
+19.9% vs prior yr

Social media
64
+23.1% vs last qtr
-22.0% vs prior yrr

Customer experience

The number of contacts handled was down on last quarter, typical for this quiet time of the year (January - March) but started to picked up at the end of the quarter.

The CX team resolved around 72% (4121) of call enquiries without internal transfer compared to 75% (5400) in Q2. Staff are always looking to get more information from other teams so they can help customers straight away. Rates continue to top the enquiry scale.

Response time to customer enquiries*

Legend: Responded On Time, Responded Late, Responded On Time Percentage
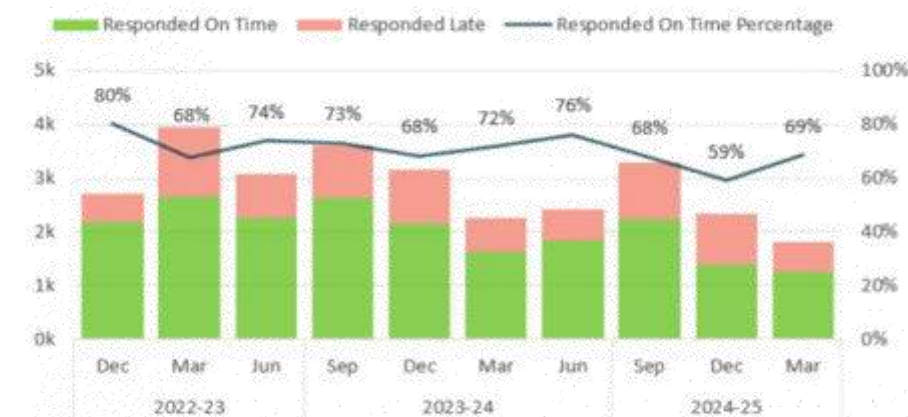
*Target is to respond within 5 working days.

Customer satisfaction rating this quarter

Legend: Positive, Negative, Satisfaction score - Percentage

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HBRC Organisational Performance Report: Quarter 3 2024-2025

Digital Media

Website (hbrc.govt.nz)

Traffic to our main website rose by 4.7% this quarter, from 175,508 in Quarter 2 to 183,748. The average session duration also increased by 6% (3.2 minutes), which could be related to more time interacting with data and web apps.

The website benefitted greatly from referral and social media traffic. This shows our targeted campaigns are working as intended. Traffic to weather-related pages slowed down, likely to be due to settled weather. We launched new Cyclone Gabrielle flooding extent maps on 27 February.

Top 4 pages on hbrc.govt.nz this quarter:
1. Cyclone Gabrielle Flooding
2. Pest Hub
3. Resource Management Plan
4. Swimming (LAWA)

Website*

Number of HBRC website visits

The number of visits to our hbrc.govt.nz website does not include sessions on other websites managed by the digital team e.g. GoBay, Consultations, HB Trails etc.

Social media

Total reach on Facebook

Social media (Facebook, LinkedIn and Instagram)

Our reach increased significantly this quarter, boosted by a mix of topical and controversial posts, along with continued promotion of our summer and boating campaigns. We've also been actively showcasing more of our "people in place" and promoting the work we do across all our social channels (Facebook, LinkedIn, Instagram), helping maintain strong organic and paid reach.

Top 3 engagements topics (Facebook)

- 3. New year water quality check (2 Jan) — 27,353
- 2. Onenui Station video (29 Jan) — 30,833
- 1. Napier powerboat racing (21 Jan) — 60,634

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HBRC Organisational Performance Report: Quarter 3 2024-2025

Media and Official Information Requests

Communications and media

This quarter was busy for the team, from launching the Summer and Boating campaign to rolling out the Extreme Weather and Engagement hubs. The team prepared the Annual Plan consultation and advertising campaign, and the successful promotion of the Better Bus Connections (public transport campaign).

Our media efforts also made strong waves—most notably, the announcement of the $225 million Heretaunga Water Storage facility gained significant traction, with positive coverage across national and local outlets. Other major media coverage included the two-year anniversary of Cyclone Gabrielle and the ratification of Wairoa's flood resilience infrastructure option—both generating meaningful engagement.

Local Government Official Information and Meeting Act (LGOIMA) requests

We received 36 requests this quarter, of which five remained active, one was withdrawn, 21 were provided with the requested information within 20 working days, and nine were not. Of the nine, four were from the same individual and required advice from the IPMO legal counsel and the Chief Executive's sign off, four were one day over and one was two days over. All requests were provided with the decision on whether they would receive the information within the statutory timeframe.

Media enquiries

Media releases
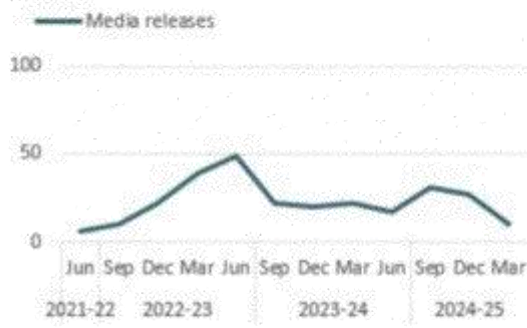
*these media enquires and media releases are only those recorded from the Comms team and not the IPMO.

Official information requests by HBRC Group

Fleet and Air Travel

Fleet

144 Total fleet vehicles*		**19** Total hybrid vehicles	
151 prior qtr	151 prior year	23 prior qtr	23 prior year
1 Total plug-in hybrid vehicles		**6** Total electric vehicles	
2 prior qtr	2 prior year	8 prior qtr	8 prior year

*Fleet vehicles include trailers, motorbikes, tractors, quads, trucks, utes and cars.

Vehicles and fleet

Seven vehicles were sold, with four more still available for sale. One more ute will be listed for sale when the ICM programme ends on 30 June 2025. Negotiations are underway to remove two additional vehicles currently at our works depot on Guppy Road, Taradale. The new shared vehicle pool introduced in late February is already getting good use.

Fuel use

Fuel usage increased mainly related to increased Works Group diesel and Works Group bulk fuel usage.

Carbon emissions

For a more complete picture of HBRC's corporate carbon footprint, an annual report is completed and independently verified. This is a level of service performance measure that is updated in the HBRC Annual Report at the end of the financial year.

Fuel use

Air travel

11,444
Total distance traveled (km)

-73%   -63%
vs prior qtr   vs prior year

Air travel

Travel this quarter decreased by 73% compared to last quarter and by 63% for the same period last year . The main reasons for travel included working group meetings, conferences, or training.

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HBRC Organisational Performance Report: Quarter 3 2024-2025

Level of Service Measures
by group of activity

Each quarter we monitor and report on 55 level of service measures across six groups of activities. The measures and targets were agreed in our Three-Year Plan 2024-2027.

Our six groups of activities are:

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

A traffic light reporting approach is used to show how we are tracking towards the end of year results.

Exception reporting

The exception reporting on the following pages provides commentary regarding measures that are currently 'not on track' or 'at risk' of not being achieved at year end. The Regional Council's Executive Leadership Team monitors the measures throughout the year to enable proactive action to improve performance.

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HBRC Organisational Performance Report: Quarter 3 2024-2025

Level of Service Measures

Summary by Group of Activities

Group	On track	Not on track (minor)	Not on track (significant)	Reporting not due
Governance and Partnerships	4		1	6
Policy and Regulation	9	3	1	1
Integrated Catchment Management	9	1		1
Asset Management	4	4	1	
Emergency Management	4	1		
Transport	5			

■ On track   ■ Not on track (minor)   ■ Not on track (significant)   ■ Reporting not due

Group reporting (by exception)

Governance and Partnerships

Measure	Target	Result	Status	Commentary
Community Representation & Leadership				
Percentage of official information requests responded to within 20 working days	100%	70%	🔴	We received 36 requests this quarter, of which five remained active, one was withdrawn, 21 were provided with the requested information within 20 working days, and nine were not. Of the nine, four were from the same individual and required advice from the IPMO legal counsel and the Chief Executive's sign off, four were one day over and one was two days over. All requests were provided with the decision on whether they would receive the information within the statutory timeframe.

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HBRC Organisational Performance Report: Quarter 3 2024-2025

Level of Service Measures

Policy and Regulation

Measure	Target	Result	Status	Commentary
Regulatory Implementation				
The Regulatory Implementation team meet the statutory timeframes for implementation as set by legislation	Achieved	Paused	🟡	Most of the team's regulatory timeframes have been paused by central government. Changes to the regulations are being monitored.
Consents				
Percentage of resource consents processed within statutory timeframes	100%	99.3%	🔴	One timeframe was missed from 150 decisions issued this quarter.
Percentage of expiring water permits in the TANK catchment processed in accordance with TANK Plan Change	20%	0.2%	🟡	Two TANK water permit replacements were issued in the Ngaruroro Groundwater Area.
Compliance and Pollution Response				
An operative Tier 2 Oil Spill Plan and a trained and qualified oil spill response team is in place at all times	Achieved	Off track	🟡	There were no Tier 2 responses this quarter. During the quarter, one regional responder left and two new qualified responders joined the team, bringing the total team members to 21. One of our current regional responders will be attending the senior responder course in September. Further work is underway on updating the Tier 2 plan.

Integrated Catchment Management

Measure	Target	Result	Status	Commentary
Environmental Information				
Percentage of processed monitoring programme results that are publicly available within two months of collection for: • Discrete water quality • Groundwater quantity • Surface water quantity • Climate	90%	59%	🟡	This quarter, 59% of discrete and continuous data was processed and verified within two months, compared to 67.5% last quarter. This comprised 94% of discrete data, 100% of groundwater, 15% of hydrology data, and 27% of climate data. The percentages were down again due to staff vacancies. Data is published at hbrc.govt.nz.search:#envirodata and lawa.org.nz

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<div style="background:#1aa179;color:white;text-align:right;">HBRC Organisational Performance Report: Quarter 3 2024-2025</div>

Level of Service Measures

Asset Management

Measure	Target	Result	Status	Commentary
Flood Protection & Control Works (Flood Schemes)				
A capital programme for new flood infrastructure is prepared and delivered.	80%-100% of annual programme delivered	Off track*	🔴	The programme has shown good progress, achieving key milestones across all main projects, with March 2025 marking the submission of all Project Delivery Plans (PDPs) to the crown. The first project consent (Waiohiki) has been submitted, and a schedule of consent timelines is being prepared to ensure timely submissions. Land access remains a key risk, particularly for projects involving numerous whenua Māori blocks, which require extensive engagement with owners and the involvement of the Māori Land Court and Māori Trustee. Delays in construction commencement mean that large capital outlays associated with procurement and build phases are now expected to occur in the following year. At the time the Year 1 budget for the Three-Year Plan was set, we were in the early stages of the programme and didn't yet have the insights we've since developed. The 2025-26 Annual Plan budgets now reflect our current assumptions and improved understanding of the programme's scope and delivery.
Drainage infrastructure is maintained, repaired and renewed to the standards defined in the relevant scheme Asset Management Plan and annual works programme: a) An annual maintenance programme is prepared and delivered. b) An annual capital programme is prepared and delivered.	>80% of programme delivered	Off track*	🟡	Renewal capital programmes for existing assets are in place, with progress depending on asset condition assessments to confirm what needs renewing. This work is currently behind schedule due to budget constraints. Annual capital programmes, which include multi-year projects, are generally tracking well against the planned programme. These focus on NIWE and IRG-related capital work are currently being delivered by the Infrastructure Programme Management Office (IPMO). An annual maintenance plan is carried out as outlined in the Works Group contract. Some drain excavations are still outstanding due to budget limitations. A full inspection of the drain network would provide a clearer understanding of its current condition.
Following a flood event, affected areas are surveyed and repairs are programmed: a) Following a major flood event, a flood report will be compiled within 6 months of the event (major event is defined as material impact to property or productivity). b) Major event report outcomes are incorporated into AMP.	Achieved	Off track	🟡	Independent reports commissioned by HBRC for the Wairoa flood event (occurred on 26 June 2024) were completed by T&T, Kyle Christenson, and Graeme Campbell. These were publicly released in September 2024. The draft flood report was completed in March 2025 and outcomes will be incorporate into Asset Management Plans.

Percentages will be reported at year end.

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HBRC Organisational Performance Report: Quarter 3 2024-2025

Level of Service Measures

Asset Management

Measure	Target	Result	Status	Commentary
Flood Protection & Control Works (Flood Schemes)				
Major flood protection infrastructure is maintained, repaired and renewed to the standards defined in the relevant scheme Asset Management Plan and annual works programme: a. An annual maintenance programme is prepared and delivered. b. An annual capital programme is prepared and delivered	>80% of programme delivered	Off track*	🟡	There are budget pressures in delivering the full annual maintenance program. This is mostly impacting unplanned work. For example, fallen trees, additional silt removal, and drain slumping. However, all maintenance work associated with critical assets has been scheduled. The annual capital programme is focused on NIWE and Infrastructure Reference Group (IRG) related capital work and is currently being delivered by the IPMO. Most of these programmes are multi-year projects and are generally tracking well against their planned timelines. Renewal programmes for existing assets have been developed and progress is contingent on the condition assessment of assets to confirm renewal requirements. This work is behind schedule due to resource constraints.
Open Spaces				
HBRC Forests and the Tangoio Soil Conservation Reserve are managed to the standards defined in their respective management plans	Achieved	Off track	🟡	HBRC forests have been managed to the standards of their respective management plans. Sections of the Tangoio Soil Conservation Reserve are still inaccessible due to track and bridge damage with some repairs ongoing - all other areas have been managed to the standards of Tangoio Soil Conservation Reserve Management Plan. Bridge repair is still in the assessment and design stage - construction will roll over into 2025-26 financial year. Harvesting at Tutira has nearly concluded for this financial year with good progress achieved. Tangoio (Devil's Elbow) harvesting was deferred due to repair works on SH2 affecting start times for health and safety reasons.

*Percentages will be reported at year end.

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HBRC Organisational Performance Report: Quarter 3 2024-2025

Level of Service Measures

Emergency Management

Measure	Target	Result	Status	Commentary
Hawke's Bay CDEM Group				
A 10-yearly Hazard Research Plan is approved by the CDEM Group Coordinating Executives Group and hazard information is publicly available on the Hawke's Bay Hazard Portal	Achieved	Off track	🟡	HBCDEM Group has paused ongoing science and research activities because of vacancies. HBCDEM's 10-year hazard research plan will be revisited following the organisational redesign and development of the new CDEM Group Plan, as part of the wider CDEM transformation. Current hazard information remains publicly available on the Hawke's Bay Hazard Portal at gis.hbrc,govt.nz/Hazards/, including the updated blue tsunami evacuation zones. HBRC who hosts the portal on behalf of HBCDEM has committed to completing a business case as one of six priority projects resulting from the Hawke's Bay Independent Flood Review.

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HBRC Organisational Performance Report: Quarter 3 2024-2025

Activity Reporting

by group of activity

This section provides an overview of performance by activity using the traffic light reporting approach. 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, plus corporate support services

- financial reporting shows *actual* versus *budget* for operational and capital expenditure, and income

- finance reporting is year-to-date and subject to audit.

Performance Summary

Non-financial status (32 activities)

Legend: On track | Not on track (minor) | Not on track (significant) | Reporting not due | Reporting not available

Financial status (6 groups)

Legend: within 5% or surplus | within 5-10% | >10%

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HBRC Organisational Performance Report: Quarter 3 2024-2025

Governance and Partnerships activities (non-financial)

Community Representation and Leadership

Status	Commentary
🟢	There were 18 meetings this quarter compared to 15 in Q2 and 17 in Q1, this included three ordinary and one extraordinary council meetings, four council workshops, two briefings, and eight committee meetings. Notable topics included the development of Annual Plan 2025-26 and Regional Public Transport Plan 2025-35 culminating in their adoption for concurrent consultation in March, and a decision at the extraordinary council meeting on the preferred option for flood mitigation for areas in Wairoa under Category 2. This decision was needed to unlock government funding. The re-imagining flood mitigation project was workshopped with a decision paper agreeing the project structure, also in March. Two CDEM Joint Committee meetings were held, at an increased meeting frequency reflecting transformation timeframes. There were 36 LGOIMAs responded to during the quarter, similar to last quarter and down from the record high of 57 in Q1.

Regional Development

Status	Commentary
🟢	On 19 February, the CEO of Regional Economic Department Agency (REDA) provided a paper and PPT presentation to Corporate and Strategic Committee on its activity since REDA's last update in November 2024, including an overview of key findings of REDA's recently published research into 'Understanding Opportunities and Challenges for the Hawke's Bay Economy'. More information on unspent budget and forecast work was requested. HB Tourism's (HBT) last update to C&S was in November 2024. Following the decision of HBRC to stop funding HBT from 1 July 2025, Napier City, Hastings and CHB District councils have signalled they will jointly provide $1M for HBT to keep operating in a minimum capacity. These councils will be represented on the HBT Board from 1 July 2025.

Community Sustainability

Status	Commentary
🟢	This activity includes Climate Action, Environmental Education, and Corporate Sustainability. Work continued to finalise the Climate Change Risk Assessment, with collaboration between the five councils and CDEM, including developing comms collateral to support public release. The Climate Action Joint Committee held a workshop on the Risk Assessment in March. The Hawke's Bay Secondary Schools Enviro Student Leadership group met twice this quarter. This year's Youth Environmental Ambassador Group has 17 keen students from Hastings Boys, Napier Girls, Karamu, St Johns, Sacred Heart, Taradale, Central HB, and Flaxmere colleges. We visited Wairoa College who are looking into more environmental action as well as working with their Environmental Prefect. We ran two Seaweek activities - Beach Clean-up and Rocky Shore exploration. We launched a schools Climate Change Challenge with five entries to date. We have two live funding applications with Hastings District Council $20K and Property Brokers $1K for their Make a Difference Fund.

Tāngata Whenua Partnerships

Status	Commentary
🟢	Both the Māori Committee and Regional Planning Committee met this quarter to progress their respective work programmes. The Māori Committee continued to provide advice on Council's integration of te ao Māori and mātauranga into core workstreams. The Regional Planning Committee maintained its focus on the Regional Policy Statement, advancing collaborative work with the Joint Taiao Practitioners Group, both committees maintaining steady progress on existing priorities.

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HBRC Organisational Performance Report: Quarter 3 2024-2025

Governance and Partnerships group (financials)

Expenditure	Operating expenditure				Capital expenditure		
	Actual	Budget	Variance		Actual	Budget	Variance
Activity	$000	$000	$000		$000	$000	$000
Community Representation & Leadership	1,269	1,258	(11)		-	-	-
Tāngata Whenua Partnerships	416	700	284		-	-	-
Community Sustainability	1,657	1,828	171		927	594	(333)
Regional Development	2,075	1,824	(252)		-	-	-
TOTAL	5,418	5,610	192		927	594	(333)

Funded by	Operating expenditure				Capital expenditure		
	Actual	Budget	Variance		Actual	Budget	Variance
Activity	$000	$000	$000		$000	$000	$000
General funds	2,617	2,617	-		-	-	-
Targeted rates	1,518	1,512	7		-	-	-
Fees and user charges	-	-	-		-	-	-
Other income	1,860	1,115	745		-	-	-
Loan	-	75	(75)		927	594	333
Reserves	(143)	97	(240)		-	-	-
TOTAL	5,851	5,415	437		927	594	333
Surplus/(deficit)	434						

Status   **Financial commentary**

🟢 The overspend in Community Representation and Leadership is primarily due to external professional advice.

The underspend in Tāngata Whenua Partnerships is due to budget phasing, with most of the spending to occur quarter 4.

The underspend in Community Sustainability's operating expenditure is due to delays in finalising the internal work programme. The capital expenditure overspend is because the actual cost of the final phase of the Sustainable Homes Programme was underestimated. This also resulted in internal loan funding being over budget.

The overspend in the Regional Development budget is due to the timing of the second tranche payment, which was made earlier than anticipated and fell in quarter 3.

Other income is ahead of budget due to higher-than-expected Sustainable Homes voluntary targeted rate income. Reserve funding is above budget because the repayment terms for the Sustainable Homes Programme internal loans have been adjusted to reflect the remaining duration of the programme.

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HBRC Organisational Performance Report: Quarter 3 2024-2025

Policy and Regulation activities (non-financial)

Policy and Planning

Status	Commentary
🟢	The Government has released advice on significant proposed changes to the Resource Management system, with potential major impacts on current work programmes. Regional Planning Committee was briefed on these changes, with a decision expected in quarter 3 regarding how to proceed. The TANK mediation process has concluded, with evidence preparation underway for an anticipated court date in early 2026. The Environment Court has released its Water Conservation Order (WCO) decision, with recommendations now submitted to the relevant Minister for adoption. The team continues to monitor all legislative changes and proposals to ensure full regulatory compliance. The second of two team leader position has been filled, along with maternity cover. The team operates with reduced capacity due to one senior-level vacancy, contracted hours changes, and maternity leave arrangements.

Consents

Status	Commentary
🟡	The Consents team continues to process resource consent applications under the Resource Management Act 1991. A decision on the Environment Court appeal on Tranche 2 is still pending. While costs for the appeal have stopped for now, the Court could still award additional costs. The timeframe has been extended again to 31 August 2025. Around 1,000 applications are still waiting to be processed. One team member is working almost full time on Iris NextGen testing.

Regulatory Implementation

Status	Commentary
🔵	There is no report available as staff have been seconded into other roles at HBRC.

Compliance and Pollution Response

Status	Commentary
🟡	It continues to be a very busy period for the compliance group and as a result, performance targets for Priority 1 consents are unlikely to be met this year.
	The Rural team has been receiving overwhelming numbers of forestry permitted activity notifications, which has led to delays and re-prioritisation of monitoring effort. Monitoring of global consent applications for recovery has resulted in a significant increase in compliance work also. Staff have worked additional hours to ensure response times and monitoring is undertaken in a timely manner.
	Workloads and staff vacancies in the Urban and Industrial team is impacting the team's ability to monitor Priority 1 consents. We are currently recruiting to fill these vacancies.
	The Pollution Response team is also struggling to meet demand for pollution response and dealing with a large number of LGOIMAs. There are also a number of historic matters that have resurfaced and require significant resourcing for response.

Maritime Safety

Status	Commentary
🟢	Commercial - We have replaced our vessel monitoring system, which was discontinued in March 2025. The new system provides increased functionality and monitoring. We are also looking at replacing some additional equipment for maritime safety regulations.
	Recreational - Still dealing with a large number of bylaw non-compliances. There have been a few significant incidents that could have resulted in fatalities. A series of courses were delivered across the region to bolster the capabilities and awareness of our water users. This was well received by the community.

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HBRC Organisational Performance Report: Quarter 3 2024-2025

Policy and Regulation group (financials)

Expenditure	Operating expenditure				Capital expenditure		
	Actual	Budget	Variance		Actual	Budget	Variance
Activity	$000	$000	$000		$000	$000	$000
Policy & Planning	2,317	2,639	322		-	-	-
Consents	2,348	2,272	(76)		-	-	-
Compliance & Pollution Response	2,928	3,192	264		-	-	-
-Silt Taskforce & Woody Debris	32,672	29,678	(2,994)		-	-	-
Regulatory Implementation	331	718	387		-	-	-
Maritime Safety	565	556	(9)		-	-	-
TOTAL	41,162	39,056	(2,106)		-	-	-

Funded by	Operating expenditure				Capital expenditure		
	Actual	Budget	Variance		Actual	Budget	Variance
Activity	$000	$000	$000		$000	$000	$000
General funds	6,050	6,050	(0)		-	-	-
Targeted rates	-	-	-		-	-	-
Fees and user charges	2,554	2,474	80		-	-	-
Other income	32,746	29,725	3,021		-	-	-
Loan	441	630	(189)		-	-	-
Reserves	(89)	-	(89)		-	-	-
TOTAL	41,702	38,880	2,823		-	-	-
Surplus/(deficit)	540						

Status	Financial commentary
●	The Compliance and Pollution Response underspend is primarily due to fewer pollution incidents requiring response to date.
	The overspend on Consents is primarily due to the substantial costs associated with the Tranche 2 appeal, which involved significant time spent working with experts and lawyers. The hearing has now concluded.
	Regulatory Implementation is under budget due to a slower pace while awaiting direction from central government. Staff in this area have been reassigned to Asset Management to assist with additional workload stemming from the cyclone.
	Other income has exceeded the budget mainly due to the Silt Taskforce. This is offset by the overspend in operating expenditures.

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HBRC Organisational Performance Report: Quarter 3 2024-2025

Integrated Catchment Management activities (non-financial)

Biodiversity and Biosecurity

Status	Commentary

Biosecurity

The team was busy this quarter with pest plant treatment under the Incentive Scheme. Control of Chilean needle grass has been completed. Pest plant control for environmental human health is on track for the quarter, although the treatment window for Senegal tea was missed due to external factors.

We renewed six possum control projects this quarter, with landowners continuing to support the subsidy programme. Predator Free Hawke's Bay continues to operate across 6,500 hectares in the Māhia area.

Early planning and discussions have started for the Regional Pest Management Plan (RPMP) review. Funding cuts are expected to place additional pressure on this process.

We inspected six vessels for marine pests. One vessel showed signs of Mediterranean fanworm and has since been treated.

Biodiversity

Fencing, feral ungulate control, and pest plant control were carried out across 19 sites this quarter.

Sustainable Land Management

Status	Commentary

Three A-grade pole stocktakes will be completed prior to harvest in May 2025. This identifies when seasonal pole growth stops/slows, enabling accurate and early stocktaking. This has enabled Catchment Advisors to get an early start on pole applications for the 2025-26 year.

Focus is on completing inspection reports for the 2024-25 pole planting season and monitoring the Erosion Control Scheme budget as the programme is fully subscribed.

Staff have been involved with judging the Ballance Farm Awards and the HB Primary Sector Awards. The East Coast Farming Expo, in Wairoa, held in February, was strongly supported by HBRC Catchment teams and well supported by the wider East Coast farming community.

Rural Partnerships

Status	Commentary

The Rural Partnerships team have continued working with Catchment Collectives and Catchment Groups across our region. We welcomed two new staff members this quarter, a new Senior Rural Advisor covering the central region and a Senior Rural Advisor - Land for Life. Significant events in this quarter were the East Coast Farming Expo (included a Land for Life presentation), a partnership workshop with Kaweka Community Catchment Collective, a facilitator course for Catchment Coordinators, judging of the Horticulturalist of the Year, Tukituki Land Care "Big Picture Muster" judging the Ballance Farm Environment Awards – Catchment Showcase, and supporting the Ahuriri Tributaries Catchment Group with their hosting of the Parliamentary Commissioner for the Environment visit.

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HBRC Organisational Performance Report: Quarter 3 2024-2025

Integrated Catchment Management activities (non-financial)

Environmental Information

Status	Commentary
●	The Environmental Information team is actively collecting all relevant data. The billing cycle for the Water Information Science team has begun, which may result in more requests. The Hydrology, Groundwater, and Water Quality teams all have staffing vacancies. While data collection is continuing, it would only take a small event to set it back – which in turn affects data processing, timeliness, and quality. Reduction in staffing in other areas has had a "knock-on" effect on capacity and delivery, resulting in the Senior Scientist Land from the Environmental Science team assisting with the installation of ISCO (the equipment used for water sampling) sites. There has been a reallocation of resources within the Hydrology team with two staff members focused on repairing and building a more resilient flood network (as part of the NIWE projects). This strategy has been effective, leading to significant progress. The Manager Environmental Information has taken on the management of the remaining Hydrology staff members.

Environmental Science

Status	Commentary
●	The work programme has noticeably slowed this quarter, largely due to the ongoing impact of carrying four to six vacancies. All positions—except the two on hold—have now been appointed, but this recruitment effort has added short-term pressure to the team. The team has been focused on delivering the State of the Environment reporting. While this work is delayed, it's still on track to be mostly completed by the end of the financial year. Capacity to support other parts of the organisation has been limited. However, now that most vacancies are appointed (though not all filled yet), we expect this to improve soon.

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HBRC Organisational Performance Report: Quarter 3 2024-2025

Integrated Catchment Management (financials)

Expenditure	Operating expenditure				Capital expenditure		
	Actual	Budget	Variance		Actual	Budget	Variance
Activity	$000	$000	$000		$000	$000	$000
Environmental Information	3,460	3,637	177		214	290	77
Environmental Science	3,801	4,778	977		1	33	32
Sustainable Land Mgmt	6,555	6,427	(128)		78	37	(40)
Biodiversity & Biosecurity	4,779	5,506	727		120	100	(20)
Rural Partnerships	895	982	87		-	-	-
TOTAL	19,490	21,330	1,840		412	461	49

Funded by	Operating expenditure				Capital expenditure		
	Actual	Budget	Variance		Actual	Budget	Variance
Activity	$000	$000	$000		$000	$000	$000
General funds	13,876	13,868	9		-	-	-
Targeted rates	1,961	1,955	6		-	-	-
Fees and user charges	1,374	1,508	(135)		-	-	-
Other income	2,558	3,180	(621)		189	-	189
Loan	1,751	1,684	67		9	170	(161)
Reserves	625	282	343		214	290	(77)
TOTAL	22,145	22,477	(332)		412	461	(49)
Surplus/(deficit)	2,655						

Status	Financial commentary
🟢	Environmental Science's spending has commenced for the Nature-based Solutions programme following the completion of the contract assignment. An underspend is currently forecast for the Regional Groundwater Research & Investigations budget, though this remains dependent on several variables yet to be confirmed. Expenditure for State of the Environment (SoE) Reporting is expected to increase in quarter 4 as the report is finalised.

The underspend in the Environmental Information budget is expected to reduce as work progresses, following the completion of the Water Information Science data review for the annual Fresh Water Science charges. Capital budget is expected to be fully utilised by year-end.

The Erosion Control Scheme programme is fully subscribed, with a prioritisation review of the work currently underway. The Sustainable Land Management budget is forecast to be fully spent by year-end.

Biodiversity and Biosecurity's underspend is due to delays in some biodiversity projects. The budget is expected to be fully utilised once these projects are underway. The capital overspend is due to the completion of Whakaki weir.

Rural Partnerships' underspend is due to delays in the commencement of on-farm work programmes.

Other income is currently under budget, primarily due to the Land for Life programme being behind schedule, as a result of delayed approval for external funding from the Sustainable Food and Fibre Futures (SFFF) application. Reserve funding is over budget, due to the timing of pole sales, which are now expected to occur in quarter 4.

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Asset Management activities (non-financial)

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

Status	Commentary
🟢	Flood Protection and Control Works are actively managed by scheme managers in the Operations team. Maintenance work has been carried out as per the maintenance contract. Work continues on configuring SEAM which is the Tech One Asset Management Application. This will transition maintenance planning from a paper based to automated system with improved reporting capability. SCADA system upgrades have also been occurring with 18 new sites converted from the old PumpTel to the new Ignition platform.

New Flood Resilience *(reported as an activity from this quarter onwards)*

Status	Commentary
🟠	**NIWE Cat 2 programme:** 🟠 The scope and quality of deliverables of most projects have remained consistent since the last report, with further refinements made to some flood mitigation designs. Four projects received updated baselines in March 2025. Schedule dates have changed primarily because these projects were in their early life cycle stages during development. Further investigations and designs have provided more information to update baseline data. Information from Pre-Construction Specialist reports has been used to inform construction timeframes, and land access assumptions have been improved. For Wairoa, Option 1C+ was adopted and submitted in the Project Delivery Plan, with refined budgets. An updated option in Whirinaki, involving a stopbank re-alignment, required further review. Construction commenced with enabling works for two projects (Waiohiki and Ōhiti). The construction phases for Whirinaki and Pōrangahau are scheduled to commence in Q3 2025, while Wairoa and Pākōwhai are forecasted to begin in Q4. **NIWE Scheme Reviews:** 🟢 The project is on track. Progress has been made across multiple workstreams. Additional surveying for the modelling has been integrated into the project.

Flood Risk Assessment and Warning

Status	Commentary
🟢	The Engineering team have supported ongoing scheme reviews and are working with other councils to update flood hazard maps for the hazard portal. Prioritisation of flood protection upgrades continues, with further sites being identified, and significant support is being provided to IPMO projects. The team is also collaborating with consultants on flood risk and modelling. Meanwhile, for the Wairoa catchment, additional model scenarios have been incorporated, and a new multi-model dashboard—allowing simultaneous viewing of three MetService models—has been launched and is being refined. We are working with ICT to ensure stable server hosting, while public-facing access to flood forecasting information is under development. Model updates continue using the latest cross-section data, and a new Tūtaekurī model is being built in the background.

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HBRC Organisational Performance Report: Quarter 3 2024-2025

Asset Management activities (non-financial)

Regional Water Security

Status	Commentary
●	The Heretaunga Water Storage project is continuing at pace, being delivered through the Project Management Office with oversight by a Project Steering Group (PSG). The PSG includes representative councillors, with the project in the planning and development stage of feasibility. The Central Hawke's Bay Managed Aquifer Recharge (CHB MAR) project is currently paused while the project team evaluates current state information and identifies recommended next steps for the project.

Open Spaces

Status	Commentary
●	Teams from Regional Assets and Operations oversee the Open Spaces activity. These activities are undertaken in accordance with the relevant Asset Management Plan. A new multi-year maintenance contract was executed in October for a period of three years.

Coastal Hazards

Status	Commentary
●	Renourishment works have been deferred to the next financial year, with monitoring confirming no bund maintenance is currently needed. Instrument maintenance was completed with the HBRC Harbourmasters, and wave buoy deployment at Wairoa is underway, with iwi engaged for consent. CoastSnap stations have been added to the software platform, with QR codes created; installation awaits final signage review. Ongoing support is provided to Coastal Strategy Technical Advisory Group (TAG) through reports, memos, cost estimates, and technical communications.

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HBRC Organisational Performance Report: Quarter 3 2024-2025

Asset Management (financials)

Expenditure	Operating expenditure			Capital expenditure		
	Actual	Budget	Variance	Actual	Budget	Variance
Activity	$000	$000	$000	$000	$000	$000
Flood Protection and Control Works	12,365	13,930	1,565	17,091	33,648	16,557
Flood Risk Assessment and Warning	856	958	102	-	-	-
Coastal Hazards	919	892	(27)	-	-	-
Open Spaces	2,859	3,152	293	655	2,102	1,447
Regional Water Security	34	524	491	401	2,847	2,446
Works Group	699	921	222	557	561	5
TOTAL	17,731	20,377	2,646	18,703	39,158	20,455

Funded by	Operating expenditure			Capital expenditure		
	Actual	Budget	Variance	Actual	Budget	Variance
Activity	$000	$000	$000	$000	$000	$000
General funds	6,013	6,015	(2)	69	69	-
Targeted rates	6,026	6,022	3	1,443	1,442	1
Fees and user charges	345	994	(650)	-	-	-
Other income	3,139	5,159	(2,020)	16,371	24,933	(8,562)
Loan	435	1,575	(1,141)	3,867	10,620	(6,754)
Reserves	1,863	1,477	386	(3,073)	421	(3,494)
TOTAL	17,820	21,242	(3,423)	18,677	37,486	(18,809)
Surplus/(deficit)	89					

Status   **Financial commentary**

🟢 Flood Protection & Control Works operating expenditure is under budget due to lower Infrastructure Reference Group (IRG) gravel extraction demand. This is partly offset by overspends on river mouth openings, tree maintenance/removal, and drain clearings. Capital expenditure is also under budget, mainly due to delays in cyclone recovery and NIWE projects. The IRG service level project at Maraenui Golf Course may also not proceed, adding to the underspend.

Open Spaces is underspent due to delay in progressing cycleway maintenance and repairs funded by MBIE. The Hawea Park project is unlikely to be completed this year, as the procurement plan was only finalised in April 2025. We'll seek to carry over the remaining capital budget.

Regional Water Security programme's underspend is primarily due to the Central Hawke's Bay above-ground aquifer project being on hold. The Heretaunga project has been progressed slower than expected because we reprioritised our resources to support cyclone recovery efforts. This project has now entered the feasibility phase, with spending expected to increase next quarter.

Other income is under budget due to timing delays in lease income, forestry harvests, NIWE work, and cyclone insurance/NEMA claims. Fees and charges are under budget due to delays in gravel extraction influenced by environmental conditions. Reserve Funding is above budget due to the timing of claims versus expenditure in the cyclone recovery work.

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HBRC Organisational Performance Report: Quarter 3 2024-2025

Emergency Management activities (non-financial)

Hawke's Bay CDEM Group

Status	Commentary
🔵	There is no report available

HBRC Emergency Management

Status	Commentary
🟢	Work continued on the draft Business Continuity Plan incorporating feedback. It is expected to be finalised by the end of June 2025. During this quarter, 20 HBRC staff completed the Emergency Management Essentials course, and 15 staff completed the CDEM Functional Training. The Functional Training started this quarter.

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HBRC Organisational Performance Report: Quarter 3 2024-2025

Emergency Management (financials)

Expenditure	Operating expenditure				Capital expenditure		
	Actual	Budget	Variance		Actual	Budget	Variance
Activity	$000	$000	$000		$000	$000	$000
Hawke's Bay CDEM Group	2,394	2,727	333		-	-	-
HBRC Emergency Management	2,616	2,219	(397)		-	-	-
TOTAL	5,009	4,946	(64)		-	-	-

Funded by	Operating expenditure				Capital expenditure		
	Actual	Budget	Variance		Actual	Budget	Variance
Activity	$000	$000	$000		$000	$000	$000
General funds	1,620	1,620	-		-	-	-
Targeted rates	2,648	2,622	26		-	-	-
Fees and user charges	-	-	-		-	-	-
Other income	682	632	50		-	-	-
Loan	-	-	-		-	-	-
Reserves	(367)	-	(367)		-	-	-
TOTAL	4,583	4,874	(291)		-	-	-
Surplus/(deficit)	(426)						

Status   Financial commentary

🟡 Most of the underspend in the Hawke's Bay CDEM Group budget relates to staff vacancies. Some activities have also been paused while waiting for the implementation of actions identified in reviews. Spending is expected to increase towards year-end as training costs ramp up to meet budget requirements, along with ongoing transformation costs.

HBRC Emergency Management's overspend is driven by the costs of responding to the Wairoa event in June 2024 and the cost of internal time support from HBRC employees for insurance and recovery work.

Other income is higher than budget due to additional funding received from NEMA for training.

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HBRC Organisational Performance Report: Quarter 3 2024-2025

Transport activities (non-financial)

Passenger Transport

Status	Commentary
●	The Council's Transport team manages Total Mobility and Public Transport contracts for the region. There was more demand in February and March for both operations, with good weather and it being the start of the school year and tertiary semester. March is also considered one of the busiest months on the roads so the confluence of the two factors often leads to greater levels of bus delays. Nevertheless, delays and cancellations remain well below industry norms. Bus usage is steadily increasing, no doubt helped by the return to a full timetable (which has now been in place for a full 12 months) and improved reliability.

Transport Planning and Road Safety

Status	Commentary
●	Through January-March, the Transport Planning team prepared a review of the Draft Regional Public Transport Plan (RPTP), which was approved by the Regional Transport Committee (RTC) to go to consultation at the end of March. The review not only confirms the 2022 plan's direction to transform the bus network, but also proposes more defined guidance on how taxi and companion services provide Total Mobility services. RTC hearings from submitters to the plan will be in May, deliberations in June with the RTC recommending the Council adopt the plan also in June. Regional RoadSafe Hawke's Bay, also part of the Council's Transport team, continued its Road Safety programme with 40 events across the region. This included child car safety seat clinics, at-risk youth education sessions, heavy vehicle fatigue stops (alongside NZ Police), business house programmes and working with police on driver education, in particular, driver distraction.

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HBRC Organisational Performance Report: Quarter 3 2024-2025

Transport (financials)

Expenditure	Operating expenditure				Capital expenditure		
	Actual	Budget	Variance		Actual	Budget	Variance
Activity	$000	$000	$000		$000	$000	$000
Public Transport	7,495	7,709	214		-	-	-
Transport Planning & Road Safety	249	497	247		-	-	-
TOTAL	7,744	8,205	461		-	-	-

Funded by	Operating expenditure				Capital expenditure		
	Actual	Budget	Variance		Actual	Budget	Variance
Activity	$000	$000	$000		$000	$000	$000
General funds	126	126	-		-	-	-
Targeted rates	3,434	3,432	2		-	-	-
Fees and user charges	-	-	-		-	-	-
Other income	4,390	4,659	(268)		-	-	-
Loan	-	-	-		-	-	-
Reserves	(146)	-	(146)		-	-	-
TOTAL	7,804	8,216	(412)		-	-	-
Surplus/(deficit)	60						

Status   Financial commentary

● The underspend in Public Transport is attributed to lower indexation than budgeted, for the Go Bus contract.

Regional Road Safety spending will be lower throughout the year, reflecting the necessary reduction in expenditure in alignment with decreased National Land Transport Programme (NLTP) funding and the local council contribution.

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HBRC Organisational Performance Report: Quarter 3 2024-2025

Corporate Services

Information and Communications Technology (ICT)

Status	Commentary
🟢	We continue to deliver at pace and remain on target to achieve the outcomes set in the annual ICT plan. The Enterprise Asset Field App was launched this quarter as the first phase of go-live for our SEAM project. We also launched and revamped the Emergency Response Room as an operational hub for regional events. We initiated Product Acceptance Testing of the IRIS NextGen software for the regional sector, ahead of the pilot commencing in Otago later in 2025. We made the decision to replace our legacy Rates system, with vendor selection now confirmed, being an upgrade to Magic+. A project to provide greater controls over our contract management processes was also approved. We continue to strengthen our network and security controls and have awarded a contract to replace the end-of-life Storage Area Network. Web camera feeds of river mouths have been enabled, we provided mapping support to most branches of HBRC, and we serviced over 4,000 support tickets.

Human Resources

Status	Commentary
🟢	Recent changes within the Human Resources (HR) team have led to valuable improvements in our processes. Onboarding inductions have been updated, recruitment practices have been streamlined, and the HR team is offering strong coaching and support to leaders. Updates on staffing, turnover and recruitment are on page 7 of this report.

Finance, Treasury, and Procurement

Status	Commentary
🟢	Finance now consists of the accountants, accounts payable and receivable, banking, rates, treasury and payroll. Procurement has moved to Legal and Risk team. The main work completed this quarter has been the transfer of banks from BNZ to ANZ, preparing the draft budgets for the 2025-26 Annual Plan, helping complete the consultation document, transferring the Sustainable Homes database to the main rates database, and updating our forecast cashflow as we get better forecasts for cyclone insurance and NIWE work. In addition, Finance continues to support rates queries and remissions.

Corporate Support

Status	Commentary
🟢	The Customer Experience (CX) team had a steady start to the year. The team of five currently handles around 2,000 calls per month, along with enquiries through other channels and reception duties. One team member finished in January and was succeeded in late February by a new colleague with a background in call centre work. Team members rotate between the call centre and front of house which gives them a bit of a variety. The Facilities and Support team has been extremely busy with a range of tasks, including reducing the HBRC Fleet, upgrading EROAD devices, managing car parking, preparing office spaces for lease expiry, recruiting two Duty Managers, and organising In Reach training, among other duties. Updates on Customer Experience and Fleet are on pages 9 and 12 respectively.

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Corporate Services and Executive Advisory

Legal, Compliance and Risk

Status	Commentary
🟢	The Quality and Assurance team has undertaken two critical control reviews this quarter - conflict of interest, and physical security and site access management. The legal function has focused on ensuring appropriate legal support for litigation associated with Cyclone Gabrielle and the June 2024 Wairoa flooding, and preparing for the Coronial Inquest into the deaths that occurred during Cyclone Gabrielle. The hearing is due to commence in the last quarter of 2025. Separately, the legal function has been providing legal and commercial contracting support to the IPMO.
	Support for the management of operational risk continued with the use of an external consultant. HBRC are proactively working with Napier City Council to identify what opportunities exist in this space for a shared service for management of operational risk.
	The business-as-usual work of our Health, Safety and Wellbeing team can be viewed on page 8.

Communications and Engagement

Status	Commentary
🟢	We continue to make progress on social with an increased focus on posting to Facebook and LinkedIn and steadily increasing positive interactions. The latter is likely related to the revised Social Media Guidelines we introduced in late January and our diligent blocking of repeat violators. The website's Engagement and Extreme Weather hubs were launched and combined with high interest in seasonal content has driven up the numbers of visitors to the main website and the time they are spending on it. Media requests were typical for this quiet time of year with the Cyclone Gabrielle anniversary, the ratification of Wairoa's flood resilience infrastructure option and the announcement of the Heretaunga Water Storage plan garnering the most interest.
	Updates on digital and social media, and communications are on pages 10-11 of this report.

Māori Partnerships

Status	Commentary
🟢	The Māori Partnerships team focused on enabling meaningful Māori participation across Council activities. The first cultural monitoring workshop was hosted in partnership with mana whenua to support upcoming infrastructure projects. Several Cultural Impact Assessments were received, progressing key consenting and planning processes. Te Kupenga, the regional forum of Māori specialists, refocused its efforts on developing shared resources to support Te Tiriti awareness and understanding. The team continued to provide strategic support across Council, ensuring Māori perspectives are embedded in the organisation's work.

Strategy and Governance

Status	Commentary
🟢	The Governance team serviced 18 governance events (meetings, workshops, briefings) and administered consistently high LGOIMA requests. Election planning began including cross-council meetings of electoral officers. Workload was an issue with a vacancy in the three-person team. A Senior Governance Advisor was recruited during the quarter and will start 12 May. The Strategy and Performance (S&P) team leader role became vacant with recruitment underway. The Strategy and Performance team project managed the development of the Annual Plan2025-26 , working closely with the Finance and Comms teams to achieve the milestone of adoption for consultation on 26 March. Quarter 2 Organisational Performance Report was presented to the Corporate and Strategic (C&S) Committee in February. The Climate Action Lead Strategic Advisor's focus this quarter remained the preparation of the region's first Climate Change Risk Assessment. The Climate Action Joint Committee workshopped the Risk Assessment technical report in March.
	Updates on official information requests are detailed on page 11 of this report.

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Other HBRC (financials)

HBRC Organisational Performance Report: Quarter 3 2024-2025

Expenditure	Operating expenditure				Capital expenditure		
	Actual	Budget	Variance		Actual	Budget	Variance
Activity	$000	$000	$000		$000	$000	$000
Corporate support	-	-	-		177	161	(16)
ICT	1,558	1,605	47		287	1,143	856
Investment Income	903	1,298	395		-	-	-
Rates Management	216	1,465	1,249		-	-	-
Treasury	1,407	-	(1,407)		-	-	-
TOTAL	4,084	4,369	285		464	1,304	840

Funded by	Operating expenditure				Capital expenditure		
	Actual	Budget	Variance		Actual	Budget	Variance
Activity	$000	$000	$000		$000	$000	$000
General funds	(10,748)	(11,756)	1,008		-	-	-
Targeted rates	-	-	-		-	-	-
Fees and user charges	13	-	13		-	-	-
Other income	13,317	9,334	3,983		11	-	11
Loan	4,154	4,213	(59)		49	70	(21)
Reserves	-	-	-		360	1,208	(848)
TOTAL	6,736	1,791	4,945		421	1,278	(857)
Surplus/(deficit)	2,652						

Status	Financial commentary
🟢	ICT capital expenditure is underspent across Geographic Information System (GIS), end-user hardware, and servers and storage renewals. This underspend is under evaluation due to a warranty examination and a delay in the imagery purchase. As a result, this will likely require a carry forward into the next financial year.
	Investment income underspend is driven by the treatment of new managed funds investment fees.
	The underspend in Rates Management is due to the net corporate overhead underspend from other areas being reflected here.
	Treasury is overspent due to external interest expenses exceeding internal interest recoveries.
	General funds position is better than budget due to increased rates penalty income and reduced rates remissions. Other income over performing due to unbudgeted interest revenue from cash holdings.

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HBRC Organisational Performance Report: Quarter 3 2024-2025

How Metrics are Calculated

Employee count (p 7) is the total count of all permanent staff employed by HBRC. This is calculated as at the end of the quarter.

Full time equivalents (FTE) (p 7) are the total permanent FTEs as at the end of the quarter.
Note: the above two metrics were amended in Q3 2023-24. Prior to that, the count included fixed-term contracts and those employed on a casual basis (eg students).

Turnover (p 7) is calculated by averaging the staff count (previous end of quarter staff + current end of quarter staff divided by 2). This is then divided by the number of resignations. Only resignations or retirements of permanent staff and fixed term staff (before their contract end date) are included in this figure.
Note: P&C metrics are provided by the P&C Manager using information from TechOne.

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

Customer satisfaction (p 9) tracks the customer satisfaction score given by date following email correspondence. This data is sourced from Zendesk.

Response time to enquiries (p 9) tracks how quickly customer enquiries are resolved. Each enquiry is logged and the target to respond is by 5 working days. This data is sourced from Zendesk.

Social media (p 10) metric counts reach from the organic or paid distribution of Facebook content, including posts, stories and ads. It also includes reach from other sources, such as tags, check-ins and page or profile visits. Reach is only counted once if it occurs from both organic and paid distribution.

Website and social media (p 10) data is sourced from Google and Facebook analytics.

Media enquiries and media releases (p 11) data is sourced from the internal Comms Log in Sharepoint.

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

Vehicle numbers and fuel usage (p 12) data is provided by our internal systems and our fuel suppliers.

Air Travel (p 12) data is provided to HBRC by our travel agent.

Budget in financial commentary (p 20-36) is based on our internal management budget, which is in our Three-Year Plan or current Annual Plan, adjusted for carry forwards and new external funding agreements.

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HAWKE'S BAY REGIONAL INVESTMENT COMPANY LTD

HAWKE'S BAY
REGIONAL COUNCIL

Group Investment Performance Update

March 2025

HBRC <u>Group</u> Investment Performance to 31 March 2025

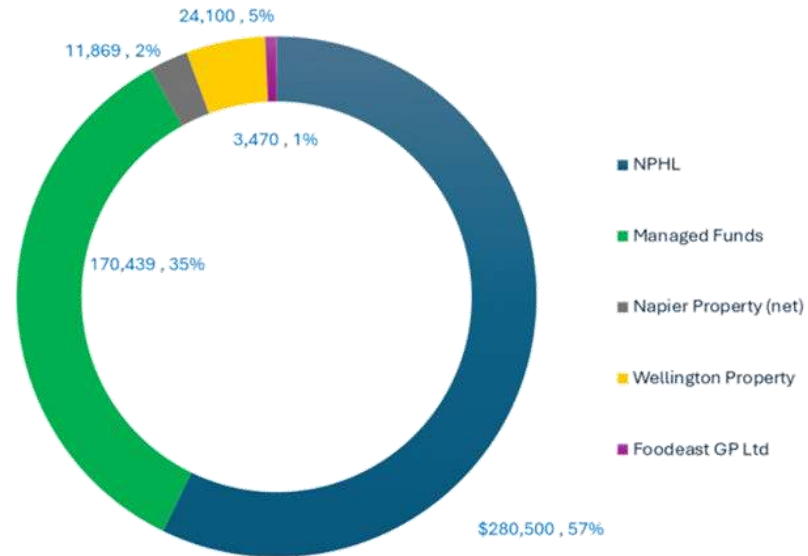By the numbers

FY 2025 YTD Gross Returns	Cash Return ($000)	%	Fair Value Gain ($000)	%	Total Return %
NPHL	$6,600	2.42%	$7,700	2.82%	5.24%
Managed Funds **	$8,201	4.89%	-$419	-0.25%	4.64%
Napier Property	-$19	-0.21%	$579	6.42%	6.21%
Wellington Property	$675	2.80%	$0	0.00%	2.80%
Foodeast GP Ltd	$0	0.00%	$0	0.00%	0.00%
TOTAL	$ 15,457	3.24%	7,860	1.65%	4.89%

** Please refer to Harbour Asset Management reports in resource centre
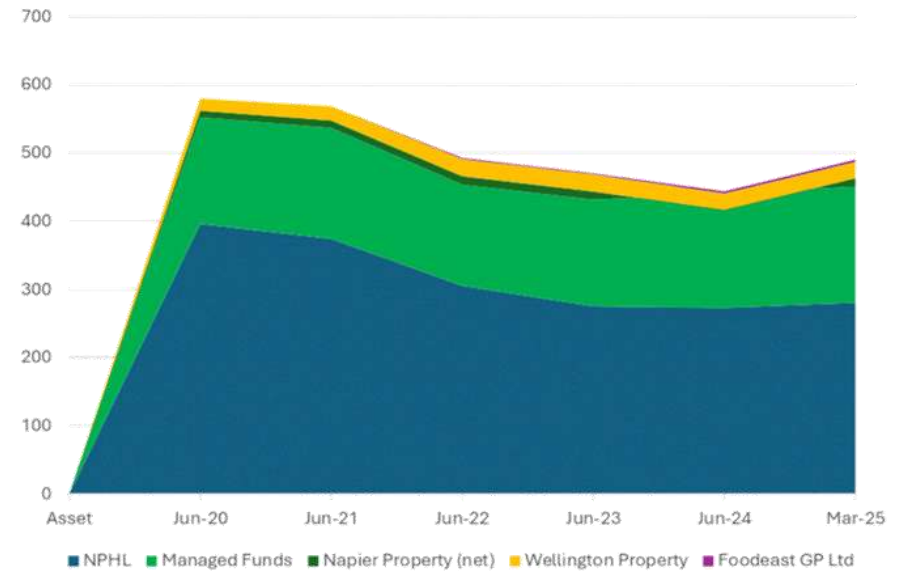
HBRC Group Investments - 31 March 2025

Current Asset Allocations ($000)

- NPHL
- Managed Funds
- Napier Property (net)
- Wellington Property
- Foodeast GP Ltd

24,100 , 5%
11,869 , 2%
3,470 , 1%
170,439 , 35%
$280,500 , 57%

Total Portfolio $490.3m

Accumulative Portfolio value ($m)

- NPHL
- Managed Funds
- Napier Property (net)
- Wellington Property
- Foodeast GP Ltd

HBRC Group Managed Fund Portfolio's – 31 March 2025

Group Portfolio Structure

Cash	$2,267,485	1.33%
NZ Fixed Interest	$24,352,576	14.29%
Global Fixed Interest	$30,222,941	17.73%
NZ Equities	$33,394,823	19.59%
Global Equities	$80,201,504	47.06%
	$170,439,329	100.00%

Group Portfolio YTD Performance

	$	%
Interest	158,397	
Dividends	3,068,555	
Realised gains	5,030,614	
Fees	144,494	
Taxes	(190,079)	
Net Cash Return	**8,211,981**	**4.90%**
Unrealised gains	(361,249)	-0.22%
Total Return	**7,850,732**	**4.68%**

Net Fees & rebates charged

	$
Mercer	-
Jarden	149,071
Harbour	(293,566)
	$ (144,494)

Capital Protected Value
31 March 2025
$172,538,567

YTD Cash Withdrawals
$5m

Market Summary > S&P 500

S&P 500

5,062.25
-140.14 (-2.69%) ↓ past year
7 Apr, 4:20 pm GMT-4 · Disclaimer

| 1D | 5D | 1M | 6M | YTD | 1Y | 5Y | Max |

5,611.85 31 Mar 2025
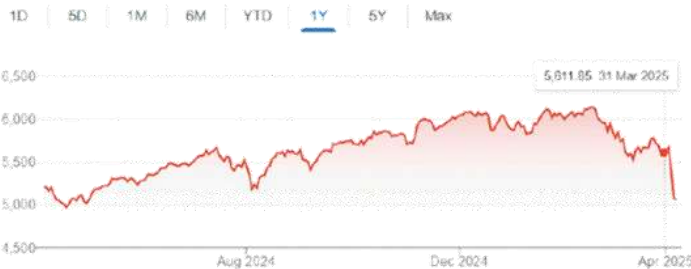
9 Month Return
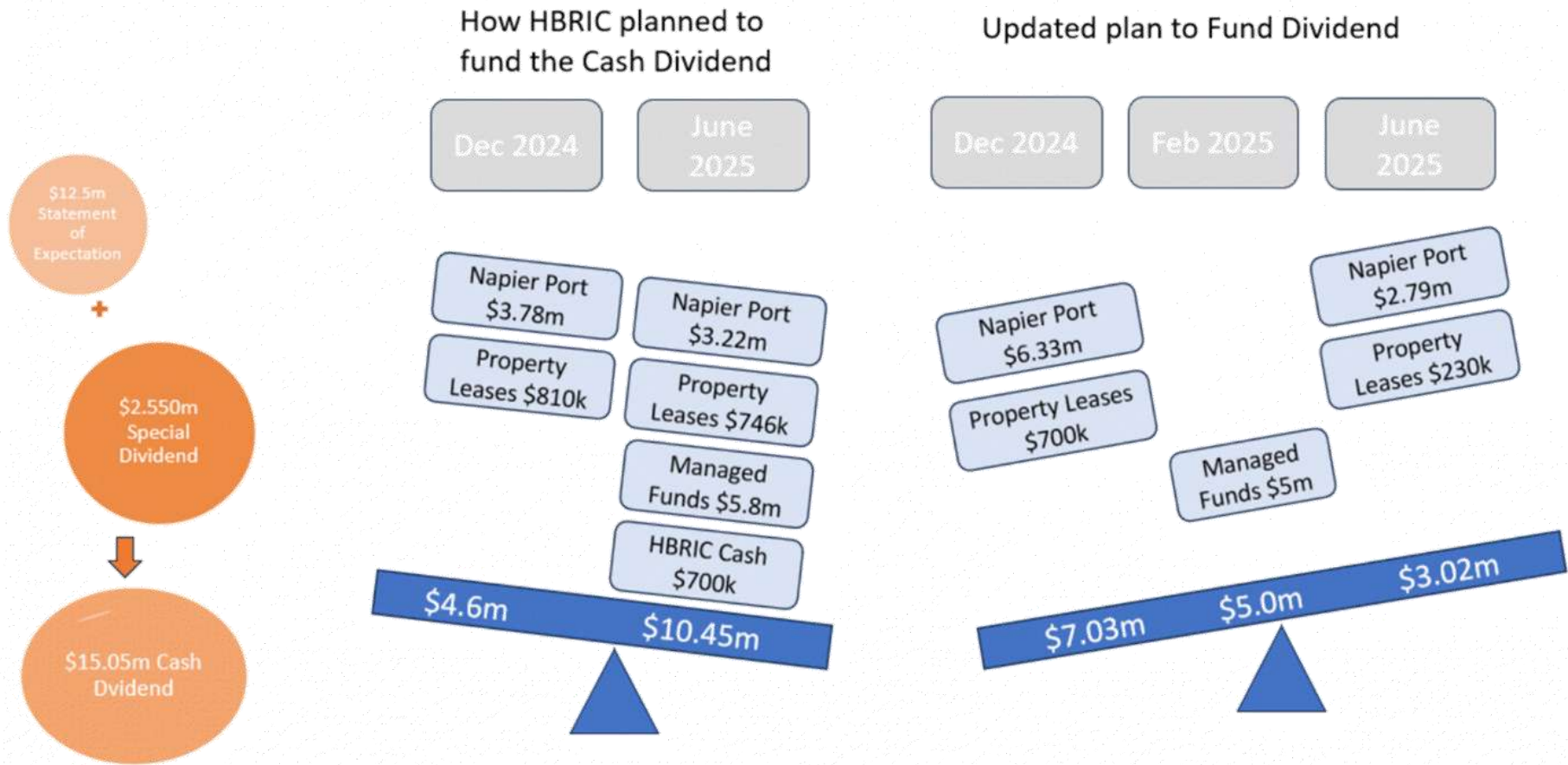
HBRIC Group	4.68%
S&P 500	%

Attachment 2   Item 7

Napier Port Holdings Ltd – March 2025

Share Price – 31 Mar 25 $2.55 = $280.5m

Proposed HBRC Group Investment Cash Contribution

Investment Asset Review Report

Prepared for: Hawke's Bay Regional Council (HBRC)
Prepared by: Hawke's Bay Regional Investment Company Ltd (HBRIC)
Date: March 2025

1. Executive Summary

Purpose of the Review

This report presents a review of HBRC's investment assets, **excluding** the evaluation of HBRC's majority stake in Napier Port[1]. The review aligns with HBRC's revised investment strategy, which mandates a Group-wide portfolio approach to optimise asset performance, resilience, and sustainable returns.

Key Findings & Recommendations

- **Managed Funds Portfolio:** Successfully transitioned to Harbour Asset Management, following a robust RFP process that emphasised better alignment with Council's long-term investment objectives and risk appetite.
- **Wellington Leasehold Property Portfolio:** Strong valuation growth but delivering low returns; expert advice indicates lessees are the most likely purchasers, with rent review cycles presenting optimal transaction windows.
- **Napier Leasehold Property Portfolio:** The complex ACC lease receivables agreement makes it difficult to assess the investment's true financial performance in any given year. Further financial modelling, including potential external expertise, is required.
- **Forestry & Carbon Credits (NZUs):** HBRIC's has communicated its view that the forestry estate should be treated as a business unit of Council rather than an investment asset.
- **Napier Port:** While beyond the scope of this review, it represents the most significant component of the Group's investment portfolio, contributing a substantial proportion of investment income but also heightening risk due to geographic and sectoral concentration.

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[1] Napier Port is categorised by Council as a strategic asset, requiring a seperate review process if so requesed by Council.

Next Steps

- Jointly with HBRC, scope and develop an updated financial model for Napier Leasehold properties and ACC contract, with external expertise where required.
- Jointly with HBRC, proactively engage with lessees to discuss freeholding options for the Wellington Leasehold portfolio. Note that full Council approval of a divestment business case would be required for any transaction.

2. Background & Context

Council's Investment Strategy Evolution

Since the 2022/23 investment strategy review, HBRC has shifted towards a holistic Group portfolio approach, aiming to optimize investment returns and financial resilience. A revised Statement of Investment Policy and Objectives (SIPO), Statement of Expectations (SOE), and Statement of Intent (SOI) were issued to guide this transition.

Governance & Mandate

HBRIC's mandate has been expanded to include oversight and strategic advice on HBRC-owned investment assets. Key objectives include:

- Growing a sustainable and increasing cash dividend.
- Inflation-protecting asset values (managed funds only).
- Establishing a resilience fund equivalent to one year's Napier Port dividend.

3. Investment Portfolio Overview

Total Investment Portfolio Summary

As of June 2024, HBRC's investment portfolio was valued at **$493 million**, allocated as follows:

- **Napier Port:** $272 million (55%)
- **Managed Funds:** $167 million (34%)
- **Wellington Leasehold Property:** $24 million (5%)
- **Napier Leasehold Property:** $9 million (2%)
- **Forestry & NZUs:** $20 million (4%)

Portfolio Performance Overview

- **Total Investment Income[2] (FY24/25 projection):** $20.44 million
- **Dividend Distribution Target:** $12.5 million (plus special dividends of $2.5M and $300K in subsequent years)
- **Capital Protection Goal:** $4.3 million per annum (managed funds only)

3.1 Managed Funds Portfolio

- Fully transitioned to Harbour Asset Management following an RFP process designed to shift from a 50:50 defensive/growth mix to a 70:30 growth focus, ensuring better alignment with Council's long-term financial objectives.
- The selection of Harbour Asset Management was based on their ability to deliver enhanced risk-adjusted returns, cost efficiency, and improved asset class diversification.
- Grown by **4.68% ($2.8 million) on 31 March – after withdrawal of $5m.**
- **Recommendations:** Continue performance monitoring and integration of strategic investment disciplines.

3.2 Wellington Leasehold Property Portfolio

- Leasehold interests in 11 properties in central Wellington, grouped into three key asset types:
  - **Molesworth Apartments:** Multi-unit residential buildings.
  - **University Accommodation:** Leased student housing.
  - **Queen Margaret College:** Educational facilities.
- Increased from $17.75 million (2020) to $24.1 million (2024).
- Gross rental yield of **3.9%**.
- Not aligned to Council's risk, return and liquidity objectives.
- Expert advice indicates that lessees are generally the most likely purchasers and that the best time to transact is around rent review cycles.
- **Recommendations:** Proactively engage with lessees to determine divestment options.

3.3 Napier Leasehold Property Portfolio

- A complex leasehold structure involving a long-term agreement with ACC.
- $42 million Valuation, offset by a $33 million liability to ACC.
- Due to the complexity of the ACC contract, it is difficult to determine whether this asset produces a financial gain or loss in any given year. High administration cost, partially offset by ACC contribution.

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[2] Note that the increase in value of the managed funds portfolio above the 2.5% capital protection watermark is treated as investment income i.e. includes both cash dividends and value uplift.

- **Recommendations:** Further financial modelling, potentially utilizing external expertise, is required to establish long-term viability and investment return implications.

3.4 Forestry & Carbon Credits (NZUs)

- **Forestry Assets:** Should be viewed as a business unit within Council rather than an investment asset.
- **NZUs:** No further recommendations or next steps at this stage.

4. Key Findings & Strategic Recommendations

Overall Portfolio Alignment with Investment Objectives

- **Managed Funds:** Strong returns support HBRC's financial objectives.
- **Wellington Leasehold:** Potential divestment to improve financial performance more consistent with Council's investment objectives.
- **Napier Leasehold:** Complex financial arrangement requires modelling for informed decision-making.
- **Forestry & NZUs:** Not considered an investment asset; no further actions recommended.

5. Conclusion

HBRIC prioritised what it viewed as the "low hanging fruit" for improved investment performance among the Group's non-Port investment assets, namely: the Managed Funds portfolio. This strategy was ultimately rewarded with a strong first half performance generating sufficient returns to warrant interim dividends totalling $12.027m to council in early 2025. As a result, HBRIC is confident that HBRC's 24/25 cash dividend expectations will be met.

Joint work between HBRC and HBRIC is ongoing on Council's investment property portfolio, but these assets are either highly illiquid or subject to a complex, long-term contractual arrangement, meaning that any proposed changes to these investments will take time before being presented to Council for consideration and appeoval.

Napier Port remains the most significant component of HBRC's investment portfolio, representing 55% of total Group investment assets and contributing a substantial proportion of investment income. While the port provides a stable but relatively low yield, its dominance in the portfolio heightens risk due to geographic concentration within the regional economy and exposure to adverse weather events.