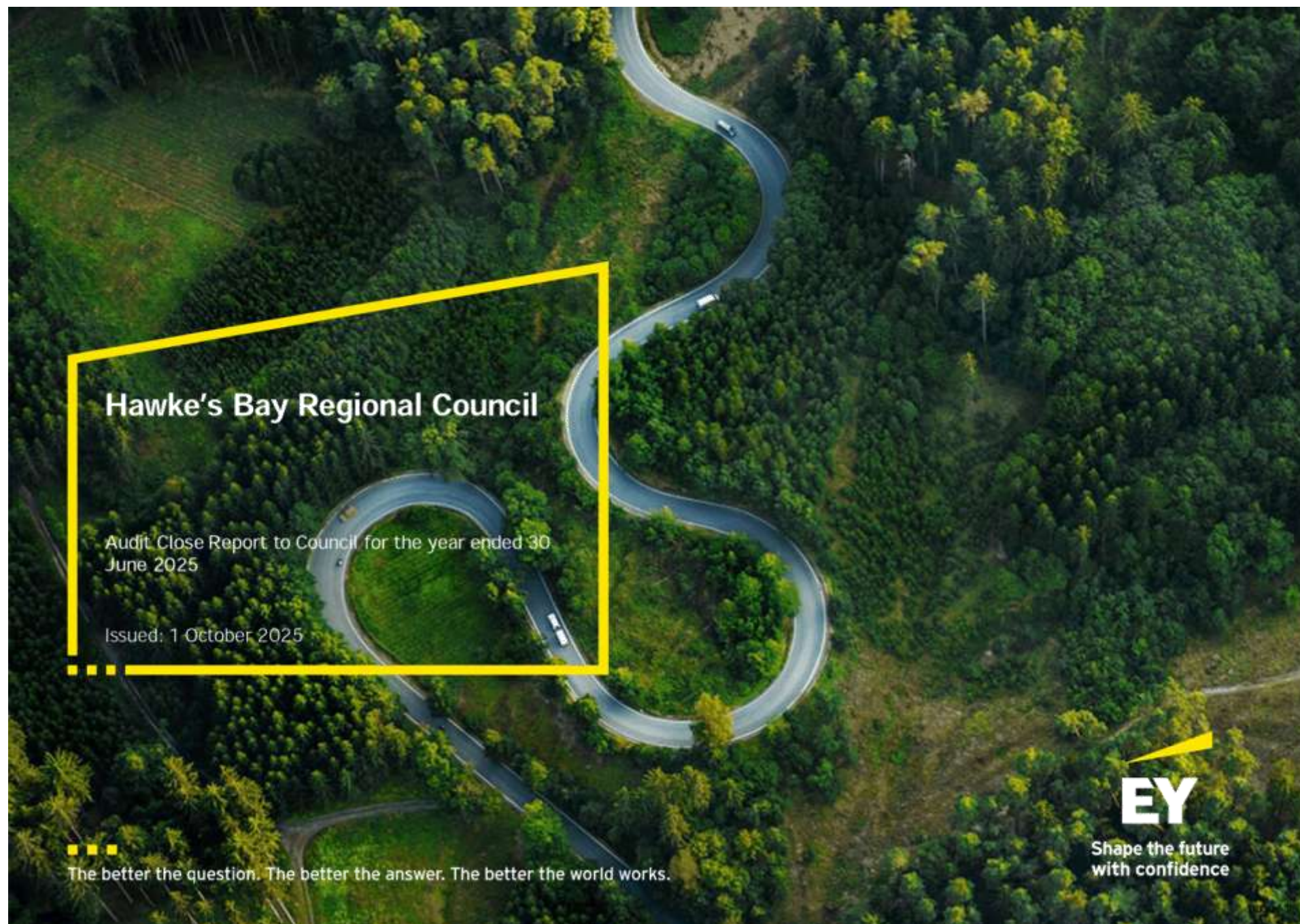


Extraordinary Meeting of the Hawke's Bay Regional Council

Date: Wednesday 8 October 2025
Time: 10.00 am
Venue: Council Chamber
Hawke's Bay Regional Council
159 Dalton Street
NAPIER

Attachments Excluded From Agenda
Available online only

Item	Title	Page
4.	Ernst & Young Audit Close Report on the year ended 30 June 2025	
	Attachment 1: Ernst & Young HBRC Audit Close Report for the year ended 30 June 2025	2
5.	Annual Report 2024-25 Adoption	
	Attachment 1: 2024-25 HBRC Annual Report	25



EY | Hawke's Bay Regional Council | For the Year ended 30 June 2025

A message from your EY team

Dear Councillors

We have completed our audit of Hawke's Bay Regional Council ("Council" or "HBRC") and the consolidated Group ("the Group") for the year ended 30 June 2025.

We confirm that, subject to the resolution of the outstanding matters in Appendix B, we will issue an unqualified audit opinion on the financial statements and statement of service performance.

This report is intended solely for the use of the Council, and senior management of HBRC, and should not be used for any other purpose nor given to any other party without our prior written consent.

We would like to thank your staff for the assistance provided to us during the audit.

I look forward to the opportunity of discussing with you any aspects of this report or any other issues arising from our work.

If you have any queries in the meantime, please feel free to contact David on

+64 21 923 431

Yours faithfully



David Borrie
Partner



Charlie Cramond
Manager



We'd like to express our thanks to the HBRC team that have provided support to our team throughout the process. While this support has been provided by staff across the organisation, we'd particularly like to thank the Finance, Payroll, and Performance Reporting teams that were our primary points of contact and support."

Note: This report is intended solely for the use of Councillors and senior management for the purpose of communicating significant accounting and auditing issues identified in performing our audit. It should not be relied upon as disclosing all risks or deficiencies that may exist and may not be used for any other purpose or disclosed to anyone else without our prior written consent.

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Hawke's Bay Regional Council

For the year ended 30 June 2025

12 Status of the Audit

The 10 remaining items to complete the Hawke's Bay Regional Council audit are listed in Appendix B. We are working through these items with the support of management and will provide an update at the Council meeting.


\$4.2M

Materiality

Our audit procedures have been performed using a materiality for Council of \$4.2M

This is based on 3% of total operating expenses for year ended 30 June 2025.

The threshold for reporting audit differences is \$200k.

Audit Differences

We did not identify any adjusted or unadjusted audit differences relating to the financial statements or statement of service performance.

\$NIL

8 Areas of Audit Focus

The areas of audit focus and level of complexity or management judgement applied are:



Independence

We confirm that we have complied with the NZICA Code of Ethics and the independence requirements of the Auditor General's standards, which incorporate the independent requirements of *Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and in our professional judgement, the engagement team and the Firm are independent.



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AREAS OF AUDIT FOCUS

Infrastructure Assets & Property Plant & Equipment (PP&E) HIGH

Our Understanding

Infrastructure assets and PP&E are significant balances on the Council's balance sheet and at 30 June 2025 the carrying values were \$455m and \$36m respectively (2024: \$436m and \$38m).

Infrastructure assets primarily comprise of land, stopbanks, drainage networks, sawfly works and parks and wetlands and are valued at Optimised Depreciated Replacement Cost (ODRC).

Infrastructure assets are revalued triennially by an external valuer using a mix of actual costs incurred by HBRC in constructing similar assets and externally sourced unit costs. At 30 June 2024 a valuation of infrastructure assets was completed. To consider whether values have moved materially since last valuation, management completed an assessment with reference to movement in cost rates through to 30 June 2025 and other relevant factors.

A comprehensive valuation of land and buildings was undertaken as at 30 June 2025. Independent external valuers were engaged to ensure objectivity and accuracy in the assessment. Morice & Associates Ltd conducted the valuation of land, while CBRE conducted the valuation of the buildings.

Varied methodologies were adopted across the valuations of land and building assets to establish the market values as at 30 June 2025. These include a market approach, income approach and discounted cash flow approach.

Accounting standards also require an impairment assessment of assets where there are objective indicators of an impairment which includes damage caused by weather events. We note that there is no impairment for all assets.



EY Perspective

Our audit procedures included the following:

- Held discussion with management and valuers to understand the process taken and professional judgement used to perform valuations of Land and Buildings. ✓
- We reviewed key assumptions and underlying data for the valuation used by the valuers and ensure data is complete and consistent with inputs received from HBRC. ✓
- For infrastructure assets that were not scheduled for revaluation in the current year, we reviewed management's assessment of movements in key assumptions underlying the historical valuation against current market factors and their conclusion that full valuations were not warranted in 2025. ✓
- Reviewing the fixed asset reconciliation of underlying data to the general ledger with a focus on significant additions and disposals during the year. ✓
- Examining the appropriateness of depreciation against the estimated useful lives in the Council's accounting policies. We also considered the useful lives included in the most recent valuations. ✓
- Testing on a sample basis the classification procedures relating to capital, renewal and maintenance work as well as cut off at year end for capital works to check if it is consistent with work completed at that point. ✓
- Checked if there was appropriate disclosure within the financial statements. ✓



EY | Hawke's Bay Regional Council | For the Year ended 30 June 2025

AREAS OF AUDIT FOCUS

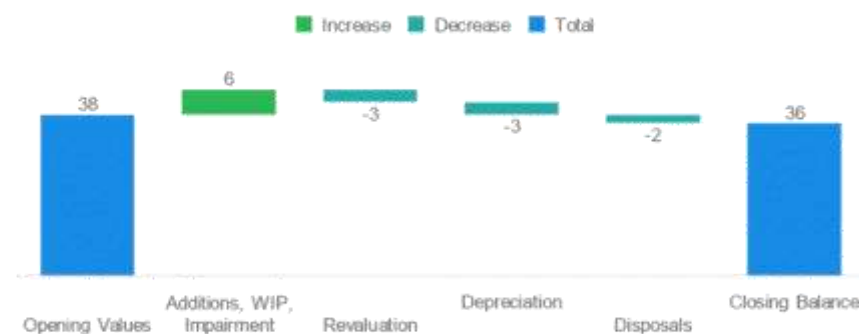
Infrastructure Assets & Property Plant & Equipment (PP&E) HIGH

Our Understanding (cont.)

Infrastructure assets movement for the year ended 30 June 2025 (\$ Millions)



PPE asset movements for the year ended 30 June 2025 (\$ Millions)



EY Perspective

Capital asset additions and depreciation

We performed a recalculation over depreciation expense, gaining assurance on the calculation and that the useful lives are within policy.

We selected several samples of material infrastructure asset and PP&E additions during the year and vouch these to supporting documentation to obtain assurance that only costs which meet the criteria under PBE IPSAS 17 *Property, Plant and Equipment* have been capitalised. At the point this report was issued this work was still in progress. We will update the Council on this work on 8 October.



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AREAS OF AUDIT FOCUS

Cyclone Recovery and Other Grants

MEDIUM



Our Understanding

- ▶ Cyclone Gabrielle caused significant damage to the region’s infrastructure, economy and community. Council plays an important role in the coordination of central government initiatives and funding to support local government and businesses in the region. Council is also responsible for repairing damaged flood protection assets and also improving future resilience and flood mitigations. This includes the North Island Weather Events resilience program.
- ▶ In FY23/24, Council received \$194m of Government funding for removal of sediment and debris on residential and commercial properties in the region that consist of \$143m for local and regional councils and \$51m for commercial entities. At year end, funding that had been received was as follows:
 - ▶ In relation to sediment and debris for local authorities, a remaining balance of \$120k remains on the balance sheet as a liability to be distributed to other local authorities, recipients or repayable to DIA if un-spent
 - ▶ In relation to sediment and debris for commercial properties, a remaining balance of \$200k remains on the balance sheet as a liability to be distributed to other local authorities, recipients or repayable to DIA if un-spent
- ▶ HBRC also received the following funding:
 - ▶ \$7.4m from DPMC for Regional Recovery Agency administration. This funding was received in July 2023 and during the year, \$2.2m (2024: \$2.2m) was recognised as grant income with the remaining balance recognised as income in advance.
- ▶ In addition to the above, Council received payments from NEMA for Welfare claims and to rebuild damaged infrastructure assets.
- ▶ Council also continues to receive ongoing Waka Kotahi funding for bus services and road safety projects. For the year ended 30 June 2025, grant and subsidies from Waka Kotahi amounted to \$5.5m (2024: \$5.6m). Financial reporting standards require NZTA subsidies to be recognised as revenue, while a portion of the associated expenditure is capitalised.
- ▶ These grants typically require funding to be spent on a particular project or area of Council’s operations with any unspent funds to be returned.

EY Perspective

We have performed the following audit procedures in order to validate the revenue and emergency works recognised during the year:

Obtained agreements and amendments or correspondence between HBRC and central government (or other providers) for the funding approved and checked, on a sample basis, that the costs being recovered were in line with the funding agreement.	✓
Checked, on a sample basis, that revenue is being recognised in line with obligations/undertakings being satisfied.	✓
Examined costs claimed from Waka Kotahi, on a sample basis, to check the expenditure was allowed to be claimed. We also carried out an assessment of the reasonability of Waka Kotahi income and its completeness in consideration of the level of costs incurred for the period.	✓
For a sample of revenue recognised in the year across all grants, we have vouched receipt of funds to bank.	✓
Assessed all transactions posted in relation to funding proceeds from NEMA in relation to infrastructure strengthening. We have checked the listing post-YE to ensure completeness and address risk of understatement. We have vouched the receipt of all claims and checked that it has been accounted in the correct period.	✓
Assessed the disclosures in the annual report in relation to each funding is in line with relevant accounting standards.	✓

Council recognises liabilities for funds received until costs are incurred. For the funds allocated to HBRC for sediment and debris, approximately \$34.3m was spent in the year to 30 June 2025 of which a corresponding amounts of funding was recorded as grants income.

In addition, HBRC is responsible for allocating and ensuring funds provided to other entities are spent on approved purpose and in line with the contractual agreements with government agencies.



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AREAS OF AUDIT FOCUS

Investment Property

MEDIUM

Our Understanding

HBRC leasehold properties in Napier and Wellington are recorded as investment property (IP) at fair value.

The Napier leasehold endowment portfolio comprises of 131 individual properties, all being residential and 1 commercial lease. These are all perpetual renewal ground leases with all but 1 being subject to a 21 year review. Many leases have the rents at prescribed 5% of land value on review. Under the Hawke's Bay Endowment Land Empowering Act 2002, freeholding is only allowed to the current lessee under a specified valuation methodology.

The Wellington portfolio comprises of 11 properties located in inner residential and commercial areas of Wellington.

IP is revalued annually in line with accounting policies by registered independent valuer, CBRE. The valuation requires significant judgement as fluctuation in assumptions including yield can materially impact the valuation outcome.

The valuation is based on a capitalisation approach and a discounted cash flow analysis. The results of both valuation approaches have been considered and the end value recommended is effectively a blend of the two approaches.

As at 30 June 2025 the portfolio of Investment property was valued at \$66.72m (2024: \$66.7m).

Components	Fair value (\$m)	Movements in value (\$m)
Napier Endowment properties	42.0	(0.05)
Wellington properties	24.2	0.07
Other	0.6	0
Total value	66.7	0.02



EY Perspective

Our audit procedures on Investment property valuations included the following procedures:

- Reviewed key assumptions used in the valuations and assessed whether they are reasonable, in accordance with accounting standards ✓
- Made inquiries directly of CBRE to understand the changes to significant judgements and assumptions they have applied in the valuation ✓
- Tested, on a sample basis, property specific information supplied to the valuer by management to the underlying records held by the Council ✓
- We understood the changes to the market and the portfolio which would result in movements in assumed discount rates and tenure periods ✓
- Obtained assurance as to the valuers' independence and objectivity ✓
- Considered the appropriateness of management's disclosures of the key estimates and judgements for investment property within the financial statements ✓

We are satisfied the assumptions and approach applied to the valuations provides a reasonable basis to determine asset values for financial reporting. We note the valuation is based on assumptions and underlying data including:

- Existing and proposed tenancy arrangements;
- Rental growth assumptions based on prevailing economic and market conditions as at the date of valuation;
- The current condition of properties; and
- Estimated capitalisation and discount rates.



AREAS OF AUDIT FOCUS

Integrity of Rates Strike, Rates Invoicing and Collection MEDIUM

Our Understanding

Rates income levied represents a key source of Council's revenue. Below is summary of the rates revenue recognised by the Council.

Rates revenue	2025 (\$m)	2024 (\$m)
Uniform annual general charges	9.0	4.3
General rates on land value	15.9	8.6
Targeted rates	22.7	27.9
Rates remitted and penalties	0.3	0.2
Total value	47.9	40.9

There is specific legislation in place which must be adhered to for the rates strike to be lawful. Failure to comply with rating law and the associated consultation requirements can create risks to the integrity of rates revenue.

The accuracy of rates revenue is dependent on the integrity of the rates database. The reliability of the rates billing system is also key to rates being billed appropriately.

The requirement for there to be consistency between the rates resolution, the Funding Impact Statement for that year, and the Revenue and Financing Policy in the long term plan is fundamental because this is the thread that links community consultation to the rates levied by Council. The year ended 30 June 2025 is the first year of the three year plan focused on recovery.



EY Perspective

Our work in relation to rates revenue and debtors included:

- Testing Council's rate setting processes including testing the accuracy of the underlying valuation information. ✓
- Reviewing Council's procedures for ensuring the rates set is compliant with the Local Government Rating Act. ✓
- Examined the application of the rates set to the rating database. ✓
- Reviewing the billing to specific ratepayers and subsequent collection on a sample basis. ✓
- Reviewing the provision for doubtful rates debtors to consider whether it is appropriate in the circumstances. ✓

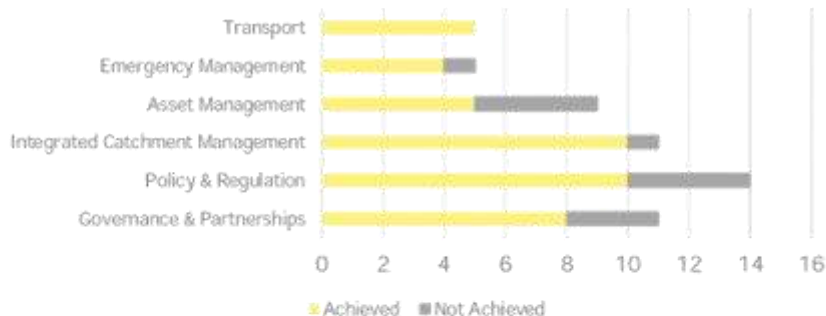


AREAS OF AUDIT FOCUS

Performance Reporting

Our Understanding

Non Performance results



Council is required to report its performance against performance measures included in the Long-Term Plan (LTP). These measures are key to the Council providing a 'performance story' to the community.

Our audit opinion on the service performance report covers compliance with generally accepted accounting practice, and whether or not the service performance report fairly reflects the Council's actual service performance for the period.

The performance framework that was set as part of the Three Year Plan 2024-2027 is applicable to the current financial year.

We have selected measures we deemed significant across the groups of activities for detailed testing in the context of our audit of the 2024/25 annual report. However, we have considered the entire performance report as part of our feedback to management.

Hawke's Bay Regional Council, like many local authorities, have declared a climate emergency. Not dissimilar from other local authorities climate change is a focus area for the Council and this was considered in developing the Three Year Plan 2024 - 2027. As a result the Council included a performance measure in the Long Term Plan to measure its progress towards reducing emissions. The performance measure quantifies HBRC's emissions with a target of reducing this over time. Council continued to engage the services of EKOS to prepare GHG inventory report for the year ending 30 June 2025. Where an entity includes such measures in their accountability documents and the annual report, climate related information included in the performance information is treated like any other performance measure in the annual report and therefore such measures are subject to audit.

EY Perspective

We carried out the following audit procedures in assessing the effectiveness of the Council's non-financial performance reporting:

- Obtained understanding of key performance reporting processes and reviewed the collation methodologies applied by Council. ✓
- Examined, on a sample basis, the Statement of Service Performance to determine that the measures have been reported on and outputs have been achieved where stipulated. For the selected measures this included obtaining the underlying supporting documentation and re-performing the calculations. ✓
- Assessed the completeness and effectiveness of the performance framework utilised. ✓
- Checked whether all mandatory performance measures stipulated by the Non-Financial Performance Measures rules 2013 have been included in Council's reporting. ✓

We recommended further enhancements to the selected measures that can be incorporated into the upcoming long term planning process.

Greenhouse Gas emission measure:

Our audit procedures on the GHG emission measure included:

- Obtaining and reviewing the EKOS Inventory report.
- Assessing whether the reports covered adequately factors that are normally included in GHG inventory report.
- On a sample basis tested the accuracy of the GHG activities and related emission factors applied to externally sourced documentation.
- Obtained and placed some reliance on the audit report issued by McHugh & Shaw (third party auditors) engaged by the Council and EKOS to complete an audit of EKOS report.
- Assessed the adequacy of the disclosures included in the annual report that describe the judgements involved in determining the reported results.

We noted quantification of GHG emissions is subject to inherent uncertainty because scientific knowledge and methodologies to determine the emission factors and processes to calculate and estimate quantities of GHG sources are still evolving. Consequently, our audit report will include an emphasis of matter paragraph that draws readers' attention to the disclosures in the annual report in relation to this measure. This does not constitute a qualification and is consistent with the approach taken to other Councils in the sector reporting GHG emissions measures.



Low Risk Focus Areas

 ASSESSMENT OUTCOME	 FOCUS AREAS	 BACKGROUND	 EY PERSPECTIVE
QUALITY RATING Difference ConservativeCautiousBalancedOptimisticDifference Aggressive LOW	Financial Assets	- Council has a large managed investment portfolio amounting \$125m at 30 June 2025 (2024: \$119m). The administration of investments is outsourced to Harbour Asset Management. - Council's investments in Hawkes Bay Regional Investment Company (HBRIC) amounted to \$420m as at 30 June 2025 (2024: \$35.1m). This investment is eliminated at group level as Council consolidate its subsidiaries in line with accounting standards. - The increase in managed investments is a result of increased market value of global equities in FY25, with \$4.5m of investment valuation gains recorded. - HBRC has community loans receivable of \$17.1m (2024: \$19.5m) to support ratepayers transition to energy efficient homes. The loans are repayable by a targeted rate over 10 year period.	Our procedures have included: - Examining key investment reconciliations - Confirming the existence and valuation of all investments with investment managers at balance date through external confirmations - Obtaining and evaluating the ISAE 3402 reports of the investment managers and custodians in order to place reliance over the external confirmations in regard to existence and valuation - On a sample basis assessed the valuation of direct investments to externally sourced prices. - On a sample basis verifying the community loans movement during the year to agreements with ratepayers and the levy of rates to repay the loans - Investments in HBRIC, our procedures included reperforming the fair value calculation based on externally sourced share prices and verification of HBRIC shares held. - Assessing the appropriateness of disclosures in accordance with financial reporting standards.

Low Risk Focus Areas

 ASSESSMENT OUTCOME	 FOCUS AREAS	 BACKGROUND	 EY PERSPECTIVE
QUALITY RATING Difference Conservative Cautious Balanced Optimistic Difference Aggressive LOW	Borrowing & Derivatives	- Borrowing represents one of the main sources of funding for HBRC's capital projects and debt levels change with the timing of planned capital projects and the repayment profile. The total value of debt at 30 June 2025 was \$118m (2024: \$130m). Majority of the outstanding borrowing is through LGFA (\$114m), and Westpac (\$1.25m). HBRC also has borrowing amounting to \$1.5m from provincial growth fund lending. - HBRC continues to maintain interest rate swaps to manage the Council's exposure to interest rate fluctuations arising from borrowing activities. The mark to market value of swaps as at 30 June 2025 amounted to an asset of \$592k (2024: asset of \$1.9m).	We carried out the following audit procedures with regard to the Council's public debt and interest rates swaps: - Obtained an understanding of debt facility agreements maintained in the year and reviewed the relevant debt facility agreements including the process for managing drawdowns. - We have considered the term and current classification of debt. - Obtained LGFA confirmation of the outstanding debt position at year end. - Confirmed derivative positions in place at year end and independently valued a sample of derivative contracts. - Reviewed disclosures associated with the debt and derivative positions. - Reviewed the prudent benchmark measures relating to debt, interest level and sustainability as required by legislation. Apart from the LGFA borrowing, there are no financial covenants relating to the either borrowing from the banks and HBRC. We completed checks of Council's compliance with LGFA covenants with no issues to report. We will complete the procedures required of us by the debenture trust deed. Our procedures will include reporting to the Trustee based on the work performed for the statutory audit of the financial statements and performance information and whether anything has come to our attention that indicates the statements made in the reporting certificates issued by the Council are misstated.

EY | Hawke's Bay Regional Council | For the Year ended 30 June 2025

Low Risk Focus Areas



ASSESSMENT OUTCOME



FOCUS AREAS



BACKGROUND



EY PERSPECTIVE



Expenditure, Procurement and Tendering

- Appropriateness of Councillor and management expenditure is an area of interest to ratepayers.
- Council's capital works procurement programme involves significant cashflows and long term contract management.
- Areas of expenditure such as travel, accommodation, training and catering can present opportunities for personal benefit (or perceived personal benefit).

We carried out the following audit procedures:

- We have reviewed Council's policies and are satisfied that there is adequate guidance regarding the procedures for handling sensitive expenditure and conflicts of interest within the organisation and policies are consistent with best practice guidelines issued by the OAG in 2020.
- ▶ We have reviewed, on a sample basis, expenditure and credit card statements of councillors and management and checked expenditure is appropriate and inline with Council Policies.
- ▶ We have also updated our understanding of Council's procurement and contract tendering processes and tested a sample of procurements to ensure they follow the policies appropriately.



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Assessment of Control Environment

Internal Controls

As part of our audit of the financial statements, we obtained an understanding of the internal control environment in order to sufficiently plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control we are required to communicate to you, significant deficiencies in internal control.

While we haven't identified significant deficiencies in internal control our preliminary recommendations on the righthand side of this page provide a basis for management to consider improvement to existing processes and controls. We are currently working through validating our observations with management and finalising responses regarding intended actions.

A summary of the risk matrix applied is as follows:

- H** Needs significant improvement - matters which are fundamental to the system of internal control. The matters observed can seriously compromise the system of internal control and data integrity and should be addressed as a matter of urgency.
- M** Needs substantial improvement - matters which are important to the system of internal controls should be addressed as soon as practically possible
- L** Needs some improvement - matters which are unlikely to have a significant impact on the system of internal control but should be addressed as part of continuous improvement.

The following table provides an overview of the number of observations and risk rating we have identified during the course of our audit, as well as progress we have seen in response to our previous recommendations since the 30 June 2025 audit.

Summary of Control Observations

Observation	H	M	L	New	Recurring
Reconciliation of community loans		✓			✓
Performance reporting: Certain measures can be enhanced to focus on outputs, impacts and outcomes rather than process or legislative compliance requirements			✓		✓
Inappropriate approval of sensitive expenditure			✓		✓
Inaccurate categorisation of asset balances and aged WIP			✓		✓
Maintain and regularly reconcile the Fixed Asset Register for all asset class			✓	✓	
Approval for travel expenses does not align with sensitive expenditure policy			✓	✓	
Performance reporting: Inaccurate recording of time taken to process resource consents			✓	✓	
Total open points as at 30 June 2025	0	1	6	3	4

Process and control recommendations

Risk Ratings	H	M	L	Total
Open at 30 June 2024	0	1	6	7
Closed during FY 2025	0	0	(3)	(3)
New points raised in FY 2025	0	0	3	3
Total open points as at 30 June 2025	0	1	6	7



Audit Differences

Summary of Adjusted Differences

The following differences have been identified during the course of our audit and have been adjusted by management in the Annual Report.

Disclosure matter	Description
Statement of Service Performance Reporting	Within the Annual Report, quantitative information in relation to a performance measure "The Road Safety team will coordinate and deliver a program of road safety workshops, initiatives and community events" was tested and we are only able to prove the occurrence of 86 out of the 113 initiatives initially reported in the annual. This has been communicated and agreed with management.

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A. Other Required Communications

Auditing Standards require us to report to you certain matters that are not otherwise detailed in this report.

Matter	How matter was addressed
Material uncertainty related to going concern	No conditions or events were identified, either individually or in aggregate, that indicated there could be doubt about Hawke's Bay Regional Council ability to continue as a going concern for 12 months from the date of our report.
Disagreements with management	During our audit we had no unresolved differences relating to the application of accounting principles, the scope of our audit or disclosures to be included in the financial statements.
Compliance with laws and regulations	We have not identified any material instances of non-compliance with laws and regulations.
Cyber breaches	We have made enquiries of management regarding known cyber breaches during the year, including any impact to the financial report. We have understood the process for identification, investigation and remediation in relation to the cyber breaches.
Fraud and illegal acts	We have made enquiries of management regarding: - Knowledge of any fraud or suspected fraud affecting the entity involving Management, employees who have significant roles in internal control; or others where fraud could have a material effect on the financial report. - Knowledge of any allegations of fraud, or suspected fraud, affecting Hawke's Bay Regional Council financial information. Based on our enquiries and audit procedures, we did not become aware of any fraud or illegal acts during our audit.





B. Outstanding Matters

The following items relating to the completion of our audit procedures are outstanding at the date of the release of this report:

Matter	Description	Responsibility
Infrastructure Asset	Receipt of support for Additions and WIP for sample testing	EY
PP&E	Receipt of asset roll forward that agrees to financial statement.	EY
Hydrology	Receipt of asset roll forward that agrees to financial statement.	EY
Intangible Asset	Receipt of asset roll forward that agrees to financial statement.	EY
Sensitive Expenditure	Receipt of support for travel expenditure sample	
Procurement	Open queries relating to procurement plan for procurement sample testing	
Statement of Service Performance	Open queries relating to performance measure 'Percentage of resource consents processed within statutory timeframe'	
Financial Statement	Receipt of consolidated financial statement with adjustments (including IFRS to PBE adjustment)	EY
Performance Reporting	Receipt of updated performance reporting	EY
Subsequent events review	Completion of subsequent events procedures to the date of signing the audit report	
Signed Annual Report	Receipt of the signed Annual Report	
Representation letter	Receipt of signed representation letters	

Key: EY responsibility
 Management responsibility

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Appendices

C. Independence

There are no matters that, in our professional judgement, bear on our independence which need to be disclosed to the Board.

We are not aware of any other relationships between the Firm or other firms that are members of the network of EY firms and Hawkes Bay Regional Council that, in our professional judgment, may reasonably be thought to bear on independence.

We highlight the following services that we have or will perform in respect of the year:

Description of relationship or service	Period Provided	Safeguards adopted	Fees (\$)
Debenture Trust Deed reporting	FY25	Independent assurance services	3,500
Agreed Upon Procedure in relation to vote scrutineering*	FY25	Independent assurance services	2,900
Total non-audit fees			6,400

*Fee relates Napier Port Holdings Limited.

We consider that our independence in this context is a matter that should be reviewed by both you and ourselves. Our fee for the audit of the financial statements is \$240k excluding disbursements.

We also complete the Audit of Council's subsidiaries (HBRC, FoodEast and the Port of Napier). Our audit fee is separately agreed with the respective entities. For the non assurance services provided pre-concurrence from Council has previously been received for services of this nature.

We confirm that we have complied with NZICA Code of Ethics and the Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand)* independence requirements, and in our professional judgement, the engagement team and the Firm are independent.

Meeting your independence requirements



Independent In "Appearance"

- We have brought differences in opinion to management and the Council.
- We have adhered to the independence requirements of Hawke's Bay Regional Council.
- We have not provided any prohibited services.
- We have complied with all independence legislation and guidelines.



Independent In "Mind"

- The scope of non-audit services provided to you has been based upon both the letter and spirit of the current rules governing auditor independence.
- We have no actual, potential or perceived conflicts of interest.
- All team members have personally confirmed their independence.
- We have adhered to strict confidentiality requirements.
- We have ensured that EY, its Partners and current service team members do not hold any financial interests in Hawke's Bay Regional Council.



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D. AI Capabilities in the Audit

The Hawke's Bay Regional Council audit is enhanced by EY's investments in AI and emerging technology.

AI in the audit is enabling greater accuracy, consistency in our procedures, enhanced risk assessment and access to information – enhancing audit quality.

Our Market Leading AI Products

Canvas AI	Supports risk assessments for EY teams by leveraging advanced, AI-enabled algorithms within our central platform to benchmark the audit.	Financial Statement Tie Out (FSTO)	Leverages AI to bring automation to financial statement tie-out procedures, enhancing accuracy and reducing repetitive and resource-intensive effort
Data Snipper	An intelligent Excel add-in that assists assurance professionals by improving the speed and quality of vouching, tracing, and data extraction of PDFs and other supported documents into Excel.	EYQ Assurance Knowledge	An ecosystem of Generative AI (GenAI) capabilities, enables searches and summarises EY's auditing and accounting content to provide coherent information in the right context.
M365 Copilot	A suite of AI-powered features designed to enhance productivity and creativity in the M365 Ecosystem.	Intelligent Checklist Recommendations	Gen-AI enhanced automation to provide recommendations when teams review disclosure requirements.
Code Explainer	Gen-AI tool that takes programming codes and provides plain English explanations.	General Ledger Anomaly Detection	Leverages AI to detect and extract journal entries showing anomalous patterns from among the entire journal entry population.
Document Authenticity Tool	Analyses electronic documents used as audit evidence to identify characteristics of documents that can be indicators of alteration or inauthenticity.	Multi Agent Framework	We look forward to demonstrating this market leading capability for you in our next Hawke's Bay Regional Council technology showcase.



EY | Hawke's Bay Regional Council | For the Year ended 30 June 2025

Appendices

E. System of Quality Management

The annual evaluation conclusion for EY New Zealand is that the objectives of the System of Quality Management are being achieved as of 30 June 2024 and that they support the consistent performance of quality audits and related engagements.

EY is dedicated to delivering high-quality audits and assurance engagements and serving the public interest.

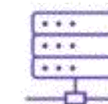
Key elements of EY's SQM



Common processes, policies, programs and technologies



Consistent quality objectives, quality risks and responses



Commitment to conduct high-quality audits across the EY organisation

EY's approach to quality management

Professional and Ethical Standard 3 ("PES 3", which is the NZ version of ISQM 1) is applicable to all firms that perform audits and other similar engagements. As a result, we are required to design, implement and operate a system of quality management ("SQM") to provide reasonable assurance that:

- The member firm and its personnel fulfil their responsibilities in accordance with professional standards and applicable legal and regulatory requirements, and conduct engagements in accordance with such standards and requirements.
- Engagement reports issued by the member firm or engagement partners are appropriate in the circumstances.

We are also required to monitor, remediate and annually evaluate the SQM as well as communicate to those charged with governance how the SQM supports the consistent performance of quality engagements. The following slides explain our approach and the results of our most recent assessment.

Individuals with SQM roles have the appropriate experience, knowledge, influence and authority, and sufficient time to fulfil their System of Quality Management roles and are accountable for fulfilling their responsibilities.

EY member firms, which include the relevant New Zealand firms, are ultimately responsible for the design, implementation, and operation of their SQM, and have the responsibility to:

- Evaluate policies, technologies, strategies, programs and baseline elements provided to them, and
- Determine if they need to be supplemented by the member firm to be appropriate for use.

Note: In the context of the annual evaluation of the SQM, EY New Zealand refers to the following member firms performing audits or reviews of financial statements or other assurance or related services engagements: Ernst & Young (partnership), Ernst & Young Limited and Ernst & Young Strategy and Transactions Limited.



EXECUTIVE SUMMARY

AREAS OF AUDIT FOCUS

CONTROL ENVIRONMENT

AUDIT DIFFERENCES

APPENDICES

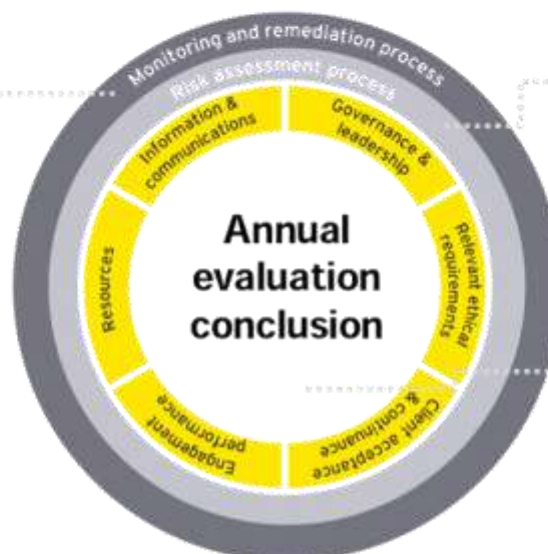
page 21

E. System of Quality Management (cont.)

SQM processes to support quality audits

Monitoring and remediation process

- Provide relevant, reliable and timely information about the design, implementation and operation of the SQM and a basis for the identification of deficiencies in the SQM.
- Monitoring activities include monitoring the entire SQM (e.g., testing SQM controls, internal inspections of completed engagements, assessing member firm and personnel's compliance with ethical requirements related to independence).
- If deficiencies are identified, they are corrected on a timely basis and an action plan is designed, implemented and evaluated for effectiveness.



Risk assessment process

- Establishing quality objectives (based on PES 3 requirements).
- Identifying and assessing quality risks.
- Designing and implementing responses (including policies, technologies and key controls).

Annual evaluation conclusion

The annual evaluation conclusion:

- Is as of 30 June for all EY Member Firms performing engagements in the scope of PES 3.
- Considers the results of monitoring activities.

Key roles within the SQM include:

- The Country Managing Partner: assigned ultimate responsibility and accountability for the SQM by concluding on its effectiveness.
- The Country Assurance Managing Partner: assigned operational responsibility for the System of Quality Management. This includes recommending the System of Quality Management annual evaluation conclusion to the Country Managing Partner.
- The Country Independence leader: assigned operational responsibility for compliance with independence requirements.
- The Country Professional Practice Director: assigned operational responsibility for monitoring the SQM including concurring with or proposing changes to the recommended SQM annual evaluation conclusion.

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ED 09/25

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Pūrongo ā-Tau Annual Report 2024-2025



hbrc.govt.nz


HAWKES BAY
REGIONAL COUNCIL
TE KAUNIHERA Ā-ROHE O TE MATAU-A-MĀUI

What's an Annual Report?

An annual report is a formal accountability document that councils are legally required to produce each year under the Local Government Act 2002. It shows how the council has delivered on the priorities, projects, and services promised in its long-term and annual plans.

The purpose is to provide transparency and accountability to the community, central government, and other stakeholders. It lets residents see how their rates and other income have been used, and whether the council is making progress toward the community's long-term goals.

Our planning and reporting cycle

Our current long-term plan covers only three years reflecting the high level of uncertainty following Cyclone Gabrielle. This shorter time horizon was enabled by temporary legislation following Cyclone Gabrielle in 2023 for the worst-affected councils.

A long-term plan is usually 10-years, and reviewed every three years.

Planning cycle



Our Three-Year Plan 2024-2027 is available online at hbrc.govt.nz, search: #3yearplan



Adopted 8 October 2025

Prepared in accordance with the requirements of the Local Government Act 2002

HBRC Publication number: 5694

ISBN: XXXX

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PŪRONGO Ā-TAU 2024-2025

HE TIROHANGA WHĀNUI KI NGĀ TUTUKINGA



He aha kei te Pūrongo ā-Tau?

What's in the Annual Report?

Welcome to the Annual Report 2024-2025. This report describes the work we have undertaken between 1 July 2024 and 30 June 2025. It focuses on actual performance against what was planned in the first year of our Three-Year Plan 2024-2027. It covers both service and financial performance against targets.

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Wāhanga 1
He tirohanga whānui ki
ngā tutukinga

Part 1

Overview of our performance



This section includes an overview of the year from the Chair and Chief Executive, summaries of our performance, and a snapshot of what we delivered over the year.

Kupu whakataki

Introduction

From the Chair and Chief Executive

Nau mai, haere mai - welcome to the Hawke's Bay Regional Council's Annual Report 2024-2025.

Responding to our priorities

Building flood resilience was a key focus for the Regional Council over the past year. Staff have been working with communities across the region, from Wairoa to Pōrangahau, on a comprehensive \$256 million Flood Resilience Programme.

We are on track to complete this substantial work programme in the next two years. The programme includes flood mitigation interventions in six locations (Wairoa, Whirinaki, Waiohiki, Omāhu, Pākōwhai, and Pōrangahau), upgrading of pumpstations, telemetry network upgrades, reviews of all our flood control and drainage schemes, and upgrades to our levels of service. Crown approval of Project Delivery Plans in the past year was a major milestone, enabling projects to progress to design, consenting, procurement, and construction. This mahi is outlined in full on pages 15 to 18 of this report.

While flood risk cannot be eliminated, the work will strengthen protection, buy critical time during severe events, and reduce risks to people, homes, and livelihoods.

Progress continued to be made on implementing the 52 recommendations from independent flood reviews following the cyclone and Wairoa flood event. Five priority projects secured funding through the 2025-26 Annual Plan. These included the Extreme Weather Hub, engagement on Reimagining Flood Resilience for our two major schemes (Heretaunga Plains and Upper Tukituki), Flood Forecasting System, Trigger levels and the Hazards Portal.

Responding to a changing climate underpins our priorities as an organisation. The release of the first Hawke's Bay *Climate Change Risk Assessment* in May 2025 shared evidence about the range of climate risks we are exposed to regionally. This will inform future climate adaptation work.

Highlighting our commitment to providing options for water security, the Regional Council adopted an action plan supporting, alongside central government, feasibility of a medium-scale Heretaunga Plains water

storage facility storage at Whanawhana, and progression of the Central Hawke's Bay Managed Aquifer Recharge.

We released the 2021-2024 State of the Environment Report, which is a three-yearly check on the health of the region's environment. It was based on data collected before and after Cyclone Gabrielle and highlights several major environmental challenges to focus on in the years ahead.

Other highlights of the year

Over the past year, we have made strong progress across a wide range of environmental, recovery, and community initiatives. These can be read in Part 3.

Work aimed at reducing the impact of flooding during a weather event was undertaken at the Wairoa River Bar, with a section of the beach crest lowered. Water will be able to exit the river more effectively during high flows.

We launched new digital tools, including an engagement hub for community input and an Extreme Weather Hub/Te Pae Huarere Taikaha to support preparedness for floods and droughts. A Cyclone Gabrielle flood map was also published online.

In biodiversity, we exceeded targets, protecting and maintaining more priority ecosystem sites than planned. We funded 21 projects in partnership with catchment and community groups, expanded our nursery, and delivered 187 kilometres of new waterway fencing. We also supported 17 community-led biodiversity projects through a new contestable fund. Our Environmental Education team fostered the next generation of kaitiaki, with youth leadership programmes, school challenges, and a new water education resource.

We continued to protect and manage the region's precious taonga of natural resources, with 19 water bodies confirmed as 'outstanding' by the Environment Court. We pioneered LiDAR research to better manage erosion-prone land and scientific evidence showed the role of trees in reducing erosion risk.

Cyclone recovery was a major feature in our trails and regional parks, including a new footbridge between Taradale and Puketapu, and key repairs to sections of the Hawke's Bay Trails Great Ride. At Waitangi Regional Park, new facilities and a pou were unveiled.



With the Māori Partnership team’s support, the Council signed an MOU with Tamatea Pōkai Whenua and adopted a values-based framework guiding estuary and catchment management with Mana Ahuriri Trust.

In transport, we adopted new Regional Land Transport and Public Transport plans, securing funding for major projects such as the Waikare Gorge realignment and future expressway upgrades. Our RoadSafe team ran 86+ community events and reached thousands of people.

Across all these initiatives, collaboration with mana whenua, partners, and community groups has been central. Despite the challenges of recovery, Hawke’s Bay is making meaningful progress in strengthening flood resilience, protecting biodiversity, enhancing public spaces, and planning for a sustainable future.

Our Annual Report demonstrates strong progress across our work programme this year, achieving 42 of 55 performance measures (76%) set in the Three-Year Plan. See page 8 for more details.

Financial performance

The Regional Council reported a \$34.5 million surplus for 2024-25 which was lower than the planned \$55.7 million surplus. This was mainly due to timing of government grants for the North Island Weather Event (NIWE) Flood Resilience Programme. Much of this funding and spend will occur over the next two years.

Our operating expenditure was \$137.9 million, higher than our budget of \$93.6 million due to an extension of the sediment and debris work, fully offset by unbudgeted revenue. Capital expenditure was \$24.4 million, below the \$82.1 million budget, reflecting revised NIWE project timings.

The Regional Council received a planned dividend of \$15.05 million from our investment company – Hawke’s Bay Regional Investment Company Ltd – easing the financial burden on rates. Managed funds returned 8.4% after being transitioned to a new provider.

Hawke’s Bay Regional Council maintained its AA (very high credit quality) credit rating from Fitch Rating. This reduces our interest rate charge by the Local Government Funding Agency which reduces our borrowing costs.

See Part 5 for more details on financial information.

The year ahead

Reducing flood risk by strengthening our flood protection infrastructure remains one of our key priority areas for 2025-26. Our other priority focus areas are to advance solutions for regional water security and support sustainable land use that safeguards our environment and community.

Following an efficiencies and effectiveness review during the year, we’ll also be working to reshape the Regional Council to allow it to move confidently into the future and to deliver services within its means with and for communities across the region. The review was initiated by Councillors during the adoption of the Three-Year Plan 2024-2027 in response to unprecedented demands facing the region – from Covid-19 and Cyclone Gabrielle to the growing pressures on local government across the country.

We remain committed to strengthening our relationships with our partners – both at local, regional, and national level – ensuring a practical and adaptive response to our changing operating environment. We also extend our sincere thanks to Councillors and staff for their ongoing dedication and service to the region.

Te Toihau

Chair

Hinewai Ormsby

[signature]



Kaiwhakahaere Matua

Chief Executive

Dr Nic Peet

[signature]



Mō te Kaunihera ā-rohe o te Matau-a-Māui About Hawke's Bay Regional Council

As a regional council we are primarily responsible for the integrated management of the natural and physical resources for Hawke's Bay. This includes land, water, air, soil, biodiversity, and built structures such as stopbanks.

We plan, budget, and report on our work in groups of activities. We have six groups of activities (right).

Figure 1: Hawke's Bay catchment area (green). Red boundary indicates HBRC legislative area



Hawke's Bay is home to around 184,800 people and covers an area of 1.42 million hectares of land. The coastline is 353 kilometres which stretches from Māhia in the north to Pōrangahau in the south.

Governance and Partnerships

We support our elected members and tāngata whenua representatives in their governance roles and promote community sustainability through climate action, environmental education, and corporate sustainability. We also support regional development.

Policy and Regulation

We carry out policy planning and implementation, compliance monitoring, pollution response, and issue consents. We are also responsible for maritime safety.

Integrated Catchment Management

We provide science and environmental information, catchment management, and biodiversity and biosecurity work.

Asset Management

We carry out flood protection and control works, and flood assessment and warning. We also manage the Regional Water Security Programme and coastal hazards work.

We own and manage various regional parks and maintain cycleways that are on our stopbanks. Some of these form part of the Hawke's Bay Trails.

Emergency Management

We are the administering authority for the Hawke's Bay Civil Defence Emergency Management Group (HBCDEM) on behalf of the region's councils. We also maintain emergency response capability to support the CDEM Group. Additionally, we operate a 24-hour CDEM and HBRC duty management service to respond to urgent public enquiries and complaints.

Transport

We undertake regional transport planning and coordinate road safety education across Hawke's Bay. We also contract public bus and Total Mobility taxi services.



Ngā paerewa mō ā mātau whakatutukinga Our levels of service performance

Over the year, Hawke's Bay Regional Council tracked progress of 55 level of service measures. These measures were set in the Three-Year Plan 2024–2027.

At year end 76% (42) levels of service were achieved and 24% (13) were not achieved. This is the first year of reporting on this set of levels of services measures. This is an improvement on the previous year (2023-24), in which 62% of the set of measures were achieved, 28% not achieved, and 10% not reported on.

Overall performance 2024-25



Performance measures by Groups of Activities 2024-25



Challenges affecting our ability to achieve

Cyclone recovery and the urgency of delivering the ambitious multi-year \$256 million flood resilience programme meant that a number of our performance measures were not achieved as budgets and resources were reprioritised.

The decision to hold 20 vacancies as part of fiscal savings has also impacted our ability to achieve some of the levels of service outlined in our Three-Year Plan 2024-2027.

With reviews of our infrastructure assets underway following recommendations from the cyclone, many renewals and new capital work on existing assets have slowed until these scheme reviews are completed. This has affected three of our performance measures in Asset Management.

Changes and uncertainty in policies at a national level remains challenging. The Regional Council is committed to complying with a resource management framework for national policy directives. Work has paused while we monitor the evolving national direction and ongoing Resource Management Act reform.

Statement of compliance

These performance measures were developed as part of the Three-Year Plan 2024-2027. Reporting against these levels of service measures also considers and complies with the requirements of the PBE FRS 48 reporting standards. PBE FRS 48 requires local government to present their service performance information in the context of why the organisation exists, what it intends to achieve in broad terms, and what was done during the reporting period to achieve its broader aims and objectives.

More information on our levels of service measures is in Part 4.



Ngā hua ā-hapori

Our community outcomes

Our three community outcomes are used in the group of activities statements to show when activities primarily contribute to a specific community outcome.

Our community outcomes guide the long-term direction of our work to promote the social, economic, environmental, and cultural wellbeing of our region now and into the future.



Our communities benefit from healthy and functioning ecosystems, in which our air, land, freshwater, marine and coast, and biodiversity are protected and enhanced.



Our communities are prepared for natural hazards, supported by planning and infrastructure, partnerships and knowledge-sharing on the increasing effects of climate change.



Our communities thrive from high-performing regional infrastructure that enables the region's natural and human resources to deliver goods and services that underpin prosperity and wellbeing.

Performance by community outcomes

In this Annual Report, we provide highlights of our work under our community outcomes. You can read these highlights in Part 3.

The work that we carry out relate to 23 activities that sit under 6 groups and are defined in the Three-Year Plan 2024-2027. Each activity is linked to a community outcome and performance is assessed through levels of service measures.

This graph shows which levels of service measures were achieved or not achieved under each community outcome noting that some measures are linked to more than one community outcome.



Ā mātau whakatutukinga i tēnei tau

What we've delivered this year

Supporting good governance

164 official information requests received and responded to - up 8%

Engaging schools and ECEs

15,913 tamariki and rangatahi participated in environmental education programmes



Providing public transport

535,653 trips on public transport - up 12%

153,599 subsidised trips by Total Mobility Scheme users - up 12%



Investing for rates relief

\$15M cash contribution from investments to lower burden on rates



Helping keep our communities safe

248km of stopbanks and **544km of drainage channels** maintained



23 pumpstations kept operational



Building new flood infrastructure

6 new flood protection construction projects are underway under the NIWE Flood Resilience Programme

Enjoying Hawke's Bay Trails

821,015 cyclists/pedestrians used our key Ngā Haerenga Great Rides - up 11%



Preparing for emergencies

141 additional staff have completed basic emergency management training, and **96** have undertaken additional training



Managing our natural resources

589 resource consents processed - up 4%



Providing strong regulation

23 formal warnings
35 infringement notices
17 abatement notices

Acting on environmental concerns

668 responses to pollution and other complaints - down 33%

Protecting land and waterways from erosion

21,850 poles (willow and poplar) provided to farms for erosion control

1,010 hectares of erodible land planted, retired, or protected through our **Erosion Control Scheme** - up 4%



Keeping an eye on river health



111 river sites monitored for water quality and ecosystem health

Monitoring our natural resources



2,920 water and land samples collected for analysis - down 39%

2,612 site visits to collect environmental data - up 4%

Working with our rural communities

54 catchment groups, collectives and community hubs are supported



Targeting predators and pest plants

188,587 hectares monitored for possums within the Possum Control Area - down 20%

2,560 property inspections for pest plants - up 28%

173 vessels inspected for marine pests



Restoring and protecting biodiversity

29.9km of new fencing to protect **fragile ecosystem sites**

493 hectares of new priority ecosystem sites protected



Wāhanga 2

Ngā whakaarotau mō tēnei tau

Part 2

Priorities this year



This section gives an overview of the progress we have made on our priorities that include responding to climate change, the flood resilience programme we have underway following Cyclone Gabrielle, and Māori participation in decision-making.

Te urupare ki te huringa āhuarangi

Responding to Climate Change

Responding to a changing climate underpins our priorities as an organisation, and our adaptation and mitigation work spans most of our activities.

Collaboration for regional climate resilience

We took a regional leadership role for climate action, collaborating with the four other councils as the administering authority of the Climate Action Joint Committee. Highlights from the past year include:

Release of the first Hawke’s Bay Climate Change Risk Assessment

Through the collaborative work of the Climate Action Joint Committee, the region’s first *Climate Change Risk Assessment*ⁱ was released in May 2025. This is our first shared evidence base about the range of climate risks we are exposed to at both a regional and district level. It’s a snapshot in time based on best available information and can inform future climate adaptation work. This includes local-level risk assessments and community conversations about where and how we prioritise actions to address our climate risks over time.

Driving regional progress towards national goal of net zero greenhouse gases by 2050

We lead ongoing work to collect data for our regional Greenhouse Gas Inventory and produce community carbon footprints for the region. The Regional Council is also participating in the *Local Emissions Data Platform Initiative* which takes a standardised approach to community greenhouse gas emissions reporting and modelling. The collaboration, facilitated by the Te Uru Kahika Climate Group and supported by the Ministry for the Environment, aims to reduce costs to councils and improve decision-making to support efforts to achieve national emissions reduction targets.

What else have we been doing to help the region build climate resilience?

Climate change is at the heart of everything we do at the Regional Council. This section highlights key climate-related work that has been progressed across our council work programmes in the last year. Much of this is discussed throughout this Annual Report.

Among other things, we:

- adopted a resilience-focused Regional Land Transport Plan for the next 10 years
- are delivering an ambitious flood infrastructure work programme, including responding to 47 of the 52 recommendations from post-cyclone reviews
- started focused engagement with the most impacted communities of Te Awanga, Haumoana, Westshore, and Bay View, identified in the Clifton to Tangoio Coastal Hazards Strategy 2120.
- continued our sustainable land management programme, in partnership with our rural communities and central government.
- worked with our partners and sectors to carry out our water use regulation and conservation work alongside piloting and investigating water storage options in Central Hawke’s Bay and the Heretaunga Plains.
- supported our future kaitiaki (environmental guardians) by facilitating the HB Schools Climate Change Challenge helping schools turn their climate action ideas into reality.

ⁱ <https://www.hbrc.govt.nz/climate-change-risk-assessment/>



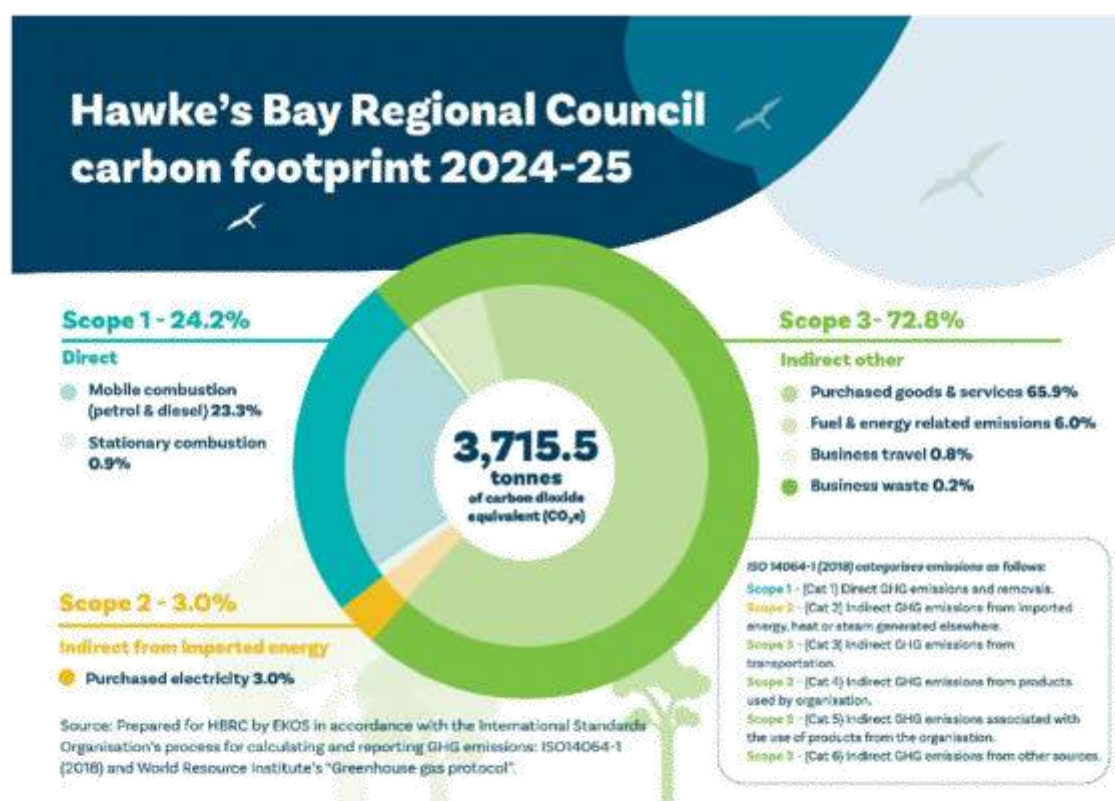
Measuring our carbon footprint

Measuring our carbon footprint helps us understand the impact of our organisation's activities, including initiatives to reduce our corporate emissions. We've been doing this work since 2019-20. While our initial footprint analyses were a great starting point, they were conducted during a volatile data period marked by significant business disruptions from Covid-19 and, more recently, Cyclone Gabrielle.

Best practice for calculating carbon footprints is also evolving. This year we have expanded Scope 3 data from our top 10 suppliers, energy consumption from other Regional Council sites (e.g. pump stations and new facility for post-cyclone flood infrastructure delivery) and waste collection from our regional parks. Previously, our reporting only covered office facility operations and didn't account for Scope 3 emissions or broader regional emissions from activities outside these facilities.

To build a more complete picture and align with other councils, we will be using this year as our new baseline (instead of 2019-20). This will help us capture the residual recovery impacts of Cyclone Gabrielle, assess the effectiveness of any reduction initiatives, and better capture the impact some of our larger projects have on our emissions profile in the future.

Although overall emissions remained steady in 2024-25 due to increased cyclone-recovery activity, targeted efforts have led to tangible improvements – most notably, a 100,000-litre reduction in fuel use following a fleet reduction and optimisation review early in the financial year.



Te ārai waipuke i Te Matau-a-Māui

Flood resilience in Hawke's Bay

As part of our recovery journey following Cyclone Gabrielle, the Regional Council is working on a comprehensive, multi-year, \$256 million programme to strengthen our flood defences across the region.

The Crown has earmarked \$209 million as part of a regional recovery cost-share agreement and the Regional Council has committed \$47 million, to be paid by ratepayers. The work is known as our NIWE (North Island Weather Event) Flood Resilience Programme and we're working with communities across the region from Wairoa to Pōrangahau to build new and improve current flood mitigation infrastructure.

Once the work is completed, 915 properties are expected to be recategorised to Category 1, giving property and landowners greater certainty in rebuilding, and ensuring communities can remain where they are.

We are also upgrading pumpstations, upgrading and installing more resilient telemetry, undertaking further work on repaired stopbanks, and undertaking reviews of the flood, drainage and maintenance protection schemes to assess their effectiveness.

Together, the planned works will lift the overall standard of flood protection for these communities. The risk of flooding can't be eliminated altogether – no system can do that – but these extra defences will buy critical time in a severe event, helping people get out safely and reducing the risk to homes, livelihoods and lives.

We need to complete the work at pace to secure Crown co-funding and complete the work within budget. Some of the projects require challenging conversations about land access. Delays in securing land access could impact project deadlines and even the viability of a project.

Table 1 below shows how we are tracking compared to what we planned in our Three-Year Plan 2024-2027.

A significant achievement in the past year has been getting Crown approval of the Project Delivery Plans (PDPs) for all the NIWE projects. The plans are the result of a lot of collaboration with impacted communities and are the first step in securing Crown funding allocated as part of the region's recovery package. This means the projects can move into full design construction procurement, with consenting as a key step in this process.

Table 1: Timeline for completing NIWE Flood Resilience Programme – original timeline versus revised timeline



New flood resilience schemes



Wairoa

- The Crown appointed a manager in August 2024 to help the Regional Council and Wairoa District Council achieve improved flood protection for the community as quickly as possible.
- Option 1C+ was selected as the preferred flood mitigation option following months of public consultation and engagement, particularly with mana whenua, marae representatives, affected whānau and property owners, and people whose homes and properties were impacted by Cyclone Gabrielle.
- The Crown has confirmed \$70 million of funding ring-fenced for Wairoa.
- The concept design is complete, and development of an operational plan for the spillway is underway. The scheme will provide major infrastructure including strategic stopbanks and a large spillway to divert Wairoa River floodwaters.



Whirinaki

- This project has been progressing well despite delays in design due to changes to the initial proposed stopbank alignment.
- The initial stopbank alignment followed Whirinaki Drain and would have required a new culvert to be built under the State Highway, as well as significant road raising, to tie the road into the stopbanks. This would have cost far more than budgeted for.
- The refined design reduced the cost to approximately \$23 million, still more than the original budget. Additional funding from both central government (\$9 million) and Regional Council (\$3 million) was confirmed in April 2025.
- The scheme will provide new and upgraded flood defences, including a residential stopbank, an industrial stopbank, and a road raise of SH2. It aims to reduce flood risk to homes, key infrastructure, and the Pan Pac pulp mill – one of Hawke’s Bay’s largest employers.



Waiohiki

- This project has made strong progress. Funding has been approved, resource consent and land access has been secured, and enabling works have been completed.
- Construction of the one-kilometre stopbank from Redclyffe Bridge to the Napier Golf Course is expected to start in August 2025.
- In April 2025 the Regional Council confirmed that 45 properties previously classified as Category 2C were moved to Category 1, the lowest risk category.





Omāhu (Ohiti Road)

- After considering a community proposed option, a preferred solution has been identified and enabling works were completed at Okawa Stream. More than 7,000 cubic metres of silt was cleared from under the Taihape Road Bridge and two rock walls were built to help protect the bridge and stream banks.
- A 960-metre stopbank beside Taihape Road will be built, lifting parts of Taihape and Ōhiti roads, and adding a second stopbank near the subdivision – along with stream works, drainage upgrades, and erosion protection.



Pākōwhai

- This project upgrades and adds new stopbanks along 8.5-kilometres of the Tūtaekuri-Waimate Stream.
- Stopbank alignment is complex, with its location near waterways, orchards, and critical infrastructure being key considerations.
- The Links Road culvert is no longer part of this project as it is not essential to the stopbank. It also falls under the care of NZTA, who owns and manages the structure.



Pōrangahau

- The preliminary design has been completed and will continue to be refined to avoid a potential budget overrun. It is a challenging construction site.
- A new 1.7-kilometre flood protection network is planned using a mix of defences to suit the land and accessibility, including new stopbanks, floodwalls, and a low protective ridge to help safeguard Kaiwhitikitiki Urupā.



Other repairs, upgrades and reviews



Pumpstation repairs and upgrades

- The project is on track, with design/build procurement well advanced.
- The Mission (Awatoto) and Pākōwhai pumpstations are being replaced to improve capacity, reliability, and long-term resilience. The new pumpstations will also have better telemetry systems, making it easier to monitor and manage performance remotely, and reduce fish mortality by improving how water is returned to the river.
- Built in the 1950s, they are reaching the end of their useful life and were severely damaged during Cyclone Gabrielle.
- Brookfields pumpstation replacement will be put forward for funding consideration through the next long-term plan.



Telemetry network repairs and upgrades

- Good progress has been made with work towards developing a more resilient regionwide system of sensors that gather real-time data on things such as rainfall, river flows and levels, and plan to upgrade 40+ sites.
- This includes ensuring sites have two sensors and two ways to transmit data, reinforcing back-up systems so monitoring continues, even if during power or communication failures; we are also upgrading equipment and choosing our monitoring spots more strategically – for more resilient data storage, deeper insights and broader coverage.
- Together, these improvements will provide more accurate and timely flood forecasts and faster warnings – and strengthen the overall resilience of the network.



Scheme reviews

- Good progress has been made, the reviews are on track, and key milestones were met without major delays.
- Prior to Cyclone Gabrielle, we had started reviews of our flood protection schemes and have been able to accelerate this work through the NIWE funding.
- Reviews of the flood control and drainage schemes we administer will assess whether the schemes provide the optimal level of flood protection for Hawke's Bay's communities and to plan for prioritisation of scheme upgrades.

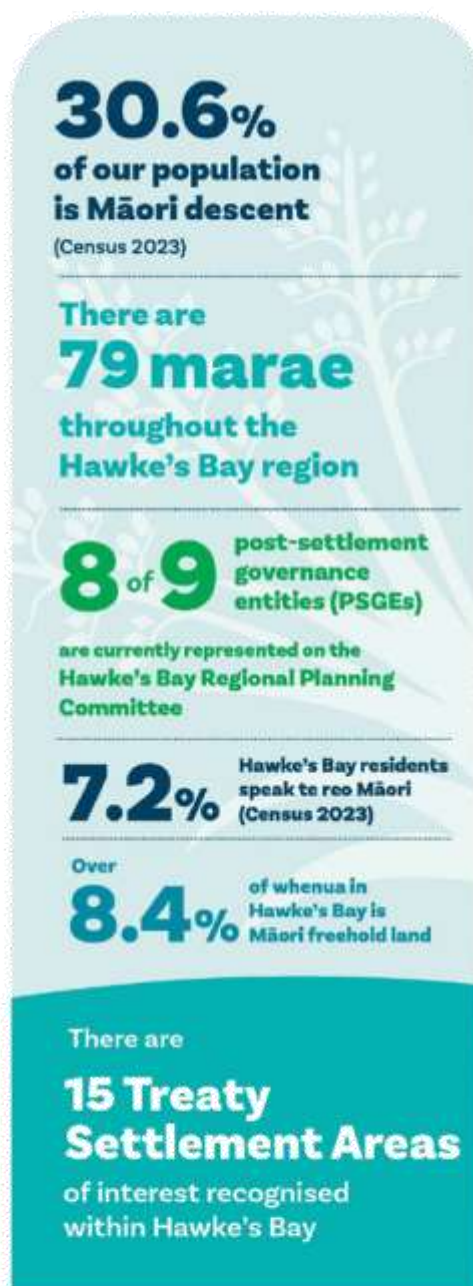


Level of service upgrades

- Project planning is well underway and progressing through the design phase. The project involves undertaking additional upgrades where necessary to already repaired stopbanks to meet flood mitigation levels of service that changed following a post-cyclone review.
- Three sites are prioritised – Waipawa township, Brookfield lower, and Omāhu lower.



Te whakaurunga o ngāi Māori ki te tuku whakaaro Māori participation in decision-making



Māori have a significant role in the present and future of Te Matau-a-Māui Hawke's Bay. As tāngata whenua, mana whenua, Treaty partners, and kaitiaki (guardians), Māori contribute through asset ownership, cultural leadership, and environmental stewardship.

Hawke's Bay Regional Council is committed to enabling effective Māori participation in decision-making recognising the importance of Māori perspectives in shaping sustainable outcomes for the region's land, water, and communities.

Giving effect to co-governance

Maori Constituencies

On 19 May 2021, the Regional Council voted unanimously to establish Māori constituencies of Māui ki te Raki and Māui ki te Tonga for the 2022 and 2025 local elections. These provide proportional representation for electors on the Māori roll and ensure Māori are represented at the Council decision-making table.



Map of Māori
Committee
constituencies,
Te Matau-a-Māui

Councillors representing Māui ki te Raki - Cr Charles Lambert, and Māui ki te Tonga - Cr Thompson Hokianga, bring mātauranga Māori (Māori knowledge), lived experience, and local priorities directly into the Regional Council's debates, policies, and strategic direction. They have advocated for a regional ethos that prioritises the health of wai (water), whenua (land), and whānau (family), drawing on Māori perspectives to advance kaitiakitanga (guardianship) and sustainable environmental management.

Regional Planning Committee

The Regional Planning Committee (RPC), established under the Hawke's Bay Regional Planning Committee Act 2015, is responsible for overseeing the development and review of the Regional Policy Statement and Regional Plans under the RMA. The RPC operates on a co-governance basis with equal numbers of Post Settlement Governance Entity (PSGE) representatives and councillors.

The RPC provides a formal platform for iwi–Council partnership, ensuring te ao Māori (Māori worldview) perspectives inform regional planning and resource management. This structure supports a more constructive relationship between iwi and the Regional Council, and strengthens decision-making on environmental matters.

In 2024-25, the RPC was co-chaired by Tania Hopmans (PSGE-appointed) and Cr Hinewai Ormsby (Regional Council Chair). Throughout the year, the RPC held three meetings and several workshops. Several matters were presented to and considered by the RPC throughout the year including:

- policy options development for the Regional Policy Statement
- freshwater management frameworks
- Regional Plan change proposals
- national reforms.

A notable advancement during this period was the establishment of the Joint Taiao Operational Group. This working-level group brings together staff from the Regional Council's Policy and Planning team with Taiao practitioners from PSGEs. Its purpose is to co-draft and inform policy options, including the Regional Plan, through a te ao Māori lens, bridging operational development with governance oversight.

Māori Committee

The Māori Committee provides advice to Hawke's Bay Regional Council on matters of importance to Ngāti Kahungunu tāngata whenua. Its membership includes representatives from the four Ngāti Kahungunu taiwhenua, Ngāti Kahungunu Iwi Incorporated, and up to four councillors. One committee member is appointed with voting rights on each of the Regional Council's committees, ensuring tāngata whenua perspectives are embedded across the Regional Council's governance.

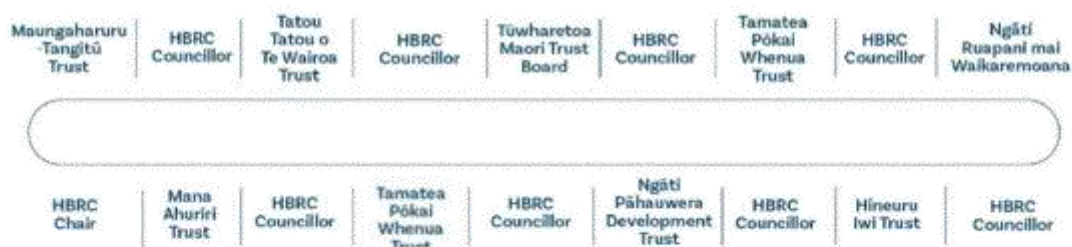
During 2024-25, the Māori Committee was co-chaired by Mike Paku and Katarina Kawana. The Māori Committee met four times, supported by workshops, and considered matters including:

- the Reimagining Flood Resilience Project following Cyclone Gabrielle
- development of the 2025–26 Annual Plan
- updates on resource management reform and statutory advocacy
- oversight of the Climate Action Work Programme.

The Māori Committee contributed significantly to an evolving operational framework, Te Kāpehu, that will guide the Regional Council and staff to engage meaningfully, and appropriately, with Māori and their mātauranga. Te Kāpehu, in draft, has been deployed as a pilot within the Reimagining Flood Resilience project to better integrate Māori knowledge systems and local insights.

The Māori Committee continued its provision of early insights into emerging issues, informing Regional Council's planning, climate response, and environmental management.

Figure 1: Membership of the Regional Planning Committee



Giving effect to co-management

Direct hapū and other involvement

Alongside co-governance arrangements, the Māori Partnerships Group supports direct engagement with hapū, marae and Māori organisations. This work ensures tāngata whenua perspectives are included at project, operational, and community levels, and strengthens the Regional Council's ability to embed te ao Māori in environmental management.

External partnerships and collaboration

During 2024-25, key achievements included the following:

-  Signing a Memorandum of Understanding with Tamatea Pōkai Whenua and agreeing a shared work programme.
-  Adoption of the Te Muriwai o Te Whanga Plan in partnership with Mana Ahuriri Trust and stakeholders, providing a values-based framework to guide estuary and catchment management.
-  Establishment of the Wairoa Tripartite Operational Forum with Wairoa District Council and Tātau Tātau o Te Wairoa, coordinating approaches to flood resilience and catchment planning.
-  Completion of Freshwater Vision and Value Statements with tāngata whenua, now guiding the regional planning process.
-  Continued collaboration with hapū and marae across Crown-funded flood resilience projects at Pōrangahau, Ōmāhu, Waiohiki, Whirinaki and Havelock North.
-  Annual partnership reviews confirming the strength of relationships with Ngāti Pāhauwera, Tamatea Pōkai Whenua and Mana Ahuriri.
-  Ongoing participation in Te Kupenga, the Māori Partnerships forum of the five Hawke's Bay councils.
-  Support provided to marae rebuild projects following Cyclone Gabrielle.

Internal capability and system development

Regional Council also invested in strengthening its own capacity for partnership.

- Delivery of cultural monitor wānanga (learning process) in partnership with Heritage NZ, Police and local archaeologists. 
- Marae-based wānanga (learning process) for staff to build cultural capability and confidence in engagement. 
- Enhancements to the Pātaka mapping tool and iwi/hapū management plan protocols, improving access to mana whenua planning documents. 
- Active Māori representation across governance, operational and technical project tiers. 
- Regional Council participation in the Office of the Auditor-General's review of Treaty settlement implementation. 
- Sustained kanohi kitea (physical presence) across marae and community forums. 



Wāhanga 3
Ngā Hua ā-Hapori

Part 3

Community outcomes



Community outcomes are what we aim to achieve to promote the social, economic, environmental, and cultural wellbeing of our region in the present and for the future. The following highlights are some of the ways we demonstrate our commitment to these outcomes.

*He taiao ora***Healthy environment**

Our communities benefit from healthy and functioning ecosystems, in which our air, land, freshwater, marine and coast, and biodiversity are protected and enhanced.

Have your say

We launched an engagement hub on our website in April 2025 to provide a central point to share our top priorities and how to get involved in community conversations around building flood resilience in the region and long-term management of Hawke's Bay's environment.

Fostering next generation of kaitiaki

Our Environmental Education team has been supporting our future kaitiaki (environmental guardians). Staff facilitated a Youth Environmental Ambassador Group which is made up of 17 secondary school representatives who provided a youth voice on key environmental issues. Staff also facilitated the HB Schools Climate Change Challenge helping schools turn their climate action ideas into reality. Staff developed *He Taonga te Wai – Water is Precious*, a six-lesson programme for Years 5–8 students, to strengthen their understanding of Hawke's Bay's water resources.

Protecting outstanding water bodies

In April 2025, the Environment Court confirmed that 19 of Hawke's Bay's water bodies met the threshold to be classified as 'outstanding'. This followed a lengthy appeal process and means the list of Outstanding Water Bodies are now included in the HB Regional Resource Management Plan and will be protected in future plans. A water body that is classified as 'outstanding' holds a cultural, spiritual, recreational, landscape, natural form and character, or ecological values that are conspicuous, eminent, or remarkable within Hawke's Bay. They include aquifers, lakes, wetlands, rivers, and estuaries.

To read more about this, go to [hbrc.govt.nz: search #owb](https://hbrc.govt.nz/search/#owb)

Spotlight on**Protecting and enhancing biodiversity through partnerships**

Our Biodiversity team undertook significantly more protection work than planned in the past year, leveraging Regional Council funding to secure additional external funding. Staff protected 14 new sites (our target was four) from Wairoa to Pōrangahau putting up 30 kilometres of deer fencing and undertaking pest control. This helps protect 32 hectares of acutely threatened forest types and 94 hectares of chronically threatened forest types.

Staff also undertook maintenance work at a further 24 sites (our target was 10) across the region, focusing on weed control, predator control, fence repairs, and wild deer/goat control to protect existing deer fencing.

This work is part of our Priority Ecosystem Programme where we have prioritised 675 sites representing the region's ecosystems for protection. Since the programme started in 2018, we have undertaken work at 64 sites covering 2,215 hectares across Hawke's Bay.

Our Targeted Catchment Fund supported 21 projects (our target was three) in the past year, in partnership with catchment and community groups.

Leveraging Regional Council funding to secure additional funding makes our budget go much further. Unfortunately, many of the funding programmes have finished, so getting external funding in the future will be more challenging. We will also have less funding available for this work next year, due to Regional Council budget cuts.



Trees are doing the mahi (work)

Research undertaken after Cyclone Gabrielle showed that trees and native plants, when planted strategically, are helping reduce erosion across the region's most at-risk hill country. The Regional Council secured government funding for scientific research after the cyclone and contracted Manaaki Whenua – Landcare Research (MWLR) to undertake the work. The findings will help target tree planting on farm areas most susceptible to landslides and where landslides are most likely to push sediment to streams.

Supporting community biodiversity projects

Seventeen local community groups received a funding boost through Biodiversity Hawke's Bay's Environmental Enhancement Contestable Fund's first funding round in 2025. The Eastern & Central Community Trust came on board as a funding partner committing \$60,000 annually to the fund for the next three years, and adding to the Regional Council's \$50,000 annual investment to support community-led biodiversity efforts across the region. The Fund supports community-led projects, many of which would not get off the ground without this funding.

Expanding our nursery

We finished the bulk of our nursery expansion planting a 3-hectare block in Jervois town and a 2-hectare block in Waipukurau with 22,000 new stools/rootstocks across the two sites. We grow poplar and willow poles primarily for managing erosion on farms and sell them at a subsidised price through our Erosion Control Scheme. Some excess poles are sold for growing shelter belts, livestock shade, drought fodder, and timber (poplars).

Fencing to protect waterways

A total of 187.5 kilometres of new fencing to protect waterways was completed across Hawke's Bay as part of our Hāpara Takatū Jobs for Nature project. A further 15.2 kilometres of fencing was repaired or replaced after being damaged in Cyclone Gabrielle. We secured \$2.1 million of co-funding for this work through the Government's Covid-19 shovel ready recovery package. The project wrapped up at the end of June 2024.

Deeper understanding of landscape

Our scientists completed pioneering work, in collaboration with researchers from Manaaki Whenua-Landcare Research, using LiDAR (Light Detection and Ranging) technology to create high-resolution maps detailing land and vegetation. This has provided an unprecedented level of detail on the region's topography and will help better management of erosion-prone land, update Land Use Capability classes, and accurately identify priority biodiversity areas.

Repairing Hawke's Bay's Trails

Key milestones were the construction of a new footbridge restoring a connection between Puketapu and Taradale, and finishing repairs around Rorookuri Hill in Bay View, Napier and the Waimārama Road section of the HB Great Ride. The work was funded by MBIE and is part of a rebuild programme following Cyclone Gabrielle. The cyclone impacted the whole trails network, with 30 percent suffering major damage including missing bridges, slips, damaged surfaces, and compromised stopbanks.

Showcasing Hawke's Bay's Trails

Nearly 8,000 people took part in the ASICS Runaway Hawke's Bay Marathon in May 2025, which used the Hawke's Bay Trails Great Ride as part of the course route. The HB Trails is a regional collaboration, and the Regional Council is the lead agency for managing the 177-kilometre network. HB Trails is one of the 23 Ngā Haerenga Great Rides of New Zealand and is popular for events, hosting about 23 per year.

Welcome additions at Waitangi Regional Park

A new 3.5 metre-high pou was unveiled at Waitangi Regional Park, joining the park's renowned Ātea a Rangi Star Compass. A special event was held in March 2025, when the new bathroom block was also opened. An estimated 50,000 people visit the park each year. The Regional Council co-funded the bathroom block with MBIE.



He hapori manawaroa Resilient community

Our communities are prepared for natural hazards, supported by planning and infrastructure, partnerships and knowledge sharing on the increasing effects of climate change.

Extreme Weather Hub

We launched our Extreme Weather Hub/Te Pae Huarere Taikaha on our website in March 2025. The hub brings together information to help you prepare for severe weather events – be it heavy rainfall and flooding, or droughts. In the Flood/Waipuke section, you'll find regularly updated webcam images of local river mouths, and rainfall and river data maps. In the Extreme Dry/Maroke Rawa section you'll find our Dry Weather app designed to help farmers prepare for dry conditions, along with other useful resources.

Cyclone Gabrielle flood map

Our website now includes a map showing the extent of flooding during Cyclone Gabrielle. The map was prepared jointly by the region's five councils and will be used in a variety of ways relating to flood mitigation, such as checking flood modelling and whether any future study is needed on the extent of flooding in a particular area. Many private individuals also requested to know the flood extents for their own decision-making.

Paying for coastal hazard protection

Discussions started in May 2025 with the most impacted communities of Te Awanga, Haumoana, Westshore, and Bay View about recommended coastal hazard responses and how they should be funded. This is to ensure the recommendations from the Clifton to Tangoio Coastal Hazards Strategy 2120 are both what the communities want and can afford. A broader Community Reference Group also began meeting in May to review this feedback and broader issues to inform the Regional Council's decision on preferred options and funding models, which will then be formally consulted on.

Spotlight on

Wairoa River Bar management

Work aimed to reduce the impact of flooding during a weather event has been undertaken at the Wairoa Bar, with a section of the beach crest lowered between Rangi-houa (Pilot Hill) and the old pier.

By lowering the beach crest, water will be able to exit the river more effectively during high flows or flood events — reducing the risk of flooding and the need for reactive openings of the bar. The modified section is monitored and will be maintained as part of the ongoing Intermediate Management Plan for the Wairoa Bar. The plan was developed in response to the June 2024 flood event and outlines a proactive approach to managing flood risks. It is a collaborative effort between Regional Council, Wairoa District Council, and Tātau Tātau o Te Wairoa.

The Regional Council will look to relocate the river mouth to a more favourable location when the existing river mouth closes itself through natural processes (such as sea action, river flows, and along-shore drift) and if the river, sea, and weather conditions are suitable and safe for on-site operations.



Overflow channel being created in the Wairoa Bar, east of Pilot Hill and adjacent to the old training structures



Improving water security

As part of our integrated and multi-faceted approach to address water security, the Regional Council has been exploring the potential for a medium-scale water storage facility in the Heretaunga Plains. In January 2025, the Regional Council confirmed its preferred site at Whanawhana on a tributary to the Ngaruroro River. With pre-feasibility work complete, the Regional Council is supporting a full feasibility assessment and transitioning the project to a community model that represents major water users on the Heretaunga Plains and mana whenua. The assessment is expected to be completed by mid-2026. Development funding would need to be secured by major water users when commitment to consenting, and the construction of the project is made.

Committed to regional road safety

Our RoadSafe team held 86+ community events and initiatives during the year – exceeding the target of 50. These included mini-road safety expos at schools – which reach more than 1,000 Hawke's Bay year 11 and 12 secondary school students, plus child seat fitting clinics, business education programmes, at-risk youth programmes, and fatigued driver education. The Hawke's Bay Regional RoadSafe programme knits together the efforts of NZ Police, FENZ, ACC, our local councils, and NZTA specifically to help reduce the risk of harm while travelling on our region's roads.

Regional transport plans adopted

Regional Council adopted the *Hawke's Bay Regional Land Transport Plan 2024-2034* on 24 July 2024. This followed community consultation including hearings. The Plan focuses on continued rebuilding following Cyclone Gabrielle, good asset management, and ensuring reliable connections for our communities. The Waikare Gorge realignment, our number one priority capital project, is being funded through this Plan. In addition, initial work on the HB Expressway four-laning project is also included. The HB Expressway is part of the Government's Roads of National Significance programme and obtaining funding for both projects is a real win for the region.

The Regional Council adopted the *Regional Public Transport Plan 2025-2035* on 25 June 2025, following almost a year of extensive stakeholder engagement and public consultation alongside the Regional Council's Annual Plan. The plan reconfirms our intent to move to a more direct, efficient public transport network. This includes bi-directional routes between Napier and Hastings, more transfer points, shorter travel times, and a more seamless experience.



He hapori houkura

Prosperous community

Our communities thrive from high-performing regional infrastructure that enables the region's natural and human resources to deliver goods and services that underpin prosperity and wellbeing.

Taskforce finishes silt recovery work

The Silt Recovery Taskforce wrapped up its work in December 2024 – a major milestone and pivotal work in the region's recovery from Cyclone Gabrielle. The Taskforce cleared an estimated 2.5 million cubic metres of silt, helped hundreds of landowners get their land back to productivity, sorted through more than 400,000 cubic metres of mixed waste, and tidied up nearly 1.2 million cubic metres of woody debris. The Taskforce was a collaboration between the Regional Council and Hastings District Council and funded by central government. It received two national awards in 2024 – for its sustainable approach to clean up silt and debris and for collaboration excellence.



Increased use of public buses

Passengers took more than 535,000 trips on GoBay buses and MyWay services over this past year, an increase of nearly 12% on the previous year. Fare revenue increased by around \$243,000, taking it to around \$769,000. This growth reflects the return to full timetables, improved reliability, active marketing efforts, and fare increases. Fares on goBay bus services in and around Hastings and Napier increased by an average 5% in May 2025 in response to rising operational costs, and a requirement from central government to increase the private contribution toward public transport.

Reliable public buses

Nearly all our bus trips operated as scheduled in the past year and departed from their starting location on time, surpassing our own targets and best practice. Bus cancellation best practise is less than 1% and we achieved 0.1%. On time departure best practice is 95% and we achieved 98%.

Total Mobility use continued to increase

Uptake of our Total Mobility Scheme continues to grow year-on-year. More than 153,000 rides were taken in the past year, an increase of 12% on the previous year. While this is positive for users, it continues to strain our limited budget to provide this service. The scheme assists eligible people with a permanent disability to access transport by providing a 75% discount on taxi and companion service fares.



Wāhanga 4
Ngā Whakarōpūtanga Kaupapa

Part 4
Groups of Activities



We provide a description of what activities make up each group, why we do it, what we spent and how it's funded. Levels of service performance results are compared with targets set for year one of the

Ngā whakarōpūtanga kaupapa

Groups of activities

How to read this section

The work that we undertake relates to 23 activities across 6 groups. We aggregate and report our financial and service performance information within the 6 groups of activities for ease of understanding. The level of service measures and targets are set in our Three-Year Plan 2024-2027. This is our first annual report for this Three-Year Plan.

The groups of activities are:

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

What we do

We provide a brief description of the activities that make up each group of activities.

Why we do it

We explain why we provide these services and the main ways they contribute to our community outcomes. Our community outcomes come from our vision: *We want a healthy environment, and a resilient and prosperous community.*



What we spent

We show the total expenditure (operating and capital) for each group of activities, including whether it ended the year over or under budget.

We show the group of activities' spend compared to budget. More detailed information is covered in the funding impact statements in Part 5 – Financials.

Where funding came from

We express, as a percentage, whether the funding for this group of activities comes from rates or other sources (non-rates).

How we performed

We present the statement of service performance for each group of activities. It covers:

- level of service statements (37 in total)
- level of service performance measures (55 in total)
- target for year 1
- results are expressed as:

achieved

not achieved
- comments to provide context and more information on the performance result
- visual graphics with data where appropriate.



Mana Whakahaere me te Mahi Ngātahi

Governance and Partnerships

What we do

The Governance and Partnerships group of activities combines a diverse range of activities that allow us to be strategic, make good decisions, engage and build meaningful partnerships.

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

- Community Representation and Leadership
- Tāngata Whenua Partnerships
- Community Sustainability
- Regional Development.

Why we do it

This group of activities contributes to all three community outcomes.

 Healthy Environment	We lead from the front and put the environment at the centre of all our decisions. We provide environmental education to inspire behaviour change.
 Resilient Community	We plan for the big issues coordinate action and give tangata whenua and communities a meaningful say on the direction of the region.
 Prosperous Community	We invest in regional economic development for the benefit of the Hawke's Bay economy.

What we spent

\$6.9 million (5% under budget)

Where funding came from



How we performed

We measured 11 aspects of performance for this group of activities



Community Representation and Leadership

We provide democratic representation and support elected members in their governance roles to make robust and transparent decisions. This activity covers the costs and maintains the integrity of council processes, such as triennial elections, representation reviews, official information requests, Ombudsmen's office enquiries and council meetings.



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

Performance measure & target	Previous year	Result 2024-25	Commentary
Triennial election processes are undertaken in accordance with the Local Electoral Act 2001. Target year 1: Achieved	Achieved ●	Achieved ●	Activities undertaken in preparation for the October 2025 local elections included the Council's 27 November 2024 appointment of Electoral Officer Warwick Lampp and resolution that candidates' names would be listed randomly on voting documents, holding a 'standing for council' Facebook Live event, and finalising 2025 nomination forms and associated information for candidates.
Percentage of Council and committee meetings that comply with statutory requirements and Standing Orders. Target year 1: 100%	100% ●	100% ●	All meetings during the year complied with statutory requirements (LGA 2002 and LGOIMA 1987) and HBRC's standing orders last adopted on 27 March 2024 (hbrc.govt.nz search: #meetings). The standing orders include guidelines on all workshops being open to the public unless there is a reason for public excluded. 46 Council and committee meetings, and 29 workshops were held during 2024-25.



Performance measure & target	Previous year	Result 2024-25	Commentary																																		
Percentage of Official Information requests responded to within 20 working days. Target year 1: 100%	77%	67%	We received 164 Official Information requests. All requests were advised of the decision on whether the information would be released within the statutory timeframe; of these, 140 were provided with the requested information, 13 were still active at year-end, and 11 were either withdrawn, transferred, or refused. 67% of the granted requests were completed within 20 working days. The rest took longer due to the volume or complexity of the information, often requiring input from legal or technical experts. The number of requests rose by 9% compared to the previous year (151 requests), and was nearly double the average number received in the four years before Cyclone Gabrielle (84 requests).																																		
Official information requests received % provided information in 20 w/d <table><thead><tr><th>Year</th><th>Official information requests received</th><th>% provided information in 20 w/d</th></tr></thead><tbody><tr><td>2018-19</td><td>79</td><td>92%</td></tr><tr><td>2019-20</td><td>86</td><td>87%</td></tr><tr><td>2020-21</td><td>93</td><td>100%</td></tr><tr><td>2021-22</td><td>76</td><td>95%</td></tr><tr><td>2022-23</td><td>149</td><td>79%</td></tr><tr><td>2023-24</td><td>151</td><td>77%</td></tr><tr><td>2024-25</td><td>164</td><td>67%</td></tr></tbody></table> Information provided by response time <table><thead><tr><th>Response Time</th><th>Count</th></tr></thead><tbody><tr><td>1-10 working days</td><td>49</td></tr><tr><td>11-20 working days</td><td>45</td></tr><tr><td>21-30 working days</td><td>35</td></tr><tr><td>>30 working days</td><td>11</td></tr></tbody></table>				Year	Official information requests received	% provided information in 20 w/d	2018-19	79	92%	2019-20	86	87%	2020-21	93	100%	2021-22	76	95%	2022-23	149	79%	2023-24	151	77%	2024-25	164	67%	Response Time	Count	1-10 working days	49	11-20 working days	45	21-30 working days	35	>30 working days	11
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Long Term Plans and Annual Reports receive 'unmodified' audit opinions. Target year 1: Achieved	Not achieved	TBC	The Three-Year Plan 2024-2027 <i>Our recovery focused Long Term Plan</i> was adopted on 10 July 2024. In line with the Severe Weather Emergency Recovery Legislation Act 2023 the plan is for three years (versus 10 years) and did not require auditing. This recognised that it was too hard to forecast beyond three years with enough certainty to meet the normal audit requirements. The Annual Plan 2025-26 was adopted on 25 June 2025 with no audit requirement. The Annual Report 2024-2025 received																																		



Tāngata Whenua Partnerships

We engage with tāngata whenua as required by legislation, including representation on the Māori and Regional Planning Committees, and project-based engagement with hapū and marae.

The Māori Partnerships team's focus is to support tāngata whenua representatives, grow council-wide cultural capability, and facilitate technical input to meet statutory requirements.



Level of service statement: HBRC actively involves Māori in its decision-making processes, both at a governance and operational level, and engages in strategic relationships with tāngata whenua.

Performance measure & target	Previous year	Result 2024-25	Commentary
Annual satisfaction survey of Treaty partners on HBRC's partnership approach to engagement and decision-making. (source: annual survey of Treaty partners) Target year 1: Establish baseline	New measure 2024-25	Baseline established ●	We undertook 3 formal reflection and review hui with Treaty partners, supplemented by rangatira-ki-te-rangatira engagement. Satisfaction was most clearly evidenced through the initiation of four Mana Whakahono a-Rohe agreements, which represent voluntary, formal commitments to partnership. • 3 initiations were accompanied by highly positive expressions of trust and confidence. • 1 initiation was constructive-neutral, signalling willingness to grow the partnership further. • 1 instance of negative feedback was also recorded. This baseline draws on multiple evidence sources including written assurances, formal agreements, and review hui, recognising that each partnership is unique and not suited to a one-size-fits-all survey. Overall sentiment was neutral-positive, establishing a credible baseline to strengthen through a more consistent review framework in future years.



Performance measure & target	Previous year	Result 2024-25	Commentary
The number of decision-making arrangements for Treaty partners that are supported and in place. Target year 1: Establish baseline	New measure 2024-25	Baseline established ● 20 Read more in Part 2	HBRC supported 20 decision-making arrangements involving Treaty partners and mana whenua, spanning both governance and operational tiers. This including formal co-governance committees: Regional Planning Committee; Te Kōmiti Muriwai o Te Whanga Joint Committee; Climate Action Joint Committee; Coastal Hazards Joint Committee; Māori Committee. Other arrangements involving governance: Wairoa Tripartite Forum; Tangata Whenua Gravel Group on the Tukituki, Ngaruroro and Tūtaekurī Global Consents; Reimagining Flood Resilience Steering Groups for Heretaunga Plains and Upper Tukituki; Heretaunga Water Storage Project Operational groups include: Joint Taiao Operational Group; Reimagining Flood Resilience TAG; Appointments of Mana Whenua Representatives onto 6 project working groups of the NIWE programme. Demand for Treaty partner participation remains high across a busy work programme, highlighting the need for robust support systems.
Annual reporting to the Māori Committee on mātauranga Māori monitoring and reporting activities. Target year 1: Achieved	Not achieved ●	Achieved ●	The Māori Committee received reports on the mātauranga Māori workstream, including activities where Te Kāpehu—Council's internal framework for integrating mātauranga—will be applied. The final meeting of the financial year (June 2025) was cancelled, and the formal report will be delivered at the meeting in September 2025.

Community Sustainability

We work together with the community for a sustainable and resilient future, and to also ensure we 'walk the talk' for climate action in the region.

Environmental education, including the longstanding Enviroschools Programme, is crucial for developing environmentally responsible attitudes. Our programme offers a range of resources and support for schools, aiming to ignite sustainable behaviours, promote collective action against climate change, and encourage innovation.



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

Performance measure & target	Previous year	Result 2024-25	Commentary
Number of early childhood centres and schools participating in the Enviroschools programme. Target year 1: Maintain or increase	74 Increased	73 Decreased	The total number of early childhood centres and schools dropped by one this year, this was due to lack of te reo Māori capability to support kura kaupapa. With reduced funding in this year's budget, our focus was on maintaining engagement and support for existing members rather than expanding the programme. Activities included teacher hui, school visits, outdoor activities, various student-led projects, Enviro hui, and continued collaboration with local councils and communities.

Level of service statement: HBRC administers the Hawke's Bay Regional Climate Action Joint Committee to support a coordinated approach to drive climate adaption and mitigation.

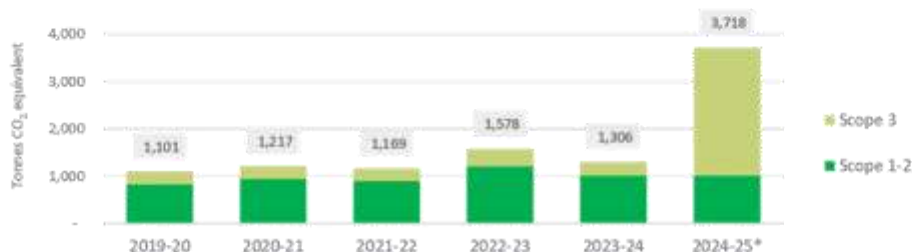
Performance measure & target	Previous year	Result 2024-25	Commentary
Annual reporting to Council on climate change action progress. Target year 1: Develop programme	Achieved 	Achieved 	A regional climate action work programme was developed and was presented to the Climate Action Joint Committee on 26 August 2024. The Committee requested the first <i>Hawke's Bay Climate Change Risk Assessment</i> be delivered at pace as the priority workstream. The project began in September 2024 and was completed in May 2025 with the release of a public-facing report. Completing the region's first climate risk assessment was a significant regionally collaborative piece of work. The findings of the report were reported to Regional Council on 25 June 2025. There were several recommendations for the Regional Council from the Climate Action Joint Committee, all of which were acknowledged.



Level of service statement: HBRC delivers a coordinated programme to reduce its own carbon footprint.

Performance measure & target	Previous year	Result 2024-25	Commentary
Level of emissions related to HBRC's own corporate carbon footprint. (source: <i>annual HBRC Carbon Inventory Report</i>) Target year 1: Improve	1,306.40 tCO₂e ● Improved (2023-24 Ekos Report)	3,717.50 tCO₂e ● Not improved (2024-25 Ekos Report)	The HBRC Carbon Inventory Report is planned for release in September 2025. The graph below shows the results over six years. Scope 1 and 2 emissions show a small increase from the previous year which is the reason for the result being 'not improved'. However, while overall emissions have not decreased, other changes have been made to improve the robustness of reporting. The 2019-20 baseline year was a volatile data period marked by significant business disruptions, including Covid-19. To build a more complete picture of the impacts of our activities and for alignment with other councils, our baseline year will be 2024-2025.

Read more in Part 2



*2024-25 will become the new baseline year for future reporting



Regional Development

Hawke's Bay Regional Council plays a broad role in regional economic development by ensuring the natural resource platform, on which both the economy and community relies, is managed to meet the reasonably foreseeable needs of future generations.



The Regional Council contributes funding, via a targeted rate, to the Regional Economic Development Agency (REDA) and Hawke's Bay Tourism. REDA was newly formed in 2023 following an independent review. The Regional Council and the region's territorial authorities (Napier, Hastings, Central Hawke's Bay and Wairoa councils) are its primary funders. The Regional Council was the sole local government funder of Hawke's Bay Tourism in 2024-25.

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

Performance measure & target	Previous year	Result 2024-25	Commentary
Funding agreements with the Regional Economic Development Agency and Hawke's Bay Tourism are in place, with performance targets and reporting requirements. Target year 1: Achieved	Achieved ●	Achieved ●	Funding agreements, performance targets and reporting requirements with both the Regional Economic Development Agency (REDA) and Hawke's Bay Tourism (HBT) are in place. HB Tourism Chair and Chief Executive presented an in-person update to the November 2024 Corporate and Strategic Committee. Funding of \$1.52 million was provided. This is the last year of funding from the Regional Council. HBT has secured funding from Napier City, Hastings and CHB District Councils, along with increased industry funding, ensuring it can continue to promote the region. HBRC will be replaced by representatives of these entities on the HB Tourism Board. REDA presented in-person updates to the Corporate and Strategic Committee in February 2025 (Chair and CE) and November 2024 (CE). Funding of \$500,000 was provided. Two reports commissioned by REDA were published this year: <i>Understanding the Hawke's Bay Economy</i>, December 2024, and <i>Employment Outlook for Hawke's Bay TLAs</i>, October 2024.



Kaupapa Here me te Waeture Policy and Regulation

What we do

The Policy and Regulation group of activities covers our planning and regulatory functions for resource use management and safe navigation of the region's navigable waters.

There are five activities within the Policy and Regulation group of activities:

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

Why we do it

This group of activities contributes to all three community outcomes:

	We seek to balance the requirement to safeguard the environment for future generations while also providing for the social, economic and cultural needs of the wider community. It therefore contributes to all three community outcomes.
	
	

What we spent

\$46.6 million (280% over budget) *

*Note * includes expenditure for the Silt and Debris Taskforce funded by central government*

Where funding came from



How we performed

We measured 14 aspects of performance for this group of activities



Policy and Planning

We develop, review and evaluate Resource Management Act 1991 (RMA) planning documents. Although there was a previous focus on development of the Kotahi Plan, this was interrupted by a shift in central government direction.

The current Regional Policy Statement, Regional Resource Management Plan and Regional Coastal Environmental Plan are under review, combined with the required freshwater catchment policies.



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

Performance measure & target	Previous year	Result 2024-25	Commentary
The Policy team meets the statutory timeframes as set by legislation. Target year 1: Regional Policy Statement completed ready for a notification decision	Achieved ●	Not achieved ●	The Regional Policy Statement was not completed ready for notification this year due to national direction and RMA reform. The dynamic policy environment disrupted work planning and limited the Regional Council's ability to progress freshwater planning initiatives. The Regional Council continues to meet its statutory obligations and timeframes while navigating challenges associated with the evolving resource management framework. Work commenced on the plan change for Highly Productive Land to ensure compliance with upcoming deadlines, despite uncertainty introduced by the National Direction Package. This work positions the Regional Council to respond effectively to future spatial planning requirements.

Level of service statement: HBRC actively engages in national resource management policy reforms, and local resource management plans and consenting matters.

Performance measure & target	Previous year	Result 2024-25	Commentary
All formal submissions on national resource management policy reforms, local resource management plans, and local consenting matters are posted on the HBRC website. Target year 1: Achieved	Achieved ●	Achieved ●	All submissions were appropriately recorded on the HBRC website and recorded in the official submissions register to ensure transparency and accessibility. This year, four submissions were made and posted to hbrc.govt.nz , search: #hbrcsubmissions . These submissions reflected the Regional Council's ongoing commitment to engaging with central and local government processes to ensure regional interests are represented. They also supported the implementation of the Regional Council's policy framework and contributed to shaping legislative and planning outcomes that align with our strategic objectives.



Regulatory Implementation

We ensure that the Regional Council has the necessary internal processes in place to be able to implement the regulation required by both national and regional regulation as set out in the Regional Resource Management Plan, Regional Coastal Environment Plan, as well as any National Environment Standards, and section 360 regulations under the RMA.

We also ensure that external stakeholders are informed and have access to the right guidance to enable them to comply with the regulations or apply for a resource consent.



Level of service statement: HBRC supports landowners, industry and communities through education and information to comply with current regulations.			
Performance measure & target	Previous year	Result 2024-25	Commentary
The Regulatory Implementation team meets the statutory timeframes for implementation as set by legislation. Target year 1: Achieved	New measure 2024-25	Achieved 	Regulatory timeframes were paused by central government during the year. Changes to the regulations are regularly monitored.

Consents

We implement our Regional Resource Management Plan, Regional Coastal Environment Plan, National Environment Standards, and s360 Regulations through the processing and issuing of resource consents. Orders in Council have established specific consenting processes for recovery activities, such as flood protection works and highway and rail recovery work.

In addition to processing consents, we provide advice and education on resource management matters to both internal and external parties.



Level of service statement: HBRC will efficiently and effectively process resource consent applications under the Resource Management Act, National Policy Statement, National Environmental Standards, regulations, and Regional Plans to enable the lawful use and sustainable management of natural and physical resources.			
Performance measure & target	Previous year	Result 2024-25	Commentary
Percentage of resource consents processed within statutory timeframe. Target year 1: 100%	98% 	98.6% 	581 decisions were issued over the year with 8 timeframes missed. Timeframes were missed for a variety of reasons, including transition as planning staff left HBRC, missed payments within the financial system, and delayed advice from technical experts.



Performance measure & target	Previous year	Result 2024-25	Commentary
Overall allocation of water from each water resource is allocated up to but not exceeding the allocation limits set in the Regional Plan. Target year 1: <=100%	93% surface water take 47% ground water stream depleting take  (Tukituki only*)	94% surface water take 48% ground water stream depleting take  (Tukituki only*)	The overall direct take surface water allocation from the Tukituki catchment was 94%. All sub-catchment areas remained at or within the surface (direct take) allocation limits. Stream depletion groundwater was 48% allocated over the total catchment. Groundwater in Zones 1, 2 and 3 were fully allocated. Some change may occur as several Ruataniwha groundwater takes and some lower Tukituki stream depletion were reassessed through replacement process for 14 consents during the year. <i>* The Tukituki Catchment Plan has been operative since October 2015. Water allocation limits in the TANK catchments (Tūtaekurī, Ahuriri, Ngaruroro and Karamū) are on hold as the TANK Plan remains under appeal. All other allocations are under review as part of Regional Plan.</i>
Percentage of expiring water permits in the TANK catchment processed in accordance with TANK Plan Change Target year 1: 20%	New measure 2024-25	<1% 	Two water permits were issued from the TANK catchments. An extension has been applied to most consent applications, with approximately 85% of applicants choosing to wait until the Environment Court makes a decision on the TANK Plan Change. Decisions on these applications are not expected within the next 12 months. This will have repercussions to our targets in years 2 and 3 of the Three-Year Plan.



Compliance and Pollution Response

We monitor resource consents, checking that activities comply with regional plan rules or national regulations and standards. Enforcement tools may be used when conditions are breached.

We provide a 24-hour/7-days a week pollution response service to act on environmental complaints, incidents and breaches. This includes investigation of contaminated land, management of hazardous substances and response and management of marine oil spills within the Hawke's Bay Coastal Marine boundary. We maintain a Tier 2 oil spill response plan which identifies priority areas in Hawke Bay for protection.



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

Performance measure & target	Previous year	Result 2024-25	Commentary
Percentage of consents monitored each year as per the adopted risk-based Compliance Monitoring Strategy. Target year 1: 95% (high risk) 90% (others)	66% (high risk) 52% (others) 	99.9% (high risk) 80% (others) 	4,286 consents were monitored as required by the Compliance Monitoring Strategy; of these, 2,282 were monitored by Compliance and 2,004 were monitored by Water Information Services. There were 1,033 high risk consents; of these, 918 were monitored by Compliance and 114 by WIS, resulting in a 99% monitoring rate for high risk consents. 1,411 remaining consents were monitored by the Compliance team. The result for all other consents monitored during the year was 80%.
Percentage of monitored consents which receive an overall grade of full compliance. Target year 1: 90%	93% 	95.1% 	3,415 consents were monitored this year, with 3,247 achieving full compliance. There has been an increase in overall consent numbers due to the introduction of global consents for civil works. Each global consent can cover over 200 individual locations and consent types – primarily related to cyclone recovery work carried out beyond the emergency works period. There has also been an increase in forestry consents due to ongoing replanting and harvesting activities. Not all of these activities fall under permitted activity rules.
Percentage of significant non-compliance where action is taken in accordance with HBRC's Enforcement Policy. Target year 1: 100%	79% 	100% 	There were 17 recorded significant non-compliance this year and action was taken in all cases in accordance with the Enforcement Policy.



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

Performance measure & target	Previous year	Result 2024-25	Commentary
Maintain a 24- hour/7-day a week duty management/pollution management response system. Target year 1: Achieved	Achieved ●	Achieved ●	The pollution hotline is staffed by the Pollution Response and Enforcement team, consisting of 4 compliance officers and a team leader during business hours (8am-5pm). Outside of those hours it is covered by that team and 7 other compliance officers from either the Rural or Urban teams who work on a 11-week rotation. The after-hours telephone call are covered by the Palmerston North Call Centre and the HBRC Duty Manager.

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

Performance measure & target	Previous year	Result 2024-25	Commentary
A Selected Land Use Register of potentially and confirmed contaminated sites is maintained and up-to-date. Target year 1: Achieved	Achieved ●	Achieved ●	The hazardous industries and activities list (HAIL) in our Selected Land Use Register (SLUR) was maintained and kept up-to-date including a public-facing portal (hbrcopendata-hbrc.opendata.arcgis.com/). These records are stored in a regional council-specific software platform (IRIS) (gis.hbrc.govt.nz/hazards/). We have a contaminated sites map layer with public access to the Hawke's Bay Hazard Portal, and enquiries are directed to this in the first instance.



Level of service statement: HBRC will respond to oil spills within the Hawke’s Bay Coastal Marine boundary and maintain a Tier 2 Oil Spill Response Plan, which identifies priority areas in Hawke’s Bay for protection in the event of a major spill.			
Performance measure & target	Previous year	Result 2024-25	Commentary
An operative Tier 2 Oil Spill Plan and a trained and qualified oil spill response team is in place at all times. Target year 1: Achieved	Achieved ●	Achieved ●	The Tier 2 Oil Spill Plan was approved in August 2021 and is operative. A revised plan is due for completion early next year and will be sent to the Director of Maritime NZ for approval; according to the Maritime Transport Act, plans are required to be updated every three years. A qualified Regional On-Scene Commander (ROSC) has been in place at all times along with 18 trained responders qualified in oil spill response. Since October 2024, the response team has been supported by Maritime NZ, who fulfills the ROSC function remotely from Auckland. Two staff will attend the ROSC course in July 2025. Two training exercises were completed in December 2024.

Maritime Safety

We regulate maritime safety within regional waters under the Maritime Transport Act and the Navigation Safety Bylaw. This applies to commercial ships and recreational vessels operating in coastal areas (up to 12 nautical miles from the shore) and inland waterways (lakes, rivers, streams).

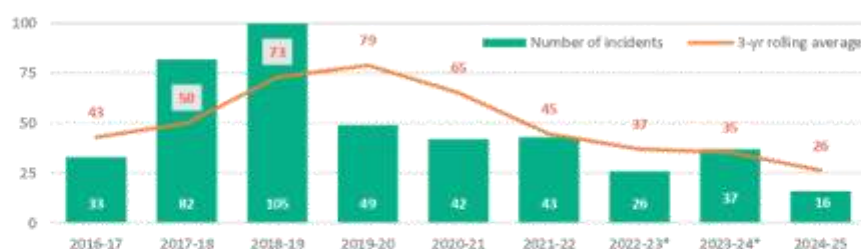
The Harbourmaster is responsible for overseeing maritime safety within the region and engaging with the community and stakeholders to promote, monitor and facilitate safe maritime activities.



Level of service statement: HBRC will regulate maritime safety for commercial and recreational vessels within the region, through the provisions of the Maritime Transport Act and the Hawke’s Bay Navigational Safety Bylaw, to ensure the region’s navigable waters are safe for users.			
Performance measure & target	Previous year	Result 2024-25	Commentary
Maintain compliance with the New Zealand Port and Harbour Marine Safety Code, and International Organisation for Standardisation (ISO) 9001:2015 certification. Target year 1: Achieved	New measure 2024-25	Achieved ●	ISO 9001:2015 certification for New Zealand Port and Harbour Marine Safety Code has been maintained. The three-yearly revalidation audit was completed in October 2024 with no non-conformances.



Performance measure & target	Previous year	Result 2024-25	Commentary
Number of maritime incidents occurring per year reported to Maritime New Zealand in accordance with regulations. Target year 1: Maintain or decreasing trend (3-year rolling average)	37* ● (35 on 3-year rolling average)	16 ● (26 on 3-year rolling average)	A total of 16 incidents were reported to Maritime NZ for the year compared to 37 last year (noting that data from January to June 2025 is preliminary data). There has been increased engagement with the public and special interest groups, including education courses aimed at improving the awareness and capabilities of our water users.



*Data has been amended to reflect updates from Maritime NZ.



Te Whakahaere Tōpū i Ngā Wai

Integrated Catchment Management

What we do

There are five activities within the Integrated Catchment Management group of activities:

- Environmental Information
- Environmental Science
- Sustainable Land Management
- Biodiversity and Biosecurity
- Rural Partnerships.

Why we do it

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



Integrated Catchment Management activities are a mix of statutory requirements and non-regulatory methods. This approach enables the Regional Council to direct funding and resources in a strategic and prioritised manner based on the specific needs of each catchment and the best available science.

What we spent

\$26.8 million (5% under budget)

Where funding came from



How we performed

We measured 11 aspects of performance for this group of activities



Environmental Information

We monitor the state, condition and use of land, air, water, coast, and marine resources within the region, to provide information for reporting against relevant standards and guidelines. It includes setting the strategic direction, governance and optimisation of processes and systems for Integrated Catchment Management (ICM) governed data.



Environmental Information also contains the Water Information Services team who provide the stewardship and management of legal requirements relating to water take, use and measurement and provide timely data to both internal and external customers.

Level of service statement: HBRC will collect, monitor and provide accurate and timely environmental data, and provide a reliable regional environmental telemetry network.

Performance measure & target	Previous year	Result 2024-25	Commentary
HBRC maintains its International Organisation for Standardisation (ISO) 9001:2015 certification for environmental data collection, analysis and storage. Target year 1: Recertification achieved	Achieved ●	Achieved ●	The International Organisation for Standardisation (ISO) 9001:2015 certification for environmental data collection, analysis, and storage has been maintained. The Quality Management System team successfully completed its three-yearly ISO 9001:2015 revalidation audit in October 2024, with no non-conformances. All recommendations for improvement from the audit are being actioned.
Percentage of processed monitoring programme results that are publicly available within two months of collection for: - discrete water quality (lakes, rivers, coast, groundwater) - groundwater quantity (level) - surface water quantity (stage, flow, rainfall) - climate (air temperature, humidity, wind speed, wind direction, soil moisture, soil temperature and solar radiation). Target year 1: 90%	New measure	73.8% ●	Over the year, 73.8% of discrete and continuous data was processed and verified within 2 months. 91% of discrete data 100% continuous groundwater 52% continuous hydrology 52% continuous climate data. The HBRC fiscal savings plan to hold vacancies has impacted this team's ability to deliver its work programme. The team has prioritised the collection of data over processing, which is evidenced in the non-achievement of this performance measure. Data is published hbrc.govt.nz, search: #SOEmonthly and lawa.org.nz/explore-data/hawkes-bay-region/



Environmental Science

We interpret data and report on the state, condition and use of land, air, water, coast, and marine resources within the region as well as reporting against relevant standards and guidelines. Science investigations into causes and effects are undertaken, as well as new and existing initiatives to improve environmental outcomes such as water demand management. Regional resource management plan changes are supported with science, so that plan changes are informed with rigorous evidence. The Regional Council has a statutory responsibility for monitoring the State of the Environment locally. This is reported on every three years, with monthly updates, providing important information on any risks of resource use and to inform policy setting. It also enables the Regional Council to respond in a timely manner to any adverse effects from resource use from an operational perspective.



Level of service statement: HBRC will provide accurate and timely analysis and interpretation to decision makers and the community on the State of the Environment (SOE) for Hawke’s Bay.			
Performance measure & target	Previous year	Result 2024-25	Commentary
Production of a 3-yearly State of the Environment Report, and monthly updates are published on the HBRC website. Target year 1: 3-yearly SOE Report and 12 monthly updates	12 monthly updates ●	12 monthly updates ● SOE Report ●	The 2021-2024 State of the Environment Report was completed and presented to the Environment & Integrated Catchments Committee on 20 August 2025 (meeting postponed from June 2025). Monthly SoE reports were delivered according to a scheduled monthly timeframe hbrc.govt.nz , search: #SOE

Level of service statement: HBRC will undertake targeted science research and investigations on matters relevant to policy development to inform the Council and community.			
Performance measure & target	Previous year	Result 2024-25	Commentary
Percentage of the Science team's annual work programme delivered. Target year 1: >90% of programme delivered	Achieved ●	93% ●	State of the Environment reporting makes up a significant part of the work programme. The three-yearly State of the Environment report and underlying technical reports were completed this year. Our ability to support the wider business has been limited due to vacancies, some of which are part of the HBRC fiscal savings plan to hold vacancies. This impact was minimised with some work contracted out and most was delivered by the end of the year.



Sustainable Land Management

We actively engage with landowners, fostering a collaborative approach to support the sustainable use of land. Together, we build resilience to climate change impacts and reduce environmental pressures. This includes protecting waterways, managing erosion, and enhancing biodiversity outcomes.



We manage a soil conservation nursery in Pākōwhai, producing poplar and willow poles for erosion control on highly erodible land. To meet increasing demand locally and nationally, we are enhancing the current nursery and expanding its operations.

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

Performance measure & target	Previous year	Result 2024-25	Commentary
Additional area of erodible land, planted with fit-for-purpose erosion control species, transitioned to more sustainable land use or was retired and protected. Target year 1: 600ha of land under cover	974.2ha ● (target was 900ha)	1,009.6 ha ●	The Erosion Control Scheme (ECS) protected or retired 1,009.6 hectares of land during the year; this included 47% space planting poles, 20% block planting, and 33% reversion/retirement. The greater than anticipated take up of the ECS by landowners is attributed to the willingness to retire and remediate areas of properties that were damaged by Cyclone Gabrielle. Our poplar and willow nursery produced 21,850 A and B grade poles during the year that were sold to landowners across the region through the Erosion Control Scheme. HBRC funds 50% for both pole planting and native planting/retirement.

Read more
in Part 3



Biodiversity and Biosecurity

This activity is dedicated to safeguarding and enhancing Hawke's Bay's indigenous ecosystems. To accomplish this, we collaborate with various organisations and landowners to identify and manage high-value biodiversity sites, ensuring the protection and restoration of native species and ecosystems.



We are actively involved in the implementation of the multi-stakeholder Biodiversity Strategy and Action Plan, which is owned by a wide range of organisations. We are one of a few organisations that has an overview of the Hawke's Bay region and, together with the Department of Conservation, we hold much of the information about the state of the region's biodiversity.

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

Level of service statement: HBRC will work with partners and stakeholders to deliver high-value environmental outcomes and implement the Hawke's Bay Biodiversity Strategy and Action Plan so biodiversity is enhanced, healthy and functioning.

Performance measure & target	Previous year	Result 2024-25	Commentary
Number of Ecosystem Prioritisation sites protected per annum. Target year 1: 4 new, 10 maintained	7 new 22 maintained (target was 4 new, 10 maintained)	14 new 24 maintained 	14 new sites were protected including the construction of 29.94km of new deer fencing. Maintenance activities were undertaken at a further 24 sites which included feral ungulate control, fence repairs, weed control and predator control. The target was well-exceeded due to successfully leveraging additional funds from the QEII National Trust, Jobs for Nature Private Land Fund, Pōrangahau Catchment Group, Waingongoro Catchment Group, the NZ Lotteries Commission, as well as significant landowner contributions.
Number of biodiversity projects delivered per annum under the Targeted Catchment Works Fund. Target year 1: 3	New measure	21 	21 projects were undertaken with many of these small-scale (particularly restoration planting). Our funding was combined with other groups enabling a stretch of budgets. Projects delivered include three new fencing projects in partnership with the Pōrangahau Catchment Group, including one with other restoration activities to protect dune slack wetlands currently providing habitat for matuku/Australasian bittern (Threatened, Nationally Critical). Restoration planting was undertaken at a further 13 sites in partnership with the Ahuriri Tributaries, Pōrangahau and Between Two Rivers catchment groups. Weed control was undertaken at 2 of these sites, and a further 3 elsewhere, targeting species (Old man's beard, willows, pampas, wilding pines) which are impacting regeneration and viability of these sites.



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

Performance measure & target	Previous year	Result 2024-25	Commentary
Percentage of annual pest plant and animal programme delivered (covering all 33 pest plants and 25 pest animals within the Regional Pest Management Plan). Target year 1: 100% of programme delivered	New measure 2024-25	100% ●	The Regional Pest Management Plan was delivered in accordance with the 2024-25 Operational Plan. The annual report will be presented to the Environment and Integrated Catchments committee in August 2025. While Alligator weed and Senegal tea have been discovered in the region in the last two years (both designated as exclusion pests), control programmes have been implemented for Alligator weed, and stakeholder engagement has been completed for Senegal tea. Significant staff resource had to be redirected to manage these new incursions.
Percentage of the Possum Control Area (PCA) with a 4% or less residual trap catch, with a minimum of 30% of PCA monitored each year. Target year 1: >90%	New measure 2024-25	90% of programme delivered 91% of properties achieved standard ●	188,587 hectares, or 27% of the PCA programme area, was monitored; this represents 90% of the area planned for monitoring. The average residual trap catch (RTC) across the Possum Control Area programme (PCA) this year was 1.3% which is below the 4% threshold. Of 567 properties within the area monitored, 52 (9%) failed to meet the 4% RTC, meaning 91% achieved the standard. Where properties exceed the RTC, staff worked closely with landowners, eliminating the need for formal enforcement in most cases.



Rural Partnerships

We are involved with building enduring partnerships with our rural communities through community groups and community collectives and understanding issues communities are facing at the catchment level. We support community groups and collectives by being the connector and providing opportunities for the rural community to engage with the Regional Council. We provide the stable and constant connection for us to share information and knowledge with our rural communities.



Level of service statement: HBRC will engage with and support farmers, growers, landowners, catchment collectives and sector partners to build resilience in land and water use that contribute to improved environmental outcomes.

Performance measure & target	Previous year	Result 2024-25	Commentary
The Rural Partnerships team will develop and implement an annual work programme for rural communities to include workshops, field days and community events. Target year 1: >90% of programme delivered	New measure 2024-25	90% ●	An annual work programme was developed and implemented during the year. The Rural Partnerships team delivered 6 HBRC-led workshops, supported Catchment Groups with projects and progressed the Land for Life programme. The Rural Partnerships team attended 9 Catchment Group events, 57 industry/sector events, and 9 rural competitions.
Number of active Catchment Groups and Collectives across the region. Target year 1: Maintain or increase <i>Baseline: 4 Catchment Collectives, 22 Catchment Groups</i>	New measure 2024-25	Increased ● (5 Catchment Collectives, 34 Catchment Groups)	The numbers of active groups are: 5 Catchment Collectives, 34 Catchment Groups, 2 emerging Catchment Groups and 13 Sub Catchment Groups/Community Hubs. Of these 54 groups 6 are in our Northern region, 19 in our Central region and 29 within our Southern region.



Te Whakahaere Rawa Asset Management

What we do

There are five activities within the Asset Management group of activities:

- Flood Protection and Control Works, comprising:
 - flood schemes
 - drainage and pumping
- Flood Risk Assessment and Warning
- Coastal Hazards
- Regional Water Security
- Open Spaces.

Why we do it

This group of activities contributes to the following community outcomes:

 Healthy Environment	We protect and enhance flood schemes' riparian land and regional parks for a range of purposes, including biodiversity, to have healthy, functioning ecosystems.
 Resilient Community	We seek to protect communities from frequent flooding through well-maintained flood and drainage schemes and regional parks. We provide regional monitoring and flood hazard information. We are aiming to develop and deliver water storage and management solutions.
 Prosperous Community	We seek to reduce the likelihood of damage from flooding on people, property, productive land, and businesses for long-term benefits to our economy. We oversee gravel extraction from the region's rivers which is essential for the economic development of the region's construction industry, and used for roads, cement production, or landscaping.

What we spent

\$57.7 million (50% under budget)

Where funding came from



How we performed

We measured 9 aspects of performance for this group of activities



Flood Protection and Control Works (Flood Schemes and Drainage)



The Regional Council currently administers 27 flood control and drainage schemes throughout the region to reduce the risk of flood and erosion damage. We maintain networks of stopbanks, hydraulic structures and pump stations and manage the river, stream, and drainage channels to ensure they work as expected during floods to help protect life and property. This includes gravel management to maintain flood capacity and allocation of gravel from riverbeds.

The flood control and drainage schemes are grouped into three major schemes: the Heretaunga Plains Flood Control Scheme (HPFCS), the Upper Tukituki Flood Control Scheme (UTFSC), and Small Schemes. Flood protection schemes are designed to provide an agreed level of service, for example, a 1 percent likelihood of flooding in any given year, or a 1-in-100-year level of protection.

Level of service statement: HBRC will maintain cost-effective flood protection schemes that provide resilience from frequent flooding to communities and productive land within designated flood protection schemes.

Performance measure & target	Previous year	Result 2024-25	Commentary
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. (mandatory measure) Target year 1: >80%* of programme delivered * The percentage of actual versus budgeted spend is used as a proxy for delivery.	Not achieved ● <i>Maintenance programme complete</i> <i>Capital programme 60% complete</i>	Not achieved ● <i>Maintenance programme 90% of budgeted spend</i> <i>Capital programme 77% of budgeted spend</i>	An annual maintenance plan and capital programme was prepared. Pressures delivering the full annual maintenance programme came from unplanned work, such as fallen trees and additional silt removal. Capital renewals for existing assets were completed on budget as planned. Some new capital work was paused awaiting outcomes of scheme reviews; this will help shape how we deliver the right infrastructure with the best available information.
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 AMPs. Target year 1: Achieved	Not achieved ●	Not achieved ●	Independent reports commissioned by HBRC for the Wairoa flood event—that occurred on 26 June 2024—were completed by Tonkin + Taylor, Kyle Christenson, and Graeme Campbell. These reports were publicly released in September 2024. The draft flood report was completed in March 2025, 9 months after the event, and outcomes are being incorporated into Asset Management Plans (AMP).



Level of service statement: HBRC will maintain cost-effective drainage schemes that provide drainage and remove surface water from beneficial land use within designated scheme areas.

Performance measure & target	Previous year	Result 2024-25	Commentary
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. Target year 1: >80%* of programme delivered <i>* The percentage of actual versus budgeted spend is used as a proxy for delivery.</i>	New measure 2024-25	Not achieved ● <i>Maintenance programme 117% of budgeted spend</i> <i>Capital programme 40% of budgeted spend</i>	An annual maintenance plan was prepared and delivered as outlined in the contract with HBRC Works Group. The planned schedule of work has been completed, exceeding the budget in most areas in order to complete critical works. Capital renewals and new capital work plans for existing assets are in place. Much of the work was paused as the outcomes of scheme reviews were undertaken; this will help shape how we deliver the right infrastructure with the best available information.

Level of service statement: HBRC will build new flood infrastructure in accordance with the Future of Severely Affected Land contract with the Government to improve protection resilience to communities for future flooding events.

Performance measure & target	Previous year	Result 2024-25	Commentary
A capital programme for new flood infrastructure is prepared and delivered. Target year 1: 80%-100%* of annual programme delivered <i>* The percentage of actual versus budgeted spend is used as a proxy for delivery.</i>	New measure 2024-25	Not achieved ● <i>14% of budgeted spend</i> Read more in Part 2	The NIWE Flood Resilience Programme (outlined in Part 2) progressed with confidence and moved into the phase of delivery. However, there was a significant underspend compared with the initial forecast. When the budgets were set, the programme was still in its early stages, and our current level of insight had not been established. The main underspend was due to land acquisition and construction shifting to a later timeframe. As a result, the large capital outlays associated with land acquisition, and construction phases are expected to occur in the next two years. All Project Delivery Plans were approved, and focus shifted to keeping projects within agreed timelines and budget while beginning construction as soon as practicable.



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

Performance measure & target	Previous year	Result 2024-25	Commentary
Ecological Management and Enhancement Plans (EMEP) are implemented. Target year 1: Achieved	Achieved ●	Achieved ●	Ecological Management and Enhancement Plans (EMEP) have been developed for the three rivers (Tūtaekurī, Ngaruroro, and Tukituki) and are being implemented. The Environmental Code of Practice will be updated next year and the process for reviewing and updating EMEPs will be completed at the same time.

Flood Risk Assessment and Warning

The Regional Council identifies, monitors, and plans for major climate change hazards, such as increased storm intensity, flooding, sea level rise, and coastal erosion. Flooding is a significant hazard with extreme weather events projected to increase in frequency and intensity with climate change.



We operate a comprehensive network of rainfall and river level recorders across the region. Modelling has been updated to continuously run rather than being manually operated in response to a rain event.

We also work with other local councils through liaison, provision of floodplain mapping, catchment management planning, and investigation of specific flooding issues.

This activity also provides advice on rainfall and water flows during flood conditions and hazard information for land use planning purposes to encourage community resilience and preparedness.

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

Performance measure & target	Previous year	Result 2024-25	Commentary
Percentage of time that priority telemetered rainfall and river level sites are operational throughout the year. Target year 1: 98%	98% ●	98% ●	The system operated at over 98% for the priority telemetry sites. The telemetry network repairs and upgrades are a \$5M investment that is part of the NIWE Flood Resilience Programme with the Crown. All rebuilds and upgrades have included 2 separate forms of communication, 2 separate sensors and loggers, and 2 independent power supplies with battery sets. These improvements will provide more accurate and timely flood forecasts and faster warnings.

Read more
in Part 2.



Coastal Hazards

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

A key project is the Clifton to Tangoio Coastal Hazards Strategy 2120. The Regional Council intends to consult with the public on Strategy through the next long-term plan.

Regional Council's current work in coastal hazards includes gravel renourishment of Westshore Beach, Napier.



Read more
in Part 3

There are no levels of service measures for this activity.

Regional Water Security

We are investigating water supply and demand options aiming to ensure Hawke's Bay has long-term, climate-resilient, and secure supplies of freshwater for all. This includes:

- Heretaunga Water Storage – exploring above ground, medium-scale water storage options in the Ngaruroro catchment for and on behalf of the community
- setting up a Managed Aquifer Recharge (MAR) trial in Central Hawke's Bay to determine whether MAR is a viable water storage option and can contribute to water security in the area.

These projects are enabled by Government's Provincial Growth Fund (PGF) co-funding.



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

Performance measure & target	Previous year	Result 2024-25	Commentary
A capital programme for regional water security is prepared and progressively delivered. Target year 1: Achieved	New measure 2024-25	Achieved ● Read more in Part 3	A programme for regional water security remains on track. The Heretaunga Water Security Project confirmed the 27mm3 E2 Whanawhana site (close to the Ngaruroro River) as the preferred option and approved a budget of \$3.2M to support the feasibility assessment. HBRC communicated its intention to transition governance from HBRC to a community model that represents water users. The Central Hawke's Bay Managed Aquifer Recharge project is also on track with a focus on meeting consent requirements.



Open Spaces

The Regional Council owns and manages four publicly-accessible regional parks – Pākōwhai, Pekapeka, Tūtira and Waitangi – and various river berm areas. These areas have multi-purpose functions including flood control, soil conservation and water quality enhancement, as well as protecting and enhancing biodiversity, cultural and historic values and providing recreational opportunities. Regional Council leverages government funding to support these initiatives and partners with landowners to improve public access to these areas where practicable and sustainable.



We co-own and co-manage Hawea Historical Park with the Hawea Historical Park Whenua Topu Trust. We also own Whittle Reserve (84 hectares) in Puketitiri; while Waipātiki Holiday Park is a Regional Council land asset but managed independently. The Regional Council also contributes towards the management of Te Mata Park.

Regional Council manages more than 100km of shared cycling/walking trails which have been constructed along stopbanks and berm areas that we own or administer. Some of these form part of the Hawke's Bay Trails one of the 23 Ngā Haerenga Great Rides of New Zealand. Regional Council is the lead agency for the Hawke's Bay Trails Great Ride, managing the whole network (177km) on behalf asset owners. We also maintain some shared trails for recreation use in Central Hawke's Bay – The Tukituki Trail.

We are actively engaged with recreational interest groups who are keen to use Regional Council land and river areas that we own.

The Regional Council owns and manages forests at Māhia, Tūtira Regional Park and nearby Waihapua, Waipawa, and Waipukurau. We also manage the Tangoio Soil Conservation Reserve, which is a Crown-owned forest area within the rohe of Maungaharuru-Tangitū hapū.

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

Performance measure & target	Previous year	Result 2024-25	Commentary
Regional parks and HBRC trails are maintained as per HBRC's Asset Management Plan. Target year 1: Achieved	Achieved 	Achieved Read more in Part 3	Regional parks and HBRC trails have been maintained as per HBRC's Asset Management Plan. Cuts to budgets have resulted in decreased frequency in routine maintenance and reduced levels of service. Maintenance is carried out by the HBRC Works Group and other contractors. Auditing and management of these contracts is ongoing and site inspections are undertaken regularly.



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

Performance measure & target	Previous year	Result 2024-25	Commentary
HBRC Forests and the Tangoio Soil Conservation Reserve are managed to the standards defined in their respective management plans. Target year 1: Achieved	Achieved ●	Achieved ●	HBRC forests have been managed to the standards of their respective management plans. Some areas of the Tangoio Soil Conservation Reserve are still inaccessible due to roading 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 at final design stage and construction repairs have rolled over into next year. Harvesting at Tūtira has concluded for the year, and Tangoio (Devil's Elbow) harvesting is in future harvest planning as it works around repairs on SH2.



Te Whakahaere Mate Whawhati Tata Emergency Management

What we do

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

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

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

Why we do it

This group of activities contributes to the following community outcomes:

 Resilient Community	We help the community build resilience to hazards and potential civil defence emergencies.
 Prosperous Community	We reduce the impact of emergency events on people, property, businesses, and the economy.

What we spent

\$6.0 million (10% over budget)

Where funding came from



How we performed

We measured 5 aspects of performance for this group of activities



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



Under the CDEM Act 2002 (the Act), the region's local authorities must form a CDEM Group which is governed by a Joint Committee (the region's mayors and Regional Council chair). The Group is managed by the Coordinating Executives Group (chief executives from the region's councils, regional emergency service leads, and representatives of central government agencies).

Under the Act, the CDEM Group is required to undertake many functions including maintaining an operative CDEM Group Plan that outlines a strategy to coordinate CDEM activities within the region.

The CDEM Group operates as a shared service across the region's five councils delivering emergency management outcomes in risk reduction, readiness, response, and recovery.

The Regional Council is the administering authority for the Group and manages the CDEM Group office on behalf of the Group. This includes providing accommodation, employing staff, and office support. The functions of the Group are the responsibility of the Joint Committee. The Group's work is funded by a separate targeted rate set as a fixed annual charge (CDEM Emergency Management) on all rateable properties in Hawke's Bay, which Regional Council collects on behalf of the CDEM Group.

Individual councils are responsible for their own incident management teams, and delivering essential services during and after an emergency event.

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

Performance measure & target	Previous year	Result 2024-25	Commentary
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. Target year 1: Achieved	Achieved ●	Achieved ●	The current Hazard Research Plan¹ was published in June 2015. Work on updating the Research Plan will commence following an organisational realignment and development of the new CDEM Group Plan, as part of the wider CDEM transformation. Hazard information is maintained on Hawke's Bay Hazard Portal gis.hbrc.govt.nz/Hazards/ and new information is added as completed and approved. HBRC hosts the portal on behalf of HBCDEM, and has committed to completing a business case for the portal as one of six priority projects resulting from the Hawke's Bay Independent Flood Review.

¹ <https://www.hbemergency.govt.nz/assets/Documents/Plans-Procedures-and-Strategies/10-Year-HB-Hazard-Research-Plan-CR-2015-098.pdf>



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

Performance measure & target	Previous year	Result 2024-25	Commentary
An operative Group Plan under the CDEM Act 2002 is in place and reviewed within statutory timeframes by the Joint Committee. Target year 1: Achieved	Not achieved ●	Not achieved ●	The current 2014 CDEM Group Plan remains operative and is updated as needed to meet statutory requirements but is outside the statutory 5-year review. The new Service Level Agreement, endorsed by Hawke's Bay councils and approved by the Joint Committee in July 2025, confirms the CDEM arrangements for the region. The HBCDEM Transformation Strategy, approved in January 2025, includes a review of the Group Plan next, subject to resourcing and the outcome of the CDEM group realignment. In April 2025, the Government announced its intention to reform New Zealand's emergency management legislation, with a Bill expected to be introduced during the current parliamentary term.
A Group Work Programme implementing the Group Plan objectives is approved and reviewed 6 monthly by the Coordinating Executives Group (CEG). Target year 1: Achieved	Achieved ●	Achieved ●	A two-year Group Work Programme 2022-24 (covering period from July 2022 to June 2024) was approved by CEG and endorsed by the HBCDEM Joint Committee in November 2022. These work programme activities carried over into 2024-25; however CEG recommended that an updated work programme be paused while the Transformation Strategy was developed (a 2025-26 work programme was presented to the Coordinating Executive Group (CEG) and the Joint Committee in July 2025, aligning with the phases and goals set out in the HBCDEM Transformation Strategy). Progress on the work programme and implementation of the Transformation Strategy is reported quarterly to both the CEG and the Joint Committee.



HBRC Emergency Management

We maintain an emergency response capability. We do this by ensuring that staff are assigned emergency management roles, and are trained and available to participate in and help coordinate an emergency response. We maintain a Business Continuity Plan and Manual to ensure Regional Council's essential business can continue, even though this may be at a reduced level, during and after an emergency. We have an Incident Management Team to operate our own Incident Management Centre. We also operate a 24-hour CDEM and Regional Council duty management service, issue regional agency warnings, and respond to urgent public enquiries and complaints.



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

Performance measure & target	Previous year	Result 2024-25	Commentary
HBRC provides support to the Hawke's Bay CDEM Group in accordance with a service level agreement. Target year 1: Achieved	Achieved ●	Achieved ●	As the administrative authority for the Hawke's Bay CDEM Group, HBRC provided support in line with an agreed roles and responsibilities matrix. A new Service Level Agreement (SLA) between the local authorities, including HBRC as the administrative authority, was approved by the CDEM Joint Committee in July 2025.

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

Performance measure & target	Previous year	Result 2024-25	Commentary
Maintain established team, training, procedures including Emergency Operations Centre (EOC) Manual and Business Continuity Plan (BCP). Target year 1: Achieved	Achieved ●	Achieved ●	HBRC Incident Management Teams were established, and training was ongoing throughout the year. We are no longer required to maintain an EOC or EOC manual as HBRC supports the Group Emergency Coordination Centre. A revised Business Continuity Plan was developed during the year and is awaiting final input before approval.



Ngā Waka Transport

What we do

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

- Transport Planning and Road Safety
- Passenger Transport.

Why we do it

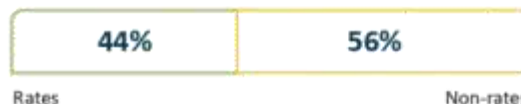
This group of activities contributes to these community outcomes:

	We provide sustainable transport options and reduce emissions to help create a healthier environment.
	We provide transport options for the disadvantaged to access essential services and amenities. We provide road safety education programmes that support good driver decision-making.
	We coordinate regional infrastructure planning that supports economic development and enables the region to better advocate to central government to secure funding.

What we spent

\$10.8 million (2% under budget)

Where funding came from



How we performed

We measured 5 aspects of performance for this group of activities



Transport Planning and Road Safety

We are responsible for regional transport planning under the Land Transport Management Act 2003 and co-ordination of road safety education across Hawke's Bay. Key deliverables are the Regional Land Transport Plan and the Regional Public Transport Plan. Both plans are reviewed every three years.



The Regional Transport Committee is required by statute and is involved in the development of the above plans. It comprises one representative from each of the four territorial authorities, one representative from Waka Kotahi New Zealand Transport Agency, two representatives from the Regional Council and one representative from the Regional Council's Māori Committee. It is supported by advisory members from the community with transport interests.

RoadSafe Hawke's Bay is a business unit of the Regional Council and delivers a regional programme of education and intervention. This includes road safety education, raising driver awareness of key road safety issues, and working with other key stakeholders to reduce the incidence and severity of road traffic crashes. The key focus is to change road user behaviour, making roads safer for people to use. Through RoadSafe Hawke's Bay, we have taken a leadership role in education and awareness building to help achieve some of the objectives of the Regional Land Transport Plan.

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

Performance measure & target	Previous year	Result 2024-25	Commentary
Adopted Regional Land Transport Plan (RLTP) and Regional Public Transport Plan (RPTP) in place. Target year 1: RPTP adopted	Achieved	Achieved <i>RPTP adopted</i> Read more in Part 3	Following public consultation during April 2025, the Regional Public Transport Plan (RPTP) 2025–2035 was adopted by Council on 25 June 2025 following recommendation from the Regional Transport Committee. The RPTP reconfirms our intent to move to a more direct, efficient public transport network. This includes bi-directional routes, more transfer points, shorter travel times, and a more seamless experience. Financial constraints will mean increases to frequency and operating hours will be phased in over time. All plans can be found at hbrc.govt.nz, search: #aboutplans



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

Performance measure & target	Previous year	Result 2024-25	Commentary
The Road Safety team will coordinate and deliver a programme of road safety workshops, initiatives and community events. Target year 1: 50 events or initiatives	New measure 2024-25	86 events or initiatives 	The Road Safety team delivered and reported 86 workshops, initiatives, and community events during the year. These benefited a broad range of the community – children (car seat events), youth (youth programmes), and adults (motorbike and truck users, fatigue stops, cyclists, Police checkpoints), and businesses (road safety programmes and expos).

Read more
in Part 3

Public Transport

A major part of HBRC's transport role is to plan for and provide contracted bus and Total Mobility services for the community to access work, education, social and recreational opportunities. Public bus services are provided in and around the main urban areas of Hastings and Napier.

The region's public transport system forms a key component of the region's strategic land transport network. The Regional Council is the most appropriate authority to deliver consistent and cohesive public transport services in and between districts.

The Total Mobility Scheme provides subsidised services for those who can't use their own vehicle or use public transport due to a significant impairment. Services are provided in urban areas in the region and are funded by the Regional Council and Waka Kotahi New Zealand Transport Agency.



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

Performance measure & target	Previous year	Result 2024-25	Commentary
Number of trips on the Hawke's Bay bus services each year. Target year 1: Maintain or increasing trend (5-year rolling average)	478,794  (487,030 on 5-year rolling average)	535,653  (491,681 on 5-year rolling average)	The number of trips on Hawke's Bay bus services increased by 12% compared to the previous year. This growth reflects the return to full timetables, improved reliability, and more active marketing efforts.

Read more
in Part 3



Performance measure & target	Previous year	Result 2024-25	Commentary
Percentage of scheduled bus services operating. Target year 1: 98%	New measure 2024-25	99.6% 	The number of cancelled bus trips stayed very low this year. Most delays and cancellations were due to breakdowns, mechanical issues, traffic congestion, or occasional staff sickness.
Percentage of all Hawke's Bay bus service trips that depart their timetabled starting location on time. Target year 1: 95%	New measure 2024-25	99.6% 	Bus departure on-time reliability continually exceeded international best practice of 95% during the year.

Read more
in Part 3



Wāhanga 5
Pūrongo Pūtea

Part 5 Financials



This section includes financial reporting benchmarks and financial details for Group accounts, which include the Regional Council and Hawke's Bay Regional Investment Company Limited for the year ended 30 June 2025.

Tirohanga whānui ā-pūtea

Financial overview

Hawke's Bay Regional Council returned a surplus of \$34.5 million for the 2024-25 financial year compared to a planned surplus of \$55.7 million.

This difference is mainly due to a shift in when grants for the North Island Weather Event (NIWE) flood resilience programme are going to be received. More of the capital expenditure and therefore the government grants are expected in the next two financial years compared to initial high level plans set in the Three-Year Plan 2024-2027.

Operating revenue and expenditure were both more than budgeted in the Three-Year Plan as a result of the final year of sediment and debris funding we administered for the region. This work is now complete and the funding from the Government has been fully utilised.

The \$34.5 million operating surplus for 2024-25 is largely driven by:

- income received in relation to cyclone response costs incurred in previous financial years or spending on infrastructure
- a special dividend from our subsidiary Hawke's Bay Regional Investment Company (HBRIC) to repay a loan between the two organisations
- realised investment gains when we changed fund managers early in the financial year.

The statement of comprehensive revenue and expense also shows a large gain on other financial assets which reflects a large increase in the share price of Napier Port Holdings over the year, especially in the last quarter.

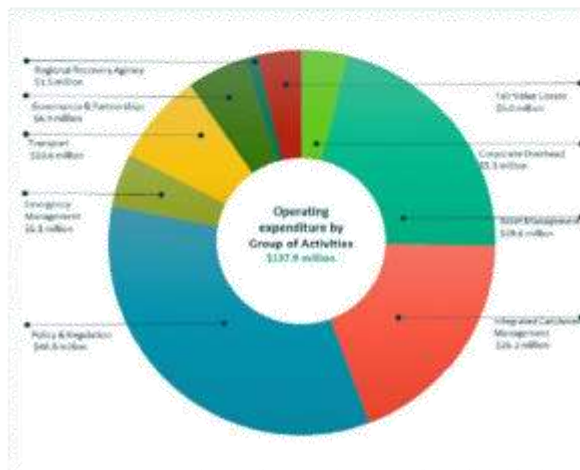
Cyclone recovery and improving flood resilience continue to have major impacts on the Regional Council's financial statements. The Regional Council continues to work closely with partners to optimise funding and manage risks associated with these.

Capital expenditure was significantly under the level forecast in the Three-Year Plan due to timings for work on the NIWE flood resilience programme firming up as planning has progressed over this year. The next two financial years will see the bulk of this infrastructure spend.

Operating expenditure

Operating expenditure reflects what we spend on day-to-day activities that deliver services to our community, including democracy, pest control, pollution response, regional parks, maritime safety, passenger transport, emergency response, management and many others. It also includes support

services for those activities including finance, human resources, technology, and communications.



Operating expenditure for the year was \$137.9 million, significantly lower than last year (\$224 million) but higher than the budget of \$93.6 million in the Three-Year Plan. The spend in excess of budget mainly relates to \$34.9 million related to final sediment and debris costs (within the Policy & Regulation Group of Activities) following an extension of the programme into 2024-25. This spend is fully offset by unbudgeted operating revenue.

The other main variance within operating expenditure is in the corporate overhead area where interest costs have been higher than expected due to continued delay in receiving insurance and other payments for cyclone impacts to enable repayment of external debt.

Operating revenue

Funding for Regional Council activities comes from a variety of sources in addition to general and targeted rates. For 2024-25, non-rates sources made up 72% of total operating revenue.

Operating revenue for the year was \$172.4 million compared to \$227 million last year and was \$23.1 million greater than the budget included in the Three-Year Plan. This revenue more than budget was due to a combination of factors with additional revenue in relation to the extension of the sediment and debris programme, a special dividend from HBRIC to repay an intercompany loan, and realised gains on investments following the transfer of fund managers. These were partially offset by grants expected in relation to the

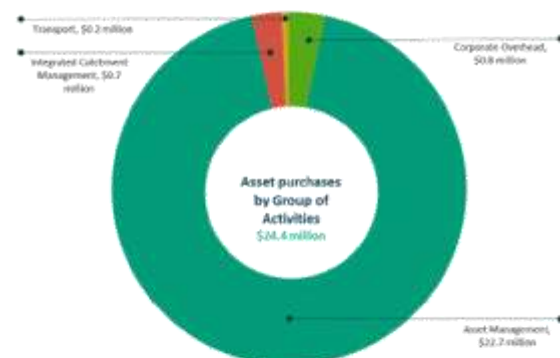
NIWE flood resilience programme being less than planned while work continued on finalising plans and payment schedules with the Government.



Capital expenditure

Capital expenditure includes spend on upgrading, renewing or building new assets such as stopbanks, drainage networks, pump stations, regional parks, vehicles and buildings. Total capital expenditure for the year was \$24.4 million compared to \$27.8 million last year and a budget of \$82.1 million.

The majority of our capital expenditure is in our Asset Management Group of Activities and includes \$2.8 million of spend related to continued recovery from Cyclone Gabrielle and \$9.4 million of initial work on the NIWE flood resilience programme. The Three-Year Plan assumption that we would spend \$67.5 million on the NIWE programme in 2024-25 was based on very high-level initial plans. As these plans have developed the majority of this spend will actually occur in the next two financial years.



Balance sheet

Total assets for the Regional Council increased by \$50.9 million during the 2024-25 financial year. The largest movement of \$69 million was in the investment in Council Controlled Organisations (CCOs) and was a result of the increased share price for Port of Napier Holdings to \$3.22 per share at year end. Infrastructure assets also had a large

increase of \$19 million due to upgrading and building new assets following the cyclone.

These were offset by a decrease in cash and cash equivalents from \$62.3 million last year to \$21.1 million at 30 June 2025. This reflects the utilisation of funds held on behalf of other organisations, and the completion of the sediment and debris programme which had been funded in advance.

External debt decreased during the year, following the repayment of the \$16.7 million intercompany loan with HBRC. Other external borrowing only increased by \$4 million during the year, reflecting the timing of NIWE flood resilience work now increasing tempo next financial year.

Trade and other payables and funds held on behalf both decreased significantly this year being the other side of the reduction in cash and cash equivalents. This was due to the completion of the sediment and debris programme and the transfer of funds held on behalf of the other organisations.

The major change in equity was the increase in fair value reserves reflecting the increased value of Port of Napier Holdings.

Group financial overview

The Regional Council Group, which includes Hawke's Bay Regional Investment Company Limited (with their 55% shareholding in the Port of Napier) returned an operating surplus after income tax of \$40.5 million.

The investment company provides an annual dividend to the Regional Council to help fund general rated activities. Performance this year enabled the full dividend of \$15.05 million to be paid, as well as maintaining inflation protection of the Regional Council's investments and establishing a Dividend Resilience Reserve.

Napier Port delivered a robust performance achieving solid container growth and improved margins, offsetting softer bulk and cruise volumes. Although fluctuations in log exports continue to warrant attention, the short-term forecast remains stable, and their balance sheet is well-positioned to fund infrastructure improvements and sustain dividend payments.

During the year, the managed funds' portfolios were transitioned to a new fund manager. Despite a fairly volatile year in financial markets, an overall return of 8.4% on these investments has been achieved.

HBRC will continue to review of all investment assets, testing performance, structure, and strategic fit against Regional Council's investment objectives. This is to ensure the Group portfolio remains resilient, fit for purpose, and capable of supporting the Regional Council's long-term needs.



Ngā paearu mō te rīpoata ā-pūtea

Financial reporting benchmarks

The statement set out below discloses HBRC's financial performance in relation to various benchmarks to enable the assessment of whether HBRC is prudently managing its revenues, expenses, assets, liabilities and general financial dealings.

These reporting measures are set out in the Local Government (Financial Reporting and Prudence) Regulations 2014. This legislation is prescriptive as to the format and content of the benchmarks to be reported on.

Rates affordability benchmark

Council meets the rates affordability benchmark if:

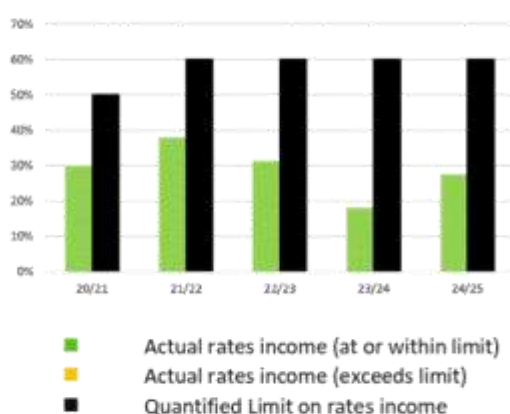
- its actual rates revenue equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

The quantified limits are set in the Financial Strategy in HBRC's Three-Year Plan 2024-2027

(A) Rates income affordability benchmark

The quantified limit for this financial year is that total rates revenue will not exceed 60% of HBRC's annual revenue requirements. The graph uses percentage as a unit of measurement. The graph shows that each of the five years presented are within the benchmark for those years.

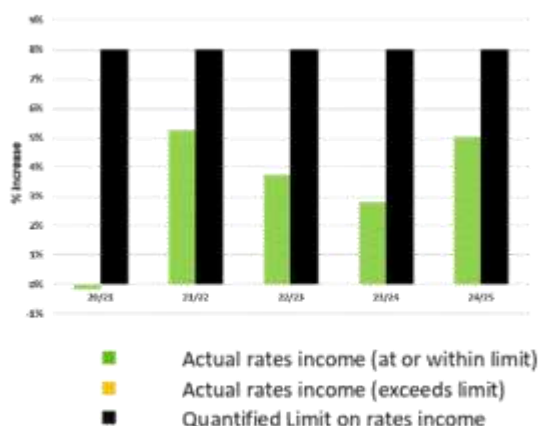
Figure 1: Rates affordability benchmark



(B) Rates increases affordability benchmark

Figure 2 compares HBRC's actual rate increase with the quantified limit on rate increases included in the financial strategies in HBRC's long-term plans. The quantified limit is that the increase in the annual rate revenue requirement will not exceed 8% of HBRC's annual operating expenditure requirements. The graph uses percentage as unit of measurement.

Figure 2: Rates increases affordability benchmark



The quantified limit is rate increases will not exceed 8% of annual operating expenditure requirements. The graph above shows that each of the five years presented are within the benchmark limits.

2. Debt affordability benchmark

Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

The financial strategy in HBRC's Three-Year Plan 2024-2027 set out two quantified limits on borrowing, being:

- net external debt as a percentage of total revenue must be less than 250% (up from 175% in prior years)
- net interest on external debt as a percentage of annual rates income must be less than 30% (up from 20% in prior years).

Graphs are provided below for each of these borrowing limits.

Figure 3: Debt as a percentage of total revenue

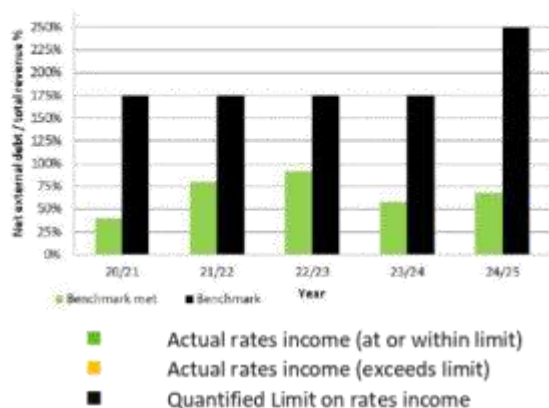
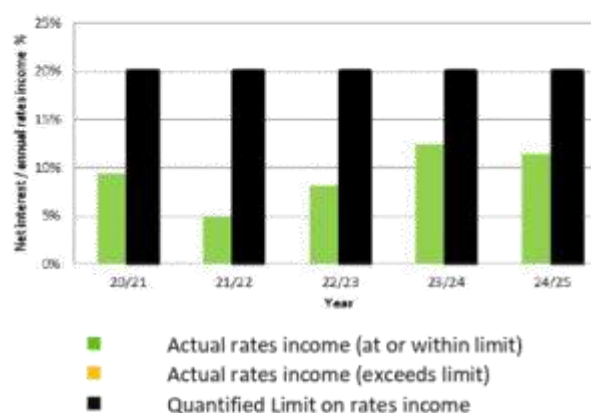


Figure 4: Borrowing limit interest expense to annual rates income

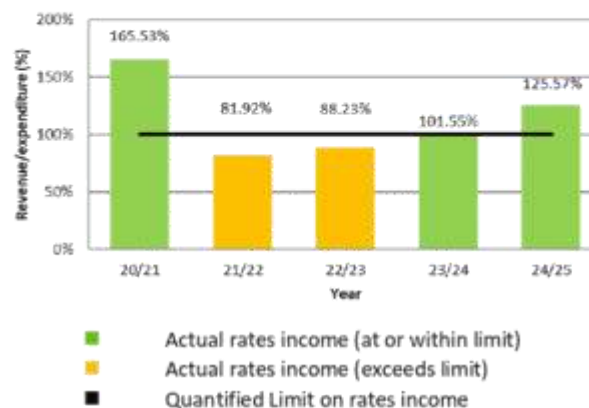


3. Balanced budget benchmark

Council meets this benchmark if its revenue equals or is greater than its operating expenses.

Figure 5 displays HBRC's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant and equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of strategic assets, property, plant and equipment).

Figure 5: Balanced budget benchmark



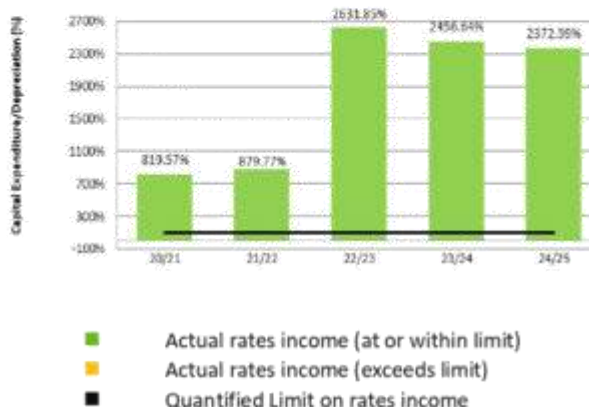
HBRC has met this benchmark for all years except 2021-2022 and 2022-2023. HBRC planned to debt fund the growth in services in the first five years of the Long Term Plan 2021-2031 to smooth the increase in rates, and hence the expenditure being higher than revenue was a planned decision.

4. Essential services benchmark

Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.

Figure displays HBRC's capital expenditure on network services as a proportion of depreciation on network services. Note HBRC has only one network service; and that covers the flood and drainage schemes.

Figure 6: Essential services benchmark



Capital expenditure on flood protection and control works is funded by a combination of depreciation, reserve and loan funding.

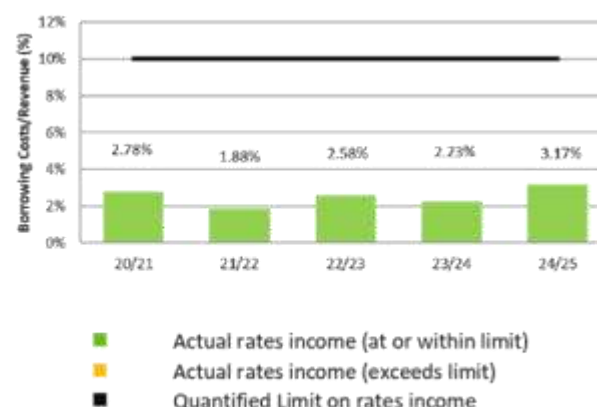
HBRC has met this benchmark for the last five financial years with the last three years reflecting the impacts of the cyclone.

5. Debt servicing benchmark

Council meets the debt servicing benchmark if its borrowing costs are equal to or less than 10% of its revenue.

Figure 7 displays HBRC's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations on property, plant and equipment).

Figure 7: Debt servicing benchmark



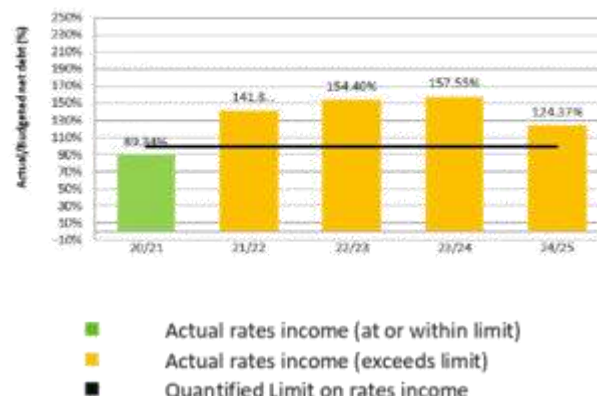
HBRC has met the benchmark for all years included in the above graph. Fees paid to ACC for the capitalisation of Napier leasehold property cashflows for a 50-year period are included.

6. Debt control benchmark

Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.

Figure 8 displays HBRC's actual net debt as a proportion of planned net debt. In this statement, 'net' debt means financial liabilities less financial assets (excluding trade and other receivables).

Figure 8: Debt control benchmark

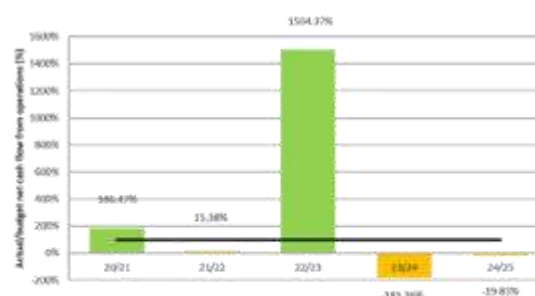


HBRC has not met this benchmark since the 2021 -2022 years due to drops in the value of investments in the earlier years and the impact of Covid-19 pandemic, and more recently on the spend required as in response to Cyclone Gabrielle and subsequent rebuild.

7. Operations control benchmark

Council meets the operations control benchmark if its actual net cashflow from operations equals or is greater than its planned net cashflow from operations.

Figure 9: Operations control benchmark



HBRC met this benchmark (i.e. actual net cashflow from operations has exceeded planned levels) in 2020-2021 and then significantly exceeding planned levels in the 2022-2023 year due predominantly to Government funding received in relation to the impacts of Cyclone Gabrielle. In other years, the operating net cash flows were under budget.

Statement of comprehensive revenue and expense

For the year ended 30 June 2025

		Regional Council			Group	
		Actual	Budget	Actual	Actual	Actual
		2024/25	2024/25	2023/24	2024/25	2023/24
		\$000	\$000	\$000	\$000	\$000
REVENUE						
Revenue from activities	3	11,224	10,761	9,310	163,735	141,949
Rates revenue	4	47,920	47,497	40,982	47,920	40,982
Subsidies and grants	5	64,001	69,759	151,329	66,813	160,244
Other revenue	5	43,116	17,105	16,696	28,134	21,069
Fair value gains on investments	6	6,172	4,179	8,673	9,102	11,724
Reduction in ACC leasehold liability		-	-	-	-	-
Total operating revenue		174,323	149,301	226,990	315,704	375,968
EXPENDITURE						
Expenditure on activities	3	(122,223)	(83,725)	(210,784)	(230,430)	(312,935)
Finance costs	3	(5,975)	(5,449)	(6,032)	(11,271)	(12,219)
Depreciation and amortisation expense	3	(4,727)	(4,450)	(4,667)	(22,691)	(21,385)
Fair value losses	6	(4,980)	-	(2,053)	(5,006)	(2,053)
Other expenditure	7c	-	-	-	-	-
Total operating expenditure		(137,905)	(93,624)	(223,536)	(269,398)	(348,592)
Operating surplus / (deficit)		34,527	55,677	3,454	46,415	27,377
Income tax expense	8	-	-	-	(14,592)	(13,189)
Operating surplus / (deficit) after income tax		35,577	55,677	3,454	31,823	14,187
OTHER COMPREHENSIVE REVENUE AND EXPENSE						
Gain/(loss) on other financial assets	18	69,004	1,434	4,069	(835)	(13,813)
Gain/(loss) on revalued intangible asset	18	2,995	-	2,144	2,995	2,144
Gain/(loss) on revalued property, plant and equipment assets	18	(2,814)	-	456	(1,190)	19,127
Gain/(loss) on revalued infrastructure assets	18	(710)	-	214,711	(710)	214,711
Total other comprehensive revenue and expense		68,475	1,434	221,380	260	222,169
Total comprehensive revenue and expense		103,003	57,111	224,833	32,082	235,355
Equity holders of the parent		103,003	57,111	224,833	13,799	218,072
Non-controlling Interests		-	-	-	18,283	18,283
Total comprehensive revenue and expense		103,003	57,111	224,833	32,082	236,355

The accompanying notes form part of these financial statements



Statement of changes in equity

For the year ended 30 June 2025

<i>Parent</i>	Fair Value Reserves \$000	Other Reserves \$000	Accumulated Funds \$000	Total \$000
Balance at 1 July 2023	285,035	128,150	269,478	682,662
Total comprehensive revenue and expense	221,380	-	3,454	224,833
Reserve movements	-	1,645	(1,645)	-
Balance at 30 June 2024	506,415	129,795	271,287	907,496
Total comprehensive revenue and expense	68,475	-	34,527	103,003
Reserves movements	-	148,306	(148,306)	-
Balance at 30 June 2025	574,890	278,100	157,508	1,010,498

<i>Group</i>	Fair Value Reserves \$000	Other Reserves \$000	Accumulated Funds \$000	Total \$000	Non- Controlling Interest \$000	Total \$000
Balance at 1 July 2023	170,604	246,609	199,632	616,845	179,687	796,531
Total comprehensive revenue and expense	228,527	-	2,170	230,697	18,283	248,981
Dividends received / (paid)	-	-	-	-	(5,861)	(5,861)
Share-based payment reserve	-	(1,679)	-	(1,679)	(67)	(1,746)
Reserve movements	-	1,686	(1,645)	41	67	108
Balance at 30 June 2024	399,131	246,616	200,157	845,904	192,109	1,038,013
Total comprehensive revenue and expense	(934)	-	17,874	16,940	18,283	35,224
Dividends received / (paid)	-	-	-	-	(5,861)	(5,861)
Share-based payment reserve	-	-	-	-	(67)	(67)
Reserve movements	-	148,306	(148,306)	-	67	67
Balance at 30 June 2025	398,198	394,921	69,725	862,844	204,531	1,067,376

The accompanying notes form part of these financial statements



Statement of financial position

As at 30 June 2025

	No te	Regional Council			Group	
		Actual 2024-25	Budget 2024-25	Actual 2023-24	Actual 2024-25	Actual 2023-24
		\$000	\$000	\$000	\$000	\$000
ASSETS						
Non-current assets						
Property, plant and equipment	9	36,059	36,842	37,967	568,113	559,728
Infrastructure assets	10	454,929	302,622	435,885	454,929	435,885
Investment property	11	66,717	66,243	66,697	92,456	93,733
Intangible assets	12	12,456	11,473	10,868	13,161	11,731
Forestry assets	14	9,092	12,070	11,318	9,092	11,318
Derivative financial instruments	16	-	-	-	1,571	2,029
Prepayments		168	42	168	168	168
Total non-current assets before other financial assets		579,421	429,292	562,903	1,139,491	1,114,594
Other financial assets		143,314	143,107	140,026	195,307	189,112
Investment in Council controlled organisations		420,891	335,948	351,869	18	18
Total other financial assets		564,204	479,055	491,895	195,325	189,130
Total non-current assets		1,143,625	908,347	1,054,798	1,334,816	1,303,725
Current assets						
Inventories		695	821	777	695	777
Trade and other receivables	15	26,142	18,968	23,961	51,441	39,102
Derivative financial instruments	16	592	2,243	1,909	2,346	4,121
Other financial assets	13	2,529	3,081	2,083	4,373	2,083
Cash and cash equivalents	17	19,073	26,185	62,276	30,189	71,717
Current tax asset		-	-	-	-	-
Total current assets		49,031	51,298	91,006	89,044	117,799
TOTAL ASSETS		1,192,656	959,645	1,145,804	1,423,860	1,421,523
EQUITY						
Accumulated funds		287,303	317,607	271,467	69,725	200,158
Fair value reserves	18	574,890	286,739	506,415	398,198	399,131
Other reserves	19	148,306	126,212	129,794	394,921	246,615
Non-controlling interest		-	-	-	204,531	192,109
TOTAL NET ASSETS / EQUITY		1,010,499	730,558	907,676	1,067,375	1,038,013
LIABILITIES						
Non-current liabilities						
Derivative financial instruments	16	-	-	-	459	313
Borrowings	20	112,950	150,915	99,600	221,386	205,337
ACC leasehold financing liabilities	24	29,307	29,255	29,574	29,307	29,574
Provisions for other liabilities and charges		19	19	19	19	19
Deferred tax liabilities	21	-	-	-	29,526	25,733
Employee benefit liabilities	22	346	426	433	3,731	2,902
Total non-current liabilities		142,622	180,615	129,627	284,428	263,878
Current liabilities						
Derivative financial instruments	16	-	-	-	339	1,182
Borrowings	20	4,650	4,650	30,563	4,650	13,900
ACC leasehold financing liabilities	24	1,780	1,500	3,421	1,780	3,421
Current tax payable		-	-	-	4,437	5,945
Employee benefit liabilities	22	2,969	2,574	2,505	7,430	6,458
Trade and other payables	23	29,982	29,629	55,736	53,266	72,270
Funds held on behalf	23	153	10,120	16,456	153	16,456
Total current liabilities		39,534	48,472	108,682	72,055	119,632
TOTAL LIABILITIES		182,156	229,087	238,309	356,485	383,510
TOTAL NET ASSETS / EQUITY AND LIABILITIES		1,192,656	959,645	1,145,804	1,423,860	1,421,523

The accompanying notes form part of these financial statements



Statement of cash flows

For the year ended 30 June 2025

	Regional Council			Group	
	Actual 2024-25 \$000	Budget 2024-25 \$000	Actual 2023-24 \$000	Actual 2024-25 \$000	Actual 2023-24 \$000
CASH FLOW FROM OPERATING ACTIVITIES					
Cash was provided from:					
Receipts from customers	7,833	13,132	10,915	156,065	168,786
Rates received	47,239	47,518	40,701	47,239	40,701
Dividends received	27,090	10,505	7,206	20,699	268
Interest received	3,251	4,228	5,483	3,192	6,560
Grants received	64,001	69,407	150,668	64,001	150,668
Other revenue	14,638	352	4,845	14,638	4,845
GST	-	-	-	(566)	709
	164,052	145,142	219,817	305,268	372,536
Cash was applied to:					
Payments to suppliers	109,603	85,612	207,849	188,160	307,524
Payments to and on behalf of employees	38,455	40,525	36,096	38,455	36,096
Interest expense	5,501	4,771	6,032	5,390	10,096
Funds held on behalf	16,303	-	3,164	16,303	3,164
Income tax expense	-	-	-	14,827	-
	169,862	130,908	253,140	263,135	356,879
Net cash flows from operating activities	17	(5,810)	(33,323)	42,133	15,657
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash was provided from:					
Disposal of property, plant and equipment	529	-	808	640	858
Disposal of investment properties	50	-	2,494	50	2,494
Disposal of financial assets	1,445	2,597	2,360	1,445	408
	2,024	2,597	5,662	2,135	3,760
Cash was applied to:					
Purchase of property, plant and equipment	3,578	2,214	4,513	27,376	16,094
Purchase of intangible assets	119	-	-	119	-
Construction of infrastructure assets	20,784	79,863	23,583	20,784	23,583
Community lending	0	-	3,682	-	3,682
Purchase of financial assets	-	-	-	2,285	(2,360)
Forestry assets development	-	-	128	-	128
Purchase of investment property	-	-	-	(1)	8,354
Leasehold liability	2,371	-	998	2,371	998
	26,852	82,077	32,903	52,934	50,478
Net cash flows from investing activities	(24,828)	(79,480)	(27,241)	(50,799)	(46,718)

The accompanying notes form part of these financial statements



Statement of cash flows (continued)

	Regional Council			Group	
	Actual 2024/25 \$000	Budget 2024/25 \$000	Actual 2023/24 \$000	Actual 2024/25 \$000	Actual 2023/24 \$000
CASH FLOW FROM FINANCING ACTIVITIES					
Cash was provided from:					
Loans drawn	24,000	55,998	123,870	24,000	123,870
Proceeds from grants	-	-	-	-	7,450
Proceeds from issue of ordinary shares	-	-	-	-	499
Proceeds from issuance of fixed rate bonds	-	-	-	-	-
Repayment of fair share loans by employees	-	-	-	136	56
Other	-	-	-	1,393	-
	24,000	55,998	123,870	25,529	131,875
Cash was applied to:					
Loans repaid	36,563	30,563	95,200	20,896	119,200
Leasehold freeholding proceeds paid to ACC	-	-	-	-	-
Repayment of lease liability	-	-	-	232	209
Acquisition of treasury shares	-	-	-	750	441
Borrowing establishment costs	-	-	-	5,343	6,411
Dividends paid	-	-	-	31,170	5,876
	36,563	30,563	95,200	58,391	132,137
Net cash flows from financing activities	(12,563)	25,435	28,670	(32,862)	(262)
Net increase / (decrease) in cash and cash equivalents	(43,202)	(39,811)	(31,894)	(41,528)	(31,319)
Opening cash and cash equivalents	62,276	65,996	94,171	71,717	103,040
Closing cash and cash equivalent	17	26,185	62,276	30,189	71,717

The accompanying notes form part of these financial statements



Note 1: Statement of accounting policies

1.1 Reporting entity

The Hawke's Bay Regional Council (HBRC) is a regional local authority governed by the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing HBRC's operations includes the LGA and the Local Government (Rating) Act 2002.

The Hawke's Bay Regional Council group (the Group) consists of the ultimate parent, HBRC, and its subsidiaries. HBRC owns 100% (2022: 100%) of Hawke's Bay Regional Investment Company Limited (HBRI) which, in turn, owns 55.01% (2022: 55.01%) of Napier Port Holdings Limited (NPHL) and 66.72% (2022: 66.72%) of FoodEast GP Limited/FoodEast Limited Partnership. NPHL is the holding company parent of Port of Napier Limited (PoNL). PoNL is a Port Company as defined in the Port Companies Act 1988.

These entities are incorporated and domiciled in New Zealand.

For the purposes of the LGA, HBRI is a Council Controlled Trading Organisation (CCTO) as it is a Council Controlled Organisation whose purpose is to return a profit.

The primary objective of HBRC is to provide services and social benefits for the community rather than make a financial return. HBRC is defined as a public entity under the Public Audit Act 2001. HBRC has designated itself and the Group as public sector public benefit entities (PBEs) for financial reporting purposes.

These financial statements of HBRC and the Group are for the year ended 30 June 2025.

1.2 Basis of preparation

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period except where specifically stated within the notes to the financial statements.

1.2.1 Statement of compliance

The financial statements of HBRC and the Group have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP), and the Local Government (Financial Reporting and Prudence) Regulations 2014 (LG(FRP)R).

The financial statements have been prepared in accordance with Tier 1 PBE accounting standards.

These financial statements comply with PBE standards except where specifically stated within the notes to the financial statements.

The statements have been prepared under the historic cost convention, as modified by the revaluation of land and buildings, infrastructure assets, hydrological equipment, sea defences, investment property, forestry assets and certain financial instruments measured at fair value.

1.2.2 Presentation and currency

The financial statements are presented in New Zealand dollars, and all values are rounded to the nearest thousand dollars (\$000) except for note 28.

1.2.3 Changes in accounting standards

Certain new accounting standards and interpretations have been published that are mandatory for the current year end's reporting periods and have been adopted by HBRC early. These include the disclosure of fees for audit firms in PBE IPSAS 1 which HBRC adopted early.

Note 2: Summary of significant accounting policies

2.1 Basis of consolidation

The consolidated financial statements are prepared by adding together like items of assets, liabilities, equity, revenue, and expenses of entities in the Group on a line-by-line basis. All intra-group balances, transactions, revenues, and expenses are eliminated on consolidation.

2.1.1 Subsidiaries

HBRC consolidates in the Group financial statements all entities where HBRC has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the subsidiary. This power exists where HBRC controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by HBRC or where the determination of such policies is unable to materially affect the level of potential ownership benefits that arise from the activities of the subsidiary.

HBRC will recognise goodwill where there is an excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed. This difference reflects the goodwill to be recognised by HBRC. If the consideration transferred is lower than the net fair value of HBRC's interest in the identifiable assets acquired and



liabilities assumed, the difference will be recognised immediately in the surplus or deficit.

In the parent entity's separate financial statements, HBRC has elected to account for its investments in subsidiaries as financial instruments in accordance with PBE IPSAS 41 and therefore carries these at fair value.

HBRC's group financial statements are based on NPHL's special purpose financial statements for the year ended 30 June 2025.

HBRC, NPHL and FoodEast are for-profit entities and report under the for-profit standards. HBRC applies PBE standards to the financial reporting by its subsidiaries when consolidating the financial statements.

2.2 Revenue recognition

Revenue comprises the fair value for the sale of goods and services, net of GST, rebates and discounts and after elimination of sales within the Group. Revenue is recognised as follows:

2.2.1 Rates revenue

The following policies for rates have been applied:

- general rates, targeted rates and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates
- rates arising from late payment penalties are recognised as revenue when rates become overdue
- rate remissions are recognised as a reduction of rates revenue when HBRC has received an application that satisfies its rates remission policy.

2.2.2 Sales of goods and services

- revenue from the sale of goods is recognised when a product is sold to the customer
- sales of services are recognised in the accounting period in which the services are rendered, by reference to the completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total service provided.

2.2.3 Interest and dividends

- interest revenue is recognised using the effective interest method. Interest revenue on an impaired financial asset is recognised using the original effective interest rate.
- dividends are recognised when the right to receive payment has been established. When dividends are declared from pre-acquisition surpluses, the dividend is deducted from the cost of the investment.

2.2.4 Grants

Grants are recognised as revenue when they become receivable unless there is an obligation in substance to

return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

2.3 Expenditure recognition

2.3.1 Borrowing costs

Borrowing costs are recognised as an expense when incurred.

2.3.2 Grant expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where HBRC has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by HBRC and the approval has been communicated to the applicant. HBRC's grants awarded have no substantive conditions attached.

2.3.3 Foreign currency transactions

Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into NZ\$ (the functional currency) using the spot exchange rate at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

2.4 Income tax

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

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

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

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would



follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

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

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

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive revenue and expense or directly in equity.

2.5 Leases

2.5.1 Finance leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether HBRC will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

2.5.2 Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset.

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

2.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held on call with banks, other short-term highly liquid

investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

2.7 Receivables

Short-term receivables are recorded at their face value less any allowance for lifetime expected credit losses.

2.8 Derivative financial instruments and hedge accounting

Derivative financial instruments are used to manage exposure to foreign exchange arising from HBRC's operational activities and interest rate risks arising from HBRC's financing activities. In accordance with its treasury policy, HBRC does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and, if so, the nature of the item being hedged.

The associated gains or losses on derivatives that are not hedge accounted are recognised in the surplus or deficit.

HBRC and the Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- hedges of highly probable forecast transactions (cash flow hedge).

HBRC and the Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. HBRC and the Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The full fair value of a hedge accounted derivative is classified as non-current if the remaining maturity of the hedged item is more than 12 months, and as current if the remaining maturity of the hedged item is less than 12 months.

The full fair value of a non-hedge accounted foreign exchange derivative is classified as current if the contract is due for settlement within 12 months of balance date;

otherwise, foreign exchange derivatives are classified as non-current. The portion of the fair value of a non-hedge accounted interest rate derivative that is expected to be realised within 12 months of the balance date is classified as current, with the remaining portion of the derivative classified as non-current.

2.8.1 Fair value hedge

The gain or loss from remeasuring the hedging instrument at fair value, along with the changes in the fair value on the hedged item attributable to the hedged risk, is recognised in the surplus or deficit. Fair value hedge accounting is applied only for hedging fixed interest risk on borrowings.

If the hedge relationship no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to the surplus or deficit over the period to maturity.

2.8.2 Cash flow hedge

The portion of the gain or loss on a hedging instrument that is determined to be an effective hedge is recognised in other comprehensive revenue and expense, and the ineffective portion of the gain or loss on the hedging instrument is recognised in the surplus or deficit as part of 'finance costs'.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised in other comprehensive revenue and expense are reclassified into the surplus or deficit in the same period or periods during which the asset acquired or liability assumed affects the surplus or deficit. However, if it is expected that all or a portion of a loss recognised in other comprehensive revenue and expense will not be recovered in one or more future periods, the amount that is not expected to be recovered is reclassified to the surplus or deficit.

When a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, or a forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the associated gains and losses that were recognised in other comprehensive revenue and expense will be included in the initial cost or carrying amount of the asset or liability.

If a hedging instrument expires or is sold, terminated, exercised, or revoked, or it no longer meets the criteria for hedge accounting, the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive revenue and expense from the period when the hedge was effective will remain separately recognised in equity until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, any related cumulative gain or loss on the hedging instrument

that has been recognised in other comprehensive revenue and expense from the period when the hedge was effective is reclassified from equity to the surplus or deficit.

2.9 Financial assets

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of financial assets are recognised on trade-date, the date on which HBRC and the Group commits to purchase or sell the asset. Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and HBRC and the Group has transferred substantially all the risks and rewards of ownership.

Financial assets are classified into the following categories for the purpose of initial recognition and subsequent measurement:

- amortised cost
- fair value through surplus or deficit
- fair value through other comprehensive revenue and expense.

The classification of a financial asset depends on the HBRC's management model for financial assets, the nature of the instrument and the contractual terms of the instrument.

2.9.1 Amortised cost

Financial assets at amortised cost are financial assets held within a management model with the purpose of collecting the contractual cash flows and those cash flows solely consist of principal and interest. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition, they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses are recognised in the surplus or deficit.

Loans to community organisations made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial instrument. The loans are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of the expected future cash flows of the loan is recognised in the surplus or deficit as a grant.

2.9.2 Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit includes all financial assets not classified as at amortised



cost or fair value through other comprehensive revenue and expense or those financial assets held for trading.

After initial recognition, financial assets in this category are measured at their fair value with gains or losses on remeasurement recognised in the surplus or deficit.

2.9.3 Financial assets at fair value through other comprehensive revenue and expense

Financial assets at fair value through other comprehensive revenue and expense are those that are:

- equity holdings and have been irrevocably designated into that category at initial recognition
- financial assets held within a management model with the purpose of both selling financial assets and collecting the contractual cash flows where those cash flows solely consist of principal and interest.

They are included in non-current assets unless management intends to dispose of, or realise, the investment within 12 months of balance date.

HBRC includes in this category all shareholdings that it holds for strategic purposes.

These investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense.

On derecognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

2.10 Impairment of financial assets

Under PBE IPSAS 41 impairment assessments apply only to financial assets that meet both of the following criteria:

- The asset's contractual terms result in cash flows on specific dates that consist solely of payments of principal and interest on the outstanding principal.
- The asset is held within a management model that aims either to collect those contractual cash flows or to both collect and sell the financial assets.

2.10.1 Financial assets at amortised cost

HBRC will measure the loss allowances as an amount equal to the lifetime expected credit losses to all receivables that result from exchange transactions (PBE IPSAS 9), non-exchange transactions (PBE IPSAS 23) and lease receivables (PBE IPSAS 13).

Lifetime expected credit losses on receivables recognised from revenue transactions under the Ratings Act will be limited to the historical remission of rates after seven years.

For trade and other receivables, HBRC will review the outstanding balances at reporting date and assess the likely



default based on the payment history of the debtor and the probability that the debtor will enter bankruptcy, receivership, or liquidation.

For debtors and other receivables, the carrying amount of the asset will be reduced using an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written off against the allowance account amount.

2.10.2 Financial assets at fair value through other comprehensive revenue and expense

The management of debt instruments included in Funds under Management is performed by the fund managers within the guidelines of the Statement of Investment Policy and Objectives (SIPO). The SIPO requirements include:

- limiting HBRC's exposure to any single issuer
- maintaining a diversified investment portfolio
- investing in high quality issuers
- appropriately hedging all overseas investments
- actively monitoring the performance of all investments
- selling financial instruments to maintain the balance and credit risk of the portfolio.

The fund managers are required to report quarterly on the portfolio performance and compliance with the SIPO. Fund managers are expected to re-balance the portfolio to maintain compliance with the SIPO and any significant changes in the credit rating of an issuer would initiate the sale of any related holdings. Compliance with the SIPO by the fund managers limits HBRC's exposure to credit risk with these debt instruments.

HBRC will review the quarterly reporting and assess expected credit losses based on the current market performance and the forward-looking information provided by the fund managers. Any loss allowance will be recognised in other comprehensive revenue and expense.

2.11 Inventory

Inventory held by HBRC is predominantly for own use and is stated at the lower of cost (using the weighted average cost method) and net realisable value.

2.12 Non-current assets held for sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

2.13 Property, plant and equipment

2.13.1 Operational assets

Regional Council land and the Group administration buildings are shown at fair value less subsequent accumulated depreciation, based on periodic, but at least triennial, valuations by independent, professionally qualified valuers.

Hydrological equipment is shown at fair value less subsequent accumulated depreciation, based on periodic, but at least triennial, valuations by suitably experienced council employees, on the basis of depreciated replacement cost. Independent, professionally qualified valuers review all such valuations.

Sea defences are shown at fair value, based on periodic valuations by suitably qualified and experienced professionals, less accumulated depreciation and impairment. Revaluations are performed with sufficient regularity to ensure that the carrying value does not differ materially from its fair value.

PoNL land, PoNL cargo and other buildings and all other operational assets are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

2.13.2 Infrastructure assets

Infrastructure assets are tangible assets that are necessary to fulfil HBRC's obligations in respect of the Soil Conservation and Rivers Control Act 1941 and the Drainage Act 1908. Such assets usually show some or all of the following characteristics:

- they are part of a system or network that could not provide the required level of service if one component was removed

- they enable HBRC to fulfil its obligations to the region's communities in respect of flood control and drainage legislation
- they are specialised in nature and do not have alternative uses
- they are subject to constraints on removal.

Infrastructure assets are shown at fair value less subsequent accumulated depreciation, based on periodic, but at least triennial, valuations by suitably experienced council employees, on the basis of depreciated replacement cost. Independent, professionally qualified valuers review all such valuations.

2.13.3 Additions

The cost of an item of property, plant, and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to HBRC and the Group and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

2.13.4 Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

2.13.5 Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to HBRC or the Group and the cost can be measured reliably. All other repairs and maintenance are charged to surplus or deficit during the financial period in which they are incurred.

2.13.6 Revaluation adjustments

Increases in carrying amounts arising from revalued assets are credited to revaluation reserves in equity. Decreases that offset previous increases of the same asset category are charged against revaluation reserves in equity. All other decreases are charged to the statement of comprehensive revenue and expense.

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



2.14 Intangible assets

2.14.1 Software acquisition and development

Installed computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs that are directly associated with the development of software for internal use where HBRC has control of the underlying platform are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised in the surplus or deficit when incurred. Costs associated with maintaining computer software, and with development and maintenance of HBRC's website are recognised as an expense when incurred.

Configuration and customisation costs associated with a Software as a Service platform will generally be treated as an expense when incurred as HBRC does not control the environment in which it operates and is reliant on annual licences fees to the provider for the continued functioning of the software.

2.14.2 Digital assets

HBRC capitalises work undertaken on digital groundwater models and aerial photography of the Hawke's Bay region as assets. HBRC considers it controls these assets, their cost can be measured, and they provide service and economic benefit as these assets provide long-term support to inform its work under the Resource Management Act, Drainage Act, and Soil Conservation and Rivers Control Act.

2.14.3 Carbon credits

Purchased carbon credits are recognised at cost on acquisition.

Free carbon units received from the Crown are recognised at fair value on receipt. They are not amortised but are instead tested for impairment annually. They are de-recognised when they are used to satisfy carbon emission obligations.

2.14.4 Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is de-recognised. The amortisation charge for each period is recognised in the surplus or deficit.

2.15 Depreciation and amortisation periods

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their



cost or revalued amounts to their residual values over their estimated useful lives.

Assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

Table 1: Major depreciation and amortisation periods

Asset category	Years
Buildings	3 - 60
Site improvements	10 - 50
Hydrology equipment including weirs	5 - 100
Vehicles, plant and equipment	3 - 31
Dredging	10
Tugs	30
Wharves and jetties	10 - 80
Sea defences	100 - 200
Computer software and licences	3 - 50
Infrastructure assets	5 - 100

Cranes are depreciated on a unit-of-production basis with estimated useful lives of 33,000 to 36,000 operating hours.

No depreciation is provided for stop banks, berm edge protection, sea or river groynes, drainage works or unsealed roads. These assets are not considered to deteriorate over time and therefore will provide a constant level of service unless subjected to a significant adverse event.

2.16 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested for impairment at each balance date. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

An impairment is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For revalued assets, an impairment loss is recognised in the statement of comprehensive revenue and expense against the revaluation reserve. Any impairment in excess of the reserve is recognised in surplus or deficit. Subsequent reversals of impairment are recognised in surplus or deficit to the extent initially recognised in surplus or deficit with any further reversals recognised in the statement of comprehensive revenue and expense.

For assets carried at cost, impairment and any reversals are recognised in surplus or deficit.

2.17 Investment property

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

2.18 Forestry crops

Forestry crops are measured at their fair value less estimated point-of-sale costs each balance date by independent, professionally qualified valuers. Fair value is determined by the present value of expected net cash flows discounted by the current market-determined pre-tax rate. A gain or loss in value is recorded in surplus or deficit for the period in which it arises.

2.19 Payables

Short-term creditors and other payables are recorded at their face value.

2.20 Borrowings

Borrowings are recognised initially at fair value plus transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

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

2.21 ACC leasehold receivables contract

In December 2013 Council entered into a contract with the Accident Compensation Corporation (ACC) to sell the cash

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flows generated from the portfolio of Napier leasehold properties for a period of 50 years ending 30 June 2063 (after a free-holding initiative to lessees). A lump sum of \$37.7 million was received for this to fund investment activity.

2.21.1 Base Loan

The base loan is the original receipt recognised at fair value, \$37.7 million and subsequently measured at amortised cost. Transaction costs were immaterial at recognition. HBRC has measured the liability as the remaining contractual cash flows over the full contractual term discounted at the effective interest rate of 6.88% less prepayments due to the freeholding of any units during the period. Freeholdings during the period are not considered a substantial modification as this prepayment mechanism is included in the contract.

2.21.2 Excess payments

The ACC contract includes two embedded derivatives:

- payment to ACC of two-thirds of excess rental income received
- payment to ACC of two-thirds of the excess of any sale proceeds over the minimum future rental income for that unit.

HBRC has recognised the combined liability at fair value through surplus or deficit. In measuring fair value, HBRC has considered the following:

- Fair value is defined as "the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction."
- There is no active market or similar tradeable instrument for comparison.
- The excess cash flows are linked to rental and freeholding cash flows from the investment properties, which is driven from the property market.
- The investment property fair value (see Note 11) factors in future property/rental growth, and the present value of those future cash flows.
- HBRC has assumed that the remaining leases will be sold within the term of the contract.
- It is not necessary to factor in the timing of the disposals as the investment property fair value at balance date factors in future land/rental growth.

The investment property fair value assumes that all the units are sold in an arms-length transaction at the reporting date.

HBRC has determined that the fair value of the investment property can be used to calculate the fair value of the excess payments financial liability at reporting date. The fair value of the excess payments liability at reporting date



has been assessed as two-thirds of the difference between the investment property fair value and the base loan liability.

2.22 Employee entitlements

2.22.1 Short-term employee entitlements

Employee benefits expected to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave, time off in lieu and alternative leave earned to, but not yet taken at balance date, and sick leave.

A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent it will be used by staff to cover those future absences.

2.22.2 Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long-service leave and retirement gratuities, have been calculated on an actuarial basis.

The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlement information.
- the present value of the estimated future cash flows.

2.23 Provisions

Provisions are recognised when:

- HBRC has a present legal or constructive obligation because of past events
- it is more likely than not that an outflow of resources will be required to settle the obligation
- the amount has been reliably estimated.

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

Provisions are not recognised for future operating losses.



2.24 Equity

Equity is the community's interest in HBRC and is measured as the difference between total assets and total liabilities.

Equity is disaggregated and classified into the following components:

- accumulated funds
- fair value reserves
- cash flow hedge reserves
- other reserves.

2.24.1 Fair value reserves

This reserve relates to the revaluation of land, buildings, hydrological assets, infrastructure assets and financial assets measured at fair value through other comprehensive revenue and expense.

2.24.2 Cash flow hedge reserves

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

2.24.3 Other reserves

Other reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Some of these other reserves are restricted by a Regional Council decision. Transfers to and from these reserves are at the discretion of HBRC.

2.25 Goods and services tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the Statement of Financial Position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

2.26 Budget figures

The budget figures are those approved by HBRC in its 2024-2027 three year plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

2.27 Basis of allocation of HBRC's indirect costs

Clearly identifiable costs are directly charged against each activity. Indirect costs are allocated to cost centres in the first instance under a variety of methods including:

- floor area occupied
- number of full-time equivalent employees
- assessed use of various services provided
- share of operating expenditure

These costs are then charged to projects on a labour standard costing basis. The allocation unit is each working hour charged by employees at a pre-determined rate. Variances arising from this method will be allocated on the same basis as for costs of a fixed nature referred to above. Project costs are then summarised for each activity and group of activities.

2.28 Critical accounting estimates and assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Table 2:

Asset Class	Notes
Property, plant and equipment	Land and buildings were revalued at 30 June 2025. Hydrological assets were valued at 30 June 2024. Management reviewed the remaining assets for further

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	impairment and did not identify any issues with the existing balances.
Infrastructure assets	Infrastructure Assets were revalued based on valuation undertaken by external valuers at 30 June 2024.
Investment property	HBRC's investment property is valued annually by an independent valuer. Refer to Note 11 for more details on valuation inputs and assumptions.
Forestry assets	Forestry assets were revalued by an independent valuer at 30 June 2025.
Intangible assets – computer software and models	HBRC's intangible assets have been tested for impairment. No objective evidence has been identified that would indicate that the value of intangible assets may be impaired.
Intangible assets – carbon credits	Carbon credits were revalued based on the quoted price for carbon credits at 30 June 2025.
Managed funds, government bonds, and publicly listed shares	Other financial assets comprise managed funds and government bonds which have all been revalued based on quoted prices at 30 June 2025.
Investment in Council-controlled organisations	The valuation of HBRC consists of its shareholding in NPHL, FoodEast, the investments in managed funds and its loan to HBRC. The valuation of its shareholding and investments is based on the quoted price for those holdings.
Inventories	Inventories mainly relate to poles grown by the



	nursery that are used for planting and erosion control. These are measured at the lower of cost and NRV. These will be used internally at cost.
Rates receivables and community loans	No impairment is required for community loans and rates receivable due to the powers under the Local Government (Rating) Act 2002 to recover outstanding rates debts.
Trade and other receivables	HBRC's trade receivables have been assessed for impairment on collectability and a provision has been recognised inline with HBRC's standard policy. There has been no significant impact due to Cyclone Gabrielle identified.

- estimation of useful lives and residual values for depreciation expense (notes 9, 10, 12)
- deferred taxes (note 21).

2.30 New standards and amendments issued and not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the current year end's reporting periods and have not been early adopted by HBRC. HBRC and the Group's assessment of the impact of these new standards and interpretations is set out below.

Amendments to PBE IFRS 17 – Insurance Contracts in the Public Sector, effective from 1 July 2026. These amendments add public sector-specific guidance and exemptions for insurance contracts.

Amendments to PBE IPSAS 1 – Presentation of Financial Reports, effective from 1 July 2026. This amendment clarifies classification of liabilities as current or non-current, especially regarding covenant compliance.

Fair value of assets

Various assumptions have been made in determining fair value of assets. These assumptions are set out under the individual asset's notes.

Useful life of assets

The useful life of assets that are depreciated or amortised is based on best estimates and prior knowledge but may not reflect the actual true useful life of individual assets.

2.29 Critical judgments in applying accounting policies

Management has exercised judgements in applying accounting policies for the year ended 30 June 2025. These are in accordance with the accounting standards and best practice.

Significant areas of estimation and critical judgements in applying accounting policies that have a significant effect on the amounts recognised in the financial statements are as follows:

- valuation of sea defences (note 9)
- valuation of infrastructure assets (note 10)
- valuation of financial instruments (note 31)



PBE Conceptual Framework Update which is effective from 1 July 2028. Provides a revised framework for financial reporting principles. HBRC has not assessed the impact of this change.

2.31 Comparative figures

Comparative figures disclosed in the accounts may have minor changes to those presented in the 2023-2024 Annual Report. This has only been done in cases where the changes result in more meaningful comparisons, or to comply with any new standards, interpretations or amendments that have been adopted in these financial statements for the first time.

Note 3: Groups of activities revenue and expenditure

	Note	Regional Council			Group	
		Actual	Budget	Actual	Actual	Actual
		2024-25 \$000	2024-25 \$000	2023-24 \$000	2024-25 \$000	2023-24 \$000
Revenue						
Groups of activity						
Governance and partnerships		906	-	(205)	906	(205)
Policy and regulation		3,305	3,299	2,145	3,305	2,145
Integrated catchment management		3,515	2,589	3,203	3,515	3,203
Asset management		2,557	4,245	1,819	2,557	1,819
Emergency management		639	120	2,131	639	2,131
Regional recovery agency		-	-	-	-	-
Transport		839	350	478	839	478
Corporate overheads		(538)	159	402	(538)	402
Total groups of activity revenue		11,224	10,761	9,310	11,224	9,310
Other activities						
Subsidiary operations		-	-	-	152,512	132,639
Total activity revenue		11,224	10,761	9,310	163,735	141,948
Expenditure						
Groups of activity						
Governance and partnerships		6,944	7,275	7,396	6,944	7,396
Policy and regulation	3a	46,618	12,259	89,020	46,618	89,020
Integrated catchment management		26,220	26,802	29,718	26,220	29,718
Asset management	3a	29,573	27,035	28,966	29,573	28,966
Emergency management		6,137	5,414	7,522	6,137	7,522
Regional recovery agency		1,573	-	43,385	1,573	43,385
Transport		10,625	10,965	10,045	10,625	10,045
Corporate overhead		5,234	3,874	5,431	5,235	5,611
Total groups of activity expenditure		132,925	93,625	221,483	132,925	221,663
Other activities						
Subsidiary operations		-	-	-	131,346	124,876
Total other activities expenditure		-	-	-	131,346	124,876
Less finance costs – interest on borrowings		(5,500)	(4,771)	(5,071)	(10,796)	(11,259)
Less finance costs – fees associated with the transfer of Napier leasehold cashflows to ACC		(475)	(678)	(961)	(475)	(961)
Total finance costs		(5,975)	(5,449)	(6,032)	(11,271)	(12,219)
Less depreciation and amortisation expense	7	(4,727)	(4,450)	(4,667)	(22,691)	(21,385)
Less impairment expense		-	-	-	-	-
Total activity expenditure		122,223	83,725	210,784	230,321	312,935

Note 3 (a)

Amounts included in above related to cyclone include:

Policy and regulation expenditure includes \$34.9m for cyclone waste management (2024: \$78.2m)

Asset management \$4.9m (2024: \$7.8m) related to recovery and NIWE works



Note 4: Rates revenue

		Regional Council			Group	
		Actual 2024-25 \$000	Budget 2024-25 \$000	Actual 2023-24 \$000	Actual 2024-25 \$000	Actual 2023-24 \$000
General funding rates						
Uniform annual general charge		9,010	7,035	4,337	9,010	4,337
General rates		15,915	18,691	8,612	15,915	8,612
Total general funding rates		24,925	25,726	12,949	24,925	12,949
Targeted rates		22,705	22,647	27,872	22,705	27,872
Rates remission		(474)	(1,205)	(420)	(474)	(420)
Penalties		763	330	581	763	581
Total rates revenue	4(a)	47,920	47,497	40,982	47,920	40,982

Note 4 (a)

Rating base information

The number of rating units within the region as at 30 June 2025 are 74,520 (2024: 75,701).

The total capital value of rating units within the region as at 30 June 2025 is \$80,721,210,716 (2024: \$60,753,807,150).

The total land value of the rating units within the region as at 30 June 2025 is \$45,604,231,050 (2024: \$32,733,085,800).

Note 5: Other revenue

	Note	Regional Council			Group	
		Actual 2024-25 \$000	Budget 2024-25 \$000	Actual 2023-24 \$000	Actual 2024-25 \$000	Actual 2023-24 \$000
Subsidies and grants						
Grants	5(a)	62,072	69,759	107,881	64,884	116,796
New Zealand Government – Sediment and Debris	5(a)	1,929	-	42,787	1,929	42,787
Total subsidies and grants		64,001	69,759	150,668	66,813	159,583
Other revenue						
Dividend revenue		29,613	10,506	8,262	3,307	1,129
Leasehold rents	5(b)	2,473	2,366	2,588	2,473	2,588
Interest revenue		3,381	4,228	6,149	3,577	6,561
Gain / (loss) on disposal of assets – net		28	-	(68)	(467)	(14)
Gain / (loss) on investments – net	5(c)	2,619	-	(589)	4,736	(723)
Other income		2,263	5	417	2,262	416
Insurance proceeds		1,436	-	(272)	10,942	10,722
Forestry income		1,304	-	390	1,304	390
Total other revenue		43,116	17,105	16,877	28,134	21,069



Note 5 (a)

Grants includes Government grants received from various government agencies to fund Cyclone Gabrielle recovery works, the New Zealand Transport Agency (Waka Kotahi) for bus services and road safety projects, New Zealand Trade and Enterprise for regional development projects, Infrastructure Reference Group for infrastructure projects, Maritime New Zealand for maintaining a tier 2 marine spill response plan, and the Ministry for the Environment and Ministry of Primary Industries for afforestation, environmental and water initiative projects. The grants are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled. There are no unfulfilled conditions and other contingencies attached to the grants recognised as other revenue.

Note 5 (b)

Under the Hawke's Bay Endowment Land Empowering Act 2002, income from leasehold endowment land can only be used for the improvement, protection, management or use of Napier Harbour or HBRC's coastal marine area as defined in section 2(1) of the Resource Management Act 1991.

Note 5 (c)

Includes realised gains and losses on managed funds.

Note 6: Fair value gains and losses through the statement of comprehensive revenue and expense

	Note	Regional Council			Group	
		Actual 2024-25 \$000	Budget 2024-25 \$000	Actual 2023-24 \$000	Actual 2024-25 \$000	Actual 2023-24 \$000
Fair value gains						
Investment property gains	11	70	682	291	70	3,342
Financial asset gains	13	4,451	2,905	7,018	5,916	7,018
Forestry asset gains	14	2	325	684	2	684
Derivative instrument gains	16	-	-	162	-	162
Infrastructure asset gains		-	-	-	1,465	-
Carbon credit gains transferred to accumulated funds	12	-	-	-	-	-
ACC leasehold financing liability – excess payment gains		1,649	268	518	1,649	518
Total fair value gains		6,172	4,179	8,673	9,102	11,724
Fair value losses						
Investment property losses	11	-	-	490	4,245	490
Financial asset losses	13	-	-	-	-	-
Forestry asset losses	14	2,226	-	1,240	2,226	1,240
Derivative instrument losses	16	1,850	-	323	(1,465)	323
ACC leasehold financing liability – Excess payment losses	24	904	-	-	-	-
Total fair value losses		4,980	-	2,053	5,006	2,053
Net fair value gains (losses)		1,192	4,179	6,620	4,096	9,670

Note: Fair value gains and losses on trading assets (listed above) are recorded in the Statement of Comprehensive Revenue and Expense. In addition, when asset revaluation decrements are greater than the corresponding surplus in the Fair Value Reserve, the excess decrements are also recorded in the Statement of Comprehensive Revenue and Expense as an asset impairment.



Note 7: Expense disclosures

	Note	Regional Council			Group	
		Actual 2024-25 \$000	Budget 2024-25 \$000	Actual 2023-24 \$000	Actual 2024-25 \$000	Actual 2023-24 \$000
General disclosures						
Depreciation	9,10	4,110	3,849	4,093	21,749	18,742
Amortisation	12	617	601	575	942	575
Personnel costs	7(a)	38,467	42,668	36,081	78,010	75,902
Donations		3	41	2	9	353
Operating lease expense		1,244	826	832	1,027	1,318
Capitalised borrowing costs		-	-	-	-	-
Key management compensation						
[a] short-term employee benefits		1,557	1,527	1,748	5,807	6,561
[b] post-employment benefits		-	-	-	157	-
[c] other long-term benefits		-	-	55	-	55
[d] termination benefits		-	-	-	-	-
[e] share-based payment		-	-	-	181	-
	7(b)	1,557	1,527	1,803	6,145	6,616

Fees paid to Council's auditors (EY)

	Note	Regional Council			Group	
		Actual 2024-25 \$000	Budget 2024-25 \$000	Actual 2023-24 \$000	Actual 2024-25 \$000	Actual 2023-24 \$000
Financial statements audit and interim review fee		240	183	206	633	550
Other services		4	-	-	6	-
Long term plan audit fee		-	-	-	-	-
Assurance and related services fee (lease receivables agreement report)		-	-	9	-	9
Tax services fee		-	-	-	-	-
Additional fees for financial statements audit		-	-	-	-	-
Total fees paid to auditors		244	183	215	639	559

Other services relate to \$3,500 for limited assurance engagement for the Council's debenture trust deed and \$2,500 for vote scrutineering.



Note 7 (a) Personnel costs

	Note	Regional Council			Group	
		Actual 2024-25 \$000	Budget 2024-25 \$000	Actual 2023-24 \$000	Actual 2024-25 \$000	Actual 2023-24 \$000
Salaries and wages		36,937	41,471	34,882	76,068	76,068
Defined contribution plan employer contributions		1,154	1,197	1,076	1,076	1,076
Increase/(decrease) in employee entitlements	22	376	-	123	1,801	867
Total personnel costs		38,467	42,668	36,081	78,944	78,011

Employer contributions to defined contributions plans include KiwiSaver and other approved Superannuation schemes.

Note 7 (b) Key management compensation

		Regional Council			Group	
		Actual 2024-25 \$000	Budget 2024-25 \$000	Actual 2023-24 \$000	Actual 2024-25 \$000	Actual 2023-24 \$000
Councillors						
Remuneration	27(a)	963	1,044	931	931	820
Full-time equivalent members		11	11	11	11	11
Executive management team, including the chief executives						
Remuneration		1,448	-	1,732	1,448	1,732
Termination benefits			-	-	-	-
Full-time equivalent members		6	6	6	6	6
Company directors, chief executive and senior management						
Remuneration		1,557	1,527	1,748	5,616	4,065
Termination benefits		-	-	-	157	-
Share based payments		-	-	-	181	198
Full-time equivalent members		-	-	-	-	19
Total key management compensation		2,411	1,044	2,663	8,333	6,814
Total full-time equivalent personnel		17	17	17	34	36

Due to the difficulty in determining the full-time equivalent for councillors, the full-time equivalent figure is taken as the number of councillors.

Key management for HBRC comprises councillors and the Executive Leadership Team for HBRC, and directors and chief executive for each subsidiary.

Note 7 (c)

The total value of all Council assets covered by insurance contracts is \$364m (2024 \$364m)

The maximum amount to which insured assets are insured \$99m (2024 \$99m)

The total value of all Council assets covered by financial risk-sharing arrangements \$353m (2024 \$353m)

Maximum amount available to the Council under financial risk-sharing arrangements \$92m (2024 \$92m)

Total value of assets that are self-insured \$0 (2024 \$0)

Value of funds maintained for self-insurance \$0, (2024 \$0)



In the event of natural disaster, central government may contribute up to 60% to rebuild or repair damaged essential infrastructure, river management systems, and community assets including storm water assets.

The Council does not self-insure any buildings

Note 8: Income tax expense

	Note	Regional Council		Group	
		Actual 2024-25 \$000	Actual 2023-24 \$000	Actual 2024-25 \$000	Actual 2023-24 \$000
Current tax		-	-	13,343	11,428
Deferred tax	21	-	-	1,249	1,761
Adjustments to current tax in prior periods		-	-	-	-
Adjustments to deferred tax in prior periods		-	-	-	-
Total income tax expense		-	-	14,592	13,189

The tax on the group's surplus before tax differs from the theoretical amount that would arise using the current rate as follows:

		Regional Council		Group	
		Actual 2024-25 \$000	Actual 2023-24 \$000	Actual 2024-25 \$000	Actual 2023-24 \$000
Surplus / (deficit) before tax		34,527	3,453	46,415	27,376
Tax at domestic rate of 28%		9,668	967	12,996	7,665
Plus / (Less) tax effect of:					
Income not subject to tax		(48,281)	(63,608)	(48,281)	(63,629)
Expenses not deductible for tax purposes		38,613	62,590	38,613	62,745
Imputation credits		-	-	-	-
				592	1,055
Tax effect of income not recognised for accounting purposes		-	-	-	-
Utilisation of previously unrecognised tax losses		-	-	-	-
Tax effect of loss offsets		-	-	-	-
Foreign tax credits		-	-	-	-
Group loss transfer		-	-	-	-
Prior period adjustment		-	-	(2,279)	54
Tax losses not recognised/adjust tax rate changes		-	-	12,951	5,298
Tax charge		-	-	14,592	13,188

HBRC and the group have unrecognised income tax losses of \$546,239 (2024: \$546,239) that are available to carry forward, subject to compliance with the Income Tax Act 2007.



Note 9: Property, plant and equipment

	Note	Land \$000	Admin Buildings \$000	Vehicles, Plant & Equipment \$000	Hydrology Equipment \$000	Total \$000
COUNCIL						
At 30 June 2023						
Cost or valuation		12,691	12,773	20,836	3,573	49,872
Accumulated depreciation		-	(540)	(12,525)	(235)	(13,300)
Work in progress		-	602	293	91	986
Net book amount		12,691	12,834	8,604	3,429	37,558
Year ended 30 June 2024						
Opening net book amount		12,691	12,834	8,604	3,429	37,558
Revaluation surplus / (deficit)		-	-	-	268	268
Transfers / reclassification		-	-	-	-	-
Additions		338	122	2,426	962	3,847
Disposals		(395)	-	(2,019)	(235)	(2,649)
Depreciation charges		(17)	(543)	(932)	(418)	(1,910)
Asset impairment losses		-	-	-	188	188
Change in Work in Progress		-	480	112	74	666
		12,616	12,893	8,191	4,268	37,968
At 30 June 2024						
Cost or valuation	9(a)	12,633	12,894	21,243	5,912	52,682
Accumulated depreciation		(17)	(1,083)	(13,457)	(1,809)	(16,366)
Work in progress		-	1,082	405	165	1,652
Net book amount		12,616	12,893	8,191	4,268	37,968
Year ended 30 June 2025						
Opening net book amount		12,616	12,893	8,191	4,268	37,968
Revaluation surplus / (deficit)		(504)	(2,164)	(341)	-	(3,009)
Transfers / reclassification		147	(55)	-	2,493	2,586
Additions		21	1,218	1,785	288	3,312
Disposals		-	-	(2,045)	(54)	(2,099)
Depreciation charges		(23)	(618)	(505)	(2,067)	(3,213)
Asset impairment losses		-	-	-	-	-
Change in work in progress		75	(734)	(70)	1,242	513
		12,333	10,541	7,015	6,169	36,058
At 30 June 2025						
Cost or valuation	9(a)	12,298	11,894	20,614	8,638	53,443
Accumulated depreciation		(40)	(1,701)	(13,933)	(3,876)	(19,550)
Work in progress		75	348	335	1,407	2,165
Net book amount		12,333	10,541	7,015	6,169	36,058

Note 9 (a) Valuations

HBRC land and buildings were valued at 30 June 2025 to fair value based on market value by independent valuer, CBRE Ltd. The total fair value of property, plant and equipment valued by CBRE Ltd was \$16,069,000. The total fair value of land was \$5,937,082. These assets are due for revaluation on 30 June 2028 as part of the three yearly cycle.

Land used for forestry in the Lake Tūtira Country Park and Tangoio Soil Conservation Reserve was valued at 30 June 2025 by Morice Limited, independent valuer.

Land used for carbon sequestration and wastewater disposal was valued at 30 June 2025 by Morice Limited, independent valuer. The total fair value of this land was \$3,939,000.



While ownership of the Tangoio Soil Conservation Reserve is not vested in HBRC, full managerial and financial control was transferred to HBRC in 1989 under section 16 of the Soil Conservation and Rivers Control Act 1941.

Hydrology equipment was valued at 30 June 2024 based on depreciated replacement value. This valuation was carried out by Jack McConchie, an experienced hydrologist with independent consulting engineers, SLR Consulting NZ Limited. This valuation was within the three-year period but was undertaken early due to the changes and movements brought about by Cyclone Gabrielle. The next valuation is due in 2027.



Note 9: Property, plant and equipment continued – group

	Port Land at cost \$000	Land \$000	Site Improvements \$000	Admin Buildings \$000	Wharves & Jetties \$000	Sea Defences \$000	Capitalised Interest \$000	Dredging \$000	Hydrology Equipment \$000	Vehicles, Plant & Equipment \$000	Total \$000
At 30 June 2024											
Cost or valuation	38,656	12,637	100,650	45,491	139,476	157,414	(11,417)	62,071	5,912	133,966	684,855
Accumulated depreciation	-	(17)	(35,175)	(14,839)	(16,139)	(131)	-	(5,443)	(1,809)	(57,201)	(130,754)
Work in progress	-	-	(1)	1,082	-	-	-	-	165	4,382	5,628
Net book value	38,656	12,620	65,474	31,734	123,337	157,283	(11,417)	56,628	4,268	81,147	559,729
Year ended 30 June 2025											
Opening net book value	38,656	12,620	65,474	31,734	123,336	157,284	(11,417)	56,628	4,268	81,147	559,729
Revaluation surplus / (deficit)	-	(504)	-	(2,164)	-	2,151	-	-	-	(341)	(858)
Adjustment for consolidation	-	-	-	(53)	-	-	1,413	-	-	(64)	1,296
Additions/transfers	-	165	3,384	1,920	1,098	2,549	-	2,550	2,781	9,584	24,031
Disposals/transfers/impairment	-	-	-	-	-	-	-	(2,531)	(54)	(5,249)	(7,834)
Depreciation charges	-	(23)	(3,269)	(1,602)	(2,496)	(557)	-	1,483	(2,067)	(7,172)	(15,703)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	(83)	(83)
Change in work in progress	-	75	-	(734)	-	-	-	-	1,242	6,954	7,537
Net book value	38,656	12,333	65,590	29,101	121,937	161,427	(10,004)	58,130	6,169	84,774	568,113
At 30 June 2025											
Cost or valuation	38,656	12,298	104,033	45,194	140,573	162,115	(10,004)	62,090	8,638	170,629	734,221
Accumulated depreciation	-	(40)	(38,444)	(16,441)	(18,636)	(688)	-	(3,959)	(3,876)	(97,190)	(179,274)
Work in progress	-	75	-	348	-	-	-	-	1,407	11,335	13,165
Net book value	38,656	12,333	65,590	29,101	121,937	161,427	(10,004)	58,130	6,169	84,774	568,113



Note 10: Infrastructure assets (parent and group)

Note	Infrastructure Land \$'000	Stop Banks \$'000	Detention Dams \$'000	Drainage Networks \$'000	Pump Stations \$'000	Culverts & Floodgates \$'000	Bank & Edge Protection \$'000	River & Sea Groynes \$'000	Drainage Telemetry \$'000	Sawfly Works \$'000	Tutira & Other Reserves \$'000	River Dredging \$'000	Regional Parks & Wetland Reserves \$'000	Pathway & Roadway \$'000	Regional Water Security \$'000	Total \$'000
At 30 June 2023																
Cost or valuation	15,512	52,815	3,675	39,077	6,353	6,623	31,635	2,022	149	13,062	1,910	759	4,752	3,909	-	182,254
Accumulated depreciation	-	-	(148)	(4)	(920)	(812)	-	-	(72)	-	-	(759)	(138)	-	-	(2,853)
Work in progress	75	16,671	-	-	118	523	805	-	-	-	-	416	544	-	-	19,153
Net book amount	15,588	69,489	3,527	3,074	5,551	6,335	32,440	2,022	77	13,062	1,910	416	5,158	3,909	-	198,554
Year ended 30 June 2024																
Opening net book amount	15,588	69,489	3,527	39,074	5,551	6,335	32,440	2,022	77	13,062	1,910	59	4,752	3,909	-	182,254
Revaluation surplus	(11,331)	197,765	408	15,795	2,041	1,830	12,266	391	(23)	(4,585)	-	-	(936)	1,088	-	214,709
Additions / transfers	764	23,928	-	260	240	47	375	-	74	-	-	-	85	176	-	25,949
Depreciation charges	10c	-	-	(54)	(2)	(484)	(326)	-	(36)	-	-	-	(58)	-	-	(960)
Asset impairment	10b	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in work in progress	10a	44	(6,746)	-	115	650	551	1,615	-	-	-	-	344	755	309	(2,364)
	5,064	284,433	3,881	55,242	7,997	8,436	46,696	2,413	91	8,477	1,910	416	4,593	5,928	309	435,887
At 30 June 2024																
Cost or valuation	10a	4,945	274,508	4,083	55,132	8,634	44,276	2,413	199	8,477	1,910	759	3,901	5,173	-	422,911
Accumulated depreciation		-	-	(202)	(5)	(1,405)	(1,138)	-	(108)	-	-	(759)	(196)	-	-	(3,813)
Work in progress		119	9,925	-	115	768	1,074	2,420	-	-	-	416	888	755	309	16,789
Net book amount		5,064	284,433	3,881	55,242	7,997	46,696	2,413	91	8,477	1,910	416	4,593	5,928	309	435,887
Year ended 30 June 2025																
Opening net book amount		5,064	284,433	3,881	55,242	7,997	46,696	2,413	91	8,477	1,910	416	4,593	5,928	309	435,887
Revaluation surplus		-	-	-	-	-	-	-	-	-	(710)	-	-	-	-	(710)
Asset Impairment		-	-	(54)	(3)	(528)	(332)	-	(36)	-	-	-	(75)	-	-	(1,029)
Change in work in progress		-	20,784	-	-	-	-	-	-	-	-	-	-	-	-	20,784
		5,064	305,217	3,827	55,238	7,469	46,696	2,413	55	8,477	1,199	416	4,518	5,928	309	454,931
At 30 June 2025																
Cost or valuation		4,945	274,508	4,083	55,132	8,634	44,276	2,413	199	8,477	1,199	759	3,901	5,173	-	422,200
Accumulated depreciation		-	-	(256)	(9)	(1,933)	(1,469)	-	(144)	-	-	(759)	(271)	-	-	(4,842)
Work in progress		119	30,709	-	115	768	1,074	2,420	-	-	-	416	888	755	309	37,573
Net book amount		5,064	305,217	3,827	55,238	7,469	46,696	2,413	55	8,477	1,199	416	4,518	5,928	309	454,931

WIP movement needs allocating still

Note 10 (a) Valuation

Infrastructure assets are valued on a three-year cycle. For the year ended 30 June 2024 HBRC employed Pattle, Delamore Partners to provide a full review and valuation of the infrastructure assets and another valuation is due to be undertaken for the year ended 30 June 2027.

Note 10 (b) Impairment

Infrastructure assets have been revalued as at 30 June 2024 and whilst impairment was not assessed on an individual asset basis by the valuers HBRC consider there is no impairment to be recognised this year.

Note 10 (c)

At 30 June 2023 it was determined that the \$314,759 recognised as a capital addition to River Dredging in 2022 should have been reflected in work in progress as the project is not yet completed. Therefore, this was transferred back into the Work in Progress account and \$20,000 of depreciation was reversed.

Note 10 (d)

The Tūtira Reserve asset class includes land owned in Aramoana and Central Hawkes Bay. These assets were valued at 30 June 2025 by M H Morice, a registered valuer of Morice Ltd on the basis of fair value. The total value of assets valued was \$1,199,000.

Note 11: Investment property

	Note	Regional Council		Group	
		Actual 2024-25 \$000	Actual 2023-24 \$000	Actual 2024-25 \$000	Actual 2023-24 \$000
At beginning of year		66,698	67,195	93,736	89,946
Additions		-	-	88	1,236
Fair value gains / (losses) (included in income statement)	11a	70	(199)	(4,175)	2,852
Disposals		(51)	(298)	(51)	(298)
Transfers	11b	-	-	-	-
Movement during the year		19	(497)	(4,138)	3,790
At end of year		66,717	66,698	89,598	93,736
Investment property includes:					
Endowment leasehold land	11d	41,967	42,017	41,967	42,017
Other leasehold land		24,170	24,100	49,909	51,139
Rental property		580	580	580	580
		66,717	66,697	92,456	93,736

Note 11 a

Napier leasehold endowment land was valued as a portfolio at 30 June 2025 to fair value on the basis of the discounted rental cash flows from the perpetual leasehold properties by Tania Bott, registered valuer of CBRE Ltd (formerly Telfer Young Hawkes Bay). The discount rate used was 6% (2024: 6.25%). The total fair value of property valued by Tania Bott as an independent valuer was \$41,967,477 (2024: \$42,017,000). CBRE Ltd is an experienced valuer with extensive market knowledge in the types and location of land owned by HBRC.



Wellington leasehold land was valued as a portfolio at 30 June 2025 to fair value on the basis of the discounted rental cash flows from the perpetual leasehold properties by Martin J Veale, registered valuer of CBRE Ltd (formerly Telfer Young). The discount rate used was 7.25% (2024: 7.00%-7.50%). The total fair value of the 11 (2024: 11) properties valued by Martin J Veale as an independent valuer was \$24,170,000 (2024: \$24,100,000). CBRE Ltd is an experienced valuer with extensive market knowledge in the types and location of land owned by HBRC.

The property at Tūtira was reviewed at 30 June 2025, but due to an exposed rock above the dwelling on a large face, it was decided to review once the rock threat had been resolved. Therefore, the value has been left at the 30 June 2024 market value by M H Morice, registered valuer of Morice Ltd. The total fair value of property valued by M H Morice as an independent valuer was \$580,000 (2024: \$580,000). Morice Ltd is an experienced valuer with extensive market knowledge in the type and location of the property owned by HBRC.

Note 11 b

The following amounts have been recognised in the comprehensive income statement.

	Note	Regional Council		Group	
		Actual 2024-25 \$'000	Actual 2023-24 \$'000	Actual 2024-25 \$'000	Actual 2023-24 \$'000
Rental income	5	2,473	2,588	2,473	2,588
Direct operating expense arising from investment properties that generate rental income		(24)	(47)	(24)	(47)
		2,449	2,541	2,449	2,541

Note 11 c

Under the Hawke's Bay Endowment Land Empowering Act 2002, residential leasehold endowment land can only be sold, using a specified valuation methodology, to the current lessee, or to a person nominated by that lessee.

Note 11 d

Under the lease receivables purchase agreement with ACC, two thirds of the surplus from the freehold of any endowment leasehold property must be paid to ACC and a liability has been recognised for this contractual obligation. See Note 24 for details.



Note 12: Intangible assets

REGIONAL COUNCIL Only	Note	Computer Software / Development Expenditure \$000	Carbon Credits \$000	Council Total \$000
At 30 June 2023				
Cost or valuation		8,568	6,823	15,391
Accumulated depreciation		(6,099)	-	(6,099)
Work in progress		151	-	151
Net book amount		2,620	6,823	9,443
Year ended 30 June 2024				
Opening net book amount		2,619	6,824	9,443
Transfers		-	-	-
Revaluations		-	1,337	1,337
Additions		-	630	630
Disposals		(75)	-	(75)
Impairment		-	-	-
Amortisation charges		(501)	-	(501)
Change in work in progress		34	-	34
At end of year		2,078	8,790	10,868
At 30 June 2024				
Cost or valuation	12(a)	8,493	8,790	17,283
Accumulated depreciation		(6,601)	-	(6,601)
Work in progress		185	-	185
Net book amount		2,078	8,790	10,868
Year ended 30 June 2025				
Opening net book amount		2,078	8,790	10,868
Transfers		(909)	-	(909)
Revaluations		-	2,156	2,156
Additions		-	839	839
Disposals		-	-	-
Amortisation charges		(500)	-	(500)
Change in work in progress		2	-	2
		670	11,785	12,456
At 30 June 2025				
Cost or valuation		6,063	11,785	17,848
Accumulated depreciation		(5,579)	-	(5,579)
Work in progress		187	-	187
Net book amount		670	11,785	12,456



Note 12 (a)

Intangible Assets

In accordance with Note 2.14, Intangible Assets, such as Development Expenditure, that have an indefinite life are tested for impairment at each reporting date. If the asset is considered to be impaired, it must be written down to its recoverable value

Carbon credits

These credits have been gained from the normal forestry and berm enhancement operations of HBRC. The amount of carbon units have been valued using market value of \$50.50 per unit as at 30 June 2024 (30 June 2023: \$41.00 per unit).

GROUP	Note	Computer Software \$000	Carbon Credits \$000	Group Actual \$000
At 30 June 2023				
Cost or valuation	12a	15,713	6,823	10,479
Accumulated depreciation		(12,410)	-	(12,410)
Work in progress		353	-	353
Net book amount		3,656	6,823	10,479
Year ended 30 June 2024				
Opening net book amount		3,656	6,823	10,479
Revaluations		-	1,337	1,337
Additions		262	630	892
Disposals		(75)	-	(75)
Amortisation charges		(936)	-	(936)
Change in work in progress		34	-	34
		2,941	8,790	11,731
At 30 June 2024				
Cost or valuation	12a	15,900	8,790	24,690
Accumulated depreciation		(13,346)	-	(13,346)
Work in progress		387	-	387
Net book amount		2,941	8,790	11,731
Year ended 30 June 2025				
Opening net book amount		2,941	8,790	11,731
Revaluations		-	2,156	2,156
Additions		368	839	1,208
Transfers		(909)	-	(909)
Disposals		-	-	-
Amortisation charges		(824)	-	(824)
Change in work in progress		(200)	-	(200)
		1,376	11,785	13,161
At 30 June 2025				
Cost or valuation		13,816	11,785	25,601
Accumulated depreciation		(12,627)	-	(12,627)
Work in progress		187	-	187
Net book amount		1,376	9,630	13,161



Note 13: Other financial assets

	Note	Regional Council		Group	
		Actual 2024-25 \$000	Actual 2023-24 \$000	Actual 2024-25 \$000	Actual 2023-24 \$000
Current Portion					
Marketable Securities		-	-	1,845	1,845
Community loans		2,529	2,083	2,529	2,083
Total current portion		2,529	2,083	4,373	3,927
Non-current portion					
Government bonds		673	997	673	997
Community loans		14,613	17,422	14,613	17,422
Funds under management		124,804	118,723	176,565	167,577
Interest in joint venture		-	136	250	386
Civic financial services shares		18	18	18	18
LGFA borrower notes		3,207	2,732	3,207	2,732
Other financial assets					
Shares in Hawke's Bay Regional Investment Company		420,891	351,869	-	-
Total non-current portion		564,204	491,895	195,325	189,130
Total other financial assets		566,733	493,978	199,698	193,058

Fair value

Term deposits: the carrying amount of term deposits approximates their fair value. HBRC held no term deposits as at 30 June 2025 (2024: Nil).

Government bonds: the fair value of government bonds is \$1,018,509 (2024: \$996,588). Fair value has been determined using quoted market prices from an independent source. The effective interest rate on government bonds was 2.66% (2024: 2.66%). This stock has an average maturity of 2.7 years (2024: 3.7 years).

Funds under management were transferred to Harbour during the period July to October 2024. In 2024 funds were held between two fund managers, Jarden and Mercer. All are measured at fair value. Fair value has been determined using market prices provided from the fund managers.

Shares in Hawke's Bay Regional Investment Company: the valuation of HBRC Ltd was based on the value of its shareholding in NPHL on 30 June 2025, net assets of FoodEast, value of all managed funds and loans less the value of debt and future management costs.

Community loans: HBRC has provided loans to ratepayers for the installation of clean heat, solar power, and insulation. The loans are repayable by a voluntary targeted rate over a 10-year period. Interest is charged on Insulation and Sustainable Homes loans at between 4.00% and 7.02% and on Clean Heat loans at between 2.00% and 3.51% at the inception of the loan. HBRC has provided loans to farming ratepayers for the planting carried out to prevent erosion in vulnerable areas. Interest charged on these loans is 4.00% at the inception of the loan.



Community Loans	Note	Regional Council		Group	
		Actual 2024-25 \$000	Actual 2023-24 \$000	Actual 2024-25 \$000	Actual 2023-24 \$000
At beginning of year		19,504	18,402	20,795	19,693
Additional loans		927	6,066	927	6,066
Repayments		(3,290)	(4,964)	(3,290)	(4,964)
At end of year		17,141	19,504	18,432	20,795

Fair Value

There were no impairment provisions on other financial assets in current or prior years.

Note 14: Forestry assets

	Note	Regional Council		Group	
		Actual 2024-25 \$000	Actual 2023-24 \$000	Actual 2024-25 \$000	Actual 2023-24 \$000
At beginning of year		11,318	11,745	11,318	11,745
Additions			129	-	129
Fair value gains	6	2	684	2	684
Fair value (losses)	6	(2,228)	(1,240)	(2,228)	(1,240)
Movement during the year		(2,226)	(427)	(2,226)	(427)
At end of year		9,092	11,318	9,092	11,318
Forestry assets include:					
Forestry on Council owned land					
Lake Tutira country park forestry crop	14a	1,722	2,981	1,722	2,981
Waihapua carbon sequestration forestry crop	14b	956	1,226	956	1,226
Rural Wastewater disposal forestry crops	14c	837	960	837	960
Tutira manuka honey forestry	14d	-	278	-	278
Walker road forestry crop	14e	48	46	48	46
Forestry on Council managed land					
Tangoio soil conservation reserve forestry crop	14f	5,215	5,470	5,215	5,470
Joint venture forestry					
Joint venture forestry rights	14g	314	357	314	357
		9,092	11,318	9,092	11,318

Forestry assets on HBRC-owned land comprise a total of 576.8 hectares (ha) of mixed forestry crops situated in the Lake Tūtira Country Park (62 ha), Tūtira Mānuka forestry (125.2 ha), Māhia (31.1 ha), Waihapua (192 ha) and Central Hawke's Bay (166.6 ha). During the period, 30.4 ha of forest crops were logged (2023/24: 46.2 ha).

HBRC-owned forestry assets were fair valued to \$3,563,000 at 31 May 2025 (2024: \$5,491,000) by M H Morice, a registered valuer, of Morice Ltd. A decrease in value of \$1.65m based on a change in log prices, area change and production costs, plus a decrease of the Tutira Manuka Forestry Honey by \$278,000.



Valuation assumptions

The following significant valuation assumptions have been adopted in determining the fair value of forestry assets:

Traditional forestry crop

- a discount rate of 6.75% has been used for post-tax cash flows
- a rotation of 27-30 years for P-rad, 30 years EUC, and 35 years for other
- an inflation adjustment of 5.0%
- log prices adopted \$/m3.

Grade	2025	2026	2027	2028	2029
aP35	193.8	196.2	198.5	200.9	203.2
bSP35	144.7	147.4	150.1	152.8	155.5
dA40	127.4	129.0	130.7	132.3	133.9
eA30	124.6	126.1	127.6	129.1	130.6
fK	116.6	118.3	119.9	121.5	123.2
gKI	105.7	107.3	109.0	110.6	112.2
hKIS	88.6	90.0	91.3	92.6	94.0
iPulp	48.2	49.1	49.9	50.8	51.6
jXPr	203.8	206.2	208.5	210.9	213.2
kXA30	137.4	139.0	140.7	142.3	143.9
lXK	126.6	128.3	129.9	131.5	133.2
mXKI	105.7	107.3	109.0	110.6	112.2
nXPlp	48.2	49.1	49.9	50.8	51.6

Note 14 (a)

Lake Tūtira Country Park forestry crop consists of radiata plantings on 62 ha (2024: 71.7) situated at Tūtira Country Park. These forestry assets were valued at \$1,722,121 by Morice Limited, independent valuers at 30 June 2025 (2024: \$2,981,000). The valuation assumed a discount rate of 6.75%.

Note 14 (b)

HBRC's carbon sequestration forestry assets consist of 192 ha of mixed plantings on 316 hectares situated at Waihapua. These forestry assets were fair valued to \$955,824 by Morice Limited, independent valuers at 30 June 2025 (2024: \$1,226,000). The valuation assumed a discount rate of 6.75%.

Note 14 (c)

HBRC's wastewater disposal forestry assets consist of eucalyptus and radiata pine plantings on 78.5 ha (58.6 ha planted) at Pourere Road, Waipawa, and 118.8 ha (90.5 ha planted) at Mangatarata Road, Waipukurau and 52 ha (31.1 ha planted) at Kinikini Road, Māhia. These forestry assets were fair valued at \$836,931 by M H Morice of Morice Limited, independent valuers at 30 June 2025 (2024: \$960,000). The valuation assumed a discount rate of 6.75%.

Note 14 (d)

In the past the Manuka Forestry Honey Crop was assessed under a Comvita Joint Venture and was valued separately. Due to the damage of the cyclone there was no yield of honey, and the Comvita Joint Venture has ceased. A recent revegetation programme has increased the area to 125.2 ha of Indigenous Planting, although valuation decreased by \$278,000 as the Manuka crop is now not viable for honey production.



Note 14 (e)

Council's riverside forestry consists of eucalyptus and radiata pine plantings on 15.8 hectares at Walker Road, Waipawa. These forestry assets were fair valued at \$48,124 by M H Morice of Morice Limited, independent valuers at 30 June 2025. (2024: \$46,000).

Note 14 (f)

HBRC does not own the land at the Tangoio Soil Conservation Reserve, but in 1989, full managerial and financial control of the Tangoio Soil Conservation Reserve was transferred from central government to the Regional Council under Section 16 of the Soil Conservation and Rivers Control Act 1941. These forestry assets were fair valued at \$5,215,000 by M H Morice of Morice Limited, independent valuers at 30 June 2025. (2024: \$5,470,000).

Note 14 (g)

HBRC has entered into 10 joint ventures under the Forestry Rights Agreement Act 1983 under which HBRC provided grants to farmers to plant and maintain to maturity soil conservation forestry crops on marginal land. In return, HBRC has a right to a percentage of the profits on harvest. These forestry assets were fair valued at \$313,970 by M H Morice of Morice Limited, independent valuers at 30 June 2025. (2024: \$356,655).

Note 14 (h)

HBRC is exposed to financial risks arising from changes in timber prices. As a long-term forestry investor, HBRC does not expect timber prices to decline significantly during the foreseeable future and therefore has not taken any measures to manage the risks of a decline in timber prices. HBRC reviews its outlook for timber prices regularly in considering the need for active financial risk management.



Note 15: Trade and other receivables

	Note	Regional Council		Group	
		Actual 2024-25 \$000	Actual 2023-24 \$000	Actual 2024-25 \$000	Actual 2023-24 \$000
Trade receivables	15a	7,067	12,398	23,395	24,529
Less: provision for impairment of receivables	15b	(422)	(531)	(608)	(720)
Trade receivables - net		6,646	11,867	22,787	23,809
Prepayments		839	880	9,958	2,604
GST receivable		469	980	507	944
Accrued income		16,871	9,704	14,981	11,214
Insurance receivable		-	-	-	-
Work-in-progress		-	40	-0	40
Intercompany receivables		3,208	491	3,208	491
Trade and other receivables	15c&d	28,033	23,961	51,441	39,102
Total trade and other receivables comprise:					
Receivables from non-exchange transactions – this includes outstanding amounts for commercial sales and fees and charges not subsidised by rates.		26,142	23,961	26,142	23,961
Receivables from exchange transactions – this includes outstanding amounts for commercial sales and fees and charges not subsidised by rates.		-	-	25,299	15,140
		26,142	23,961	51,441	39,102
All Regional Council trade and other receivables are included as non-exchange transactions as all of Council's receivables are partly subsidised by rates and investment income.					
Current trade and other receivables		26,142	25,064	51,441	39,102
Non-current trade and other receivables		-	-	-	-
		26,142	25,064	51,441	39,102

Note 15 (a)

Trade receivables are non-interest bearing and are generally on 30 day terms.

Note 15 (b)

Movements in the provision for impairment of receivables are as follows:

	Note	Regional Council		Group	
		Actual 2024-25 \$000	Actual 2023-24 \$000	Actual 2024-25 \$000	Actual 2023-24 \$000
At beginning of year		531	987	672	1,128
Additional provisions made during the year		11	156	11	156
Receivables written off during the year		-	(9)	-	(9)
Receivables recovered during the year		(75)	(603)	(75)	(603)
		(64)	(456)	(64)	(456)
At end of year		422	531	608	672



Note 15 (c)

The carrying amount of trade and other receivables approximates their fair value.

Note 15 (d)

The status of trade receivables at reporting dates is set out below:

	Note	Regional Council			Group		
		Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Net \$000
2023-24							
Current		8,596	(147)	8,449	20,399	(338)	20,061
Past due 31 – 60 days		24	-	24	626	-	626
Past due 61 – 90 days		(15)	-	(15)	52	-	52
Past due > 90 days		498	(384)	114	578	(384)	194
		9,103	(531)	8,572	21,655	(722)	20,933
2024-25							
Current		3,869	(61)	3,808	19,905	(248)	19,657
Past due 31 – 60 days		509	-	509	738	-	738
Past due 61 – 90 days		49	-	49	113	-	113
Past due > 90 days		2,639	(361)	2,278	2,639	(361)	2,278
		7,067	(422)	6,645	23,395	(608)	22,787

Note 16: Derivative financial instruments

	Note	Regional Council		Group	
		Actual 2024-25 \$000	Actual 2023-24 \$000	Actual 2024-25 \$000	Actual 2023-24 \$000
Assets					
Interest rate swaps at fair value		592	1,909	3,917	6,150
Total		592	1,909	3,917	6,150
Less non-current portion:					
Interest rate swaps at fair value		-	-	1,571	2,029
Current portion		592	1,909	2,346	4,121
Liabilities					
Interest rate swaps at fair value		-	-	798	1,495
Total		-	-	798	1,495
Less non-current portion:					
Interest rate swaps at fair value		-	-	459	313
Current portion		-	-	339	1,182



Note 16 (a)

At 30th June 2025 the notional principal amounts of the outstanding interest rate swaps contracts \$95,000,000 (2024 : \$45,000,000). There were \$45,000,000 of forward starting future dated swaps at 30 June 2025 (2024: \$30,000,000)

Note 17: Cash and cash equivalents

	Note	Regional Council		Group	
		Actual 2024-25 \$000	Actual 2023-24 \$000	Actual 2024-25 \$000	Actual 2023-24 \$000
Cash at bank and in hand	17(a)	19,073	62,276	30,189	71,717
		19,073	62,276	30,189	71,717

Note 17 (a)

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Note 17 (b) Reconciliation of cash

Cash, cash equivalents and bank overdrafts included the following for the purposes of the Cash Flow Statement.

	Note	Regional Council		Group	
		Actual 2024-25 \$000	Actual 2023-24 \$000	Actual 2024-25 \$000	Actual 2023-24 \$000
Cash and cash equivalents		19,073	62,276	30,189	71,717
		19,073	62,276	30,189	71,717



Note 17 (c) Reconciliation of surplus after tax to net cash flows from operations

	Regional Council		Group	
	Actual 2024-25 \$000	Actual 2023-24 \$000	Actual 2024-25 \$000	Actual 2023-24 \$000
Net Surplus after tax	34,527	(14,153)	31,823	14,186
Add (less) non-cash items:				
Fair value gains	(6,172)	(8,048)	(4,044)	(11,724)
Fair value losses	4,980	6,213	4,980	6,213
Depreciation	4,727	4,380	22,689	19,980
Loss/(gain) on disposal of assets	(28)	741	690	741
ACC leasehold financing liabilities movement	475	658	475	658
Realised loss/(gains) on investments	-	(729)	-	(1,167)
Share based payments	-	-	254	198
Reclassification of infrastructure asset other	-	824	-	824
Other non-cash items	-	-	-	(283)
Deferred tax	-	-	1,248	848
Add (less) movement in working capital items:				
(Increase)/decrease in inventories	59	72	59	72
(Increase)/decrease in trade and other receivables	(2,181)	(13,186)	(11,357)	(16,985)
(Increase)/decrease in tax receivables	-	-	(2,565)	1,402
(Decrease)/increase in trade and other payables	(26,270)	72,170	(18,692)	72,536
(Decrease)/increase in funds held on behalf	(16,303)	19,527	(16,303)	19,527
(Decrease)/increase in employee entitlement liabilities	376	598	376	645
				-
Add (less) items classified as investing of financing activities:				
Movement in non-current provisions	-	-	27,074	-
Finance costs classified as financing activities	-	-	5,426	5,832
Capital grant classified as financing activities	-	-	-	-
Net cash inflow from operating activities	(5,809)	69,066	42,133	113,503



Note 18: Fair value reserves

REGIONAL COUNCIL only	Parent							
	Land \$000	Buildings \$000	Hydrological Assets \$000	Infrastructure Assets \$000	Carbon Credits \$000	Other Financial Assets \$000	HBRIC Ltd \$000	Total \$000
At 30 June 2023	6,239	7,057	568	94,944	6,646	(1,099)	170,679	285,035
Year ended 30 June 2024								
Revaluation – gross	-	-	456	214,711	2,144	380	3,690	221,380
	-	-	456	214,711	2,144	380	3,690	221,380
At 30 June 2024	6,239	7,057	1,024	309,655	8,790	(719)	174,369	506,415
Year ended 30 June 2025								
Revaluation – gross	(595)	(2,219)	0	(710)	2,995	(18)	69,022	68,475
	(595)	(2,219)	0	(710)	2,995	(18)	69,022	68,475
At 30 June 2025	5,644	4,838	1,024	308,945	11,785	(737)	243,391	574,890

GROUP	Land \$000	Buildings \$000	Hydrological Assets \$000	Infrastructure Assets \$000	Carbon Credits \$000	Other Financial Assets \$000	Sea Defences \$000	Hedged Transactions \$000	Group Total \$000
At 30 June 2023	6,239	8,150	568	94,944	6,646	(1,182)	96,691	4,422	216,478
Attributable to parent	6,239	8,150	568	94,944	6,646	(1,182)	52,807	2,432	170,604
Attributable to NCI	-	-	-	-	-	-	43,884	1,990	45,874
							45%	45%	
Year ended June 2024									
Revaluation – gross	-	7,057	456	214,711	2,144	(13,060)	18,588	(1,369)	228,52
Revaluation – attributable to NCI	-	-	-	-	-	-	(6,974)	616	(6,358)
	-	7,057	456	214,711	2,144	(13,060)	11,614	(753)	222,169
At 30 June 2024	6,239	15,207	1,024	309,655	8,790	(14,242)	108,305	3,669	438,647
Attributable to parent	6,239	15,207	1,024	309,655	8,790	(14,242)	71,395	1,063	399,13
Attributable to NCI	-	-	-	-	-	-	36,910	2,606	39,516
							34%	71%	
Year ended 30 June 2025									
Revaluation – gross	(595)	-	0	(710)	2,995	(18)	-	(2,606)	(934)
Revaluation – attributable to NCI	(595)	-	-	-	-	-	-	1,788	1,193
	(1,190)	-	0	(710)	2,995	(18)	-	(818)	260
At 30 June 2025	5,049	15,207	1,024	308,944	11,786	(14,260)	108,305	2,852	438,906
Attributable to parent	5,644	15,207	1,024	308,945	11,785	(14,260)	71,395	(1,543)	398,197
Attributable to NCI	-	-	-	-	-	-	36,910	4,394	41,304
							34%	154%	



Note 18 (a)

Revaluation increments and decrements on operating and financial assets (listed above) are recorded in the Statement of Changes in Equity. However, if revaluation decrements on operating assets are greater than the corresponding surpluses in the Fair Value Reserve, the excess decrements are recorded in the Note 6, Fair Value Gains and Losses through the Statement of comprehensive revenue and expense, as an asset impairment.



Note 19(a): Other reserves (Parent)

	Infrastructure Asset	Wairoa Rivers & Streams	Special Schemes	Asset Replacement	Regional Disaster Damage	Scheme Disaster Damage	Te Awa o Mokotūrarō	Tangoio Soil Conservation	Mangaharuru Tangitu	Long Term Investment Fund	Sale of Land Non-investment	Rabbit	Ngāti Pahauwera	Port IPO Future Investment Fund	Enforcement Revenue Fund	Total
At 30 June 2023	4,765	1,075	(1,490)	6,798	(5,460)	4,281	965	2,438	469	50,438	793	112	81	62,428	457	128,149
Net fair value gains / (losses)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest income / (expense)	119	27	(22)	184	(108)	64	30	58	13	1,248	20	3	2	1,561	12	3,211
Rental income – net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation transfer	243	-	(229)	3,707	283	-	-	(202)	-	-	-	-	-	-	-	3,802
Trading gain / (loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers / (use of) reserves	(263)	-	1,455	(2,589)	-	(3,438)	455	-	71	(1,013)	-	46	-	-	26	(5,251)
Asset purchases – net	-	-	(10)	(107)	-	-	-	-	-	-	-	-	-	-	-	(117)
Borrowings – net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	99	27	1,193	1,302	68	(3,374)	485	(143)	83	236	20	49	2	1,561	37	1,645
At 30 June 2024	4,864	1,102	(297)	8,100	(5,392)	906	1,450	2,295	552	50,679	813	161	83	63,989	494	129,794
Net fair value gains / (losses)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest income / (expense)	228	50	10	409	(219)	43	73	96	-	53	37	7	4	-	23	812
Rental income – net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation transfer	1,029	-	-	3,699	-	-	-	-	-	-	-	-	-	-	-	4,729
Trading gain / (loss)	-	-	-	-	(299)	-	-	-	-	6,480	-	-	-	4,724	-	10,906
Transfers / (use of) reserves	(1,166)	-	1,609	(1,743)	2,980	106	346	(345)	26	215	-	8	-	-	27	2,065
Asset purchases – net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings – net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	92	50	1,620	2,365	2,462	150	420	(249)	26	6,748	37	16	4	4,724	50	18,512
At 30 June 2025	4,957	1,152	1,323	10,465	(2,931)	1,056	1,870	2,046	578	57,421	850	177	87	68,713	545	148,306

*Note that Internal Loans debit balances previously disclosed under Infrastructure Asset Depreciation in prior year have been restated to Accumulated funds against the credit balance so that the internal loan balance eliminate on consolidation of HBRC. Refer to Note 20 for details of Internal loans movements and balance for the year.



Note 19 (a) Transfers/(use of) reserves

The expenditure incurred in response to Cyclone Gabrielle did result in the following significant use of reserves during the year ending 30 June 2024. In the 2025 year we have contributed some funds back into the reserves and envisage more funding may be required in the 2026 year.

Note 19 (b) Other reserves (Parent)

- 1. Infrastructure asset depreciation - a reserve established to fund the renewal of scheme infrastructure assets as required by the Local Government Act 2002.
- 2. Wairoa rivers and streams - a reserve established to fund flood mitigation and recovery work within the Wairoa district.
- 3. Special flood and drainage scheme - reserves established for each scheme to account for rating balances that arise each year as a consequence of the actual income and expenditure incurred in any one year.
- 4. Asset replacement - a reserve established to fund the replacement of operating property, plant and equipment which are not scheme based.
- 5. Regional disaster damage - a reserve established to provide funding for the cost of responding to and managing an event; cost of reinstatement of any uninsured assets (eg. pathways on top of stopbanks); any difference between the deductible and the threshold for eligibility for central government assistance (government covers 60% of the loss in the event of a disaster); to fund the policy excess of \$1.5 million included in the policy with private insurers to cover 40% of the loss up to \$24 million in the event of a disaster; and the possibility of the cost of reinstating the level of service provided by the asset being considerably more than the optimised replacement value.
- 6. Scheme disaster damage - reserves established to meet each scheme's share of Local Authority Protection Programme (LAPP) insurance excess and other costs to restore scheme assets that are not recoverable from other sources.
- 7. Clive river dredging - a reserve established to meet the expenditure of dredging requirements on the Clive River.
- 8. Tangoio soil conservation - a reserve established to separate the revenues and expenses associated with the Tangoio Soil Conservation Reserve as this reserve is managed and overseen by the Regional Council on behalf of the Crown.
- 9. Maungaharuru Tangitū - a reserve established as a catchments fund in accordance with the Maungaharuru-Tangitū Claims Settlement Act.
- 10. Long-term Investment Fund - a reserve established to hold the proceeds of endowment leasehold land sales to be reinvested in accordance with HBRC's policy on 'Evaluation of Investment Opportunities' approved on 30 April 2008. Formerly the Sale of Land Investment Fund.
- 11. Sale of land non-investment fund - a reserve established to hold transfers from the Long-term Investment Fund to be invested in accordance with HBRC's policy on 'Open Space Investment' approved on 25 June 2008 and HBRC's Investment Policy set out in the 2009/19 10-Year Plan.
- 12. Rabbit - a reserve established to fund costs expected to be incurred with growing rabbit populations. The reserve is limited to a maximum balance of \$133,000.
- 13. Ngāti Pāhauwera - a reserve established to ring-fence funding for Ngāti Pāhauwera Rivers Initiatives. For the clean up of the Mohaka, Waikari and Waihua Rivers and their catchments.
- 14. Port IPO Future Investment Fund - a reserve established to hold the proceeds of the Napier Port IPO.
- 15. Enhancement Revenue Reserve Fund - a reserve established to hold enforcement revenue for future environmental protection and restoration activities, and managing diversion scheme funds.



Note 19 (c) Other reserves (Group)

	Regional Council Total \$000	Subsidiaries		Group Total \$000
		Other reserves \$000	Share based reserves \$000	
At 30 June 2023	128,150	116,226	2,233	246,609
Interest income / (expense)	3,211	-	-	3,211
Depreciation transfer	3,802	-	-	3,802
Transfers / (use of) reserves	(5,251)	41	(1,679)	(6,889)
Asset purchases – net	(117)	-	-	(117)
	1,645	41	(1,679)	7
At 30 June 2024	129,794	116,267	554	246,615
Interest income / (expense)	812	-	-	812
Depreciation transfer	4,729	-	-	4,729
Transfers / (use of) reserves	10,906	-	-	10,906
Asset purchases – net	2,065	-	-	2,065
	18,512	-	-	18,512
At 30 June 2025	148,306	116,267	554	265,127

Note 20: Borrowings

	Regional Council		Group	
	Actual 2024/25 \$000	Actual 2023/24 \$000	Actual 2024/25 \$000	Actual 2023/24 \$000
Non-current				
Bank borrowings	112,300	98,950	220,736	204,687
Provincial growth fund borrowings	650	650	650	650
	112,950	99,600	221,386	205,337
Current	-	-	-	-
Bank overdrafts	900	900	900	900
Provincial growth fund borrowings	3,750	13,000	3,750	13,000
HBRC loan to HBRC	-	16,663	-	-
	4,650	30,563	4,650	13,900
	117,600	130,163	226,036	219,237

Note 20 (a) Guarantees

HBRC is a guarantor of the New Zealand Local Government Funding Agency Limited (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. LGFA has a local currency rating from Fitch Ratings of AA+, a foreign currency rating of AA+ and local currency of AAA with Standard & Poors.

HBRC is not a shareholder but participates as one of 72 borrowers and guarantors of LGFA. When HBRC borrows through the LGFA they are required to invest 5.0% of the proceeds back with the LGFA as borrower notes which the LGFA retain as capital. As at 30 June 2025, HBRC held \$3,306,500 of borrower notes with the LGFA (2024: \$2,731,500).

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Together with the other shareholders and guarantors, HBRC is a guarantor of all of LGFA's borrowings. As at 30 June 2025 LGFA had borrowings of \$25,529 million (2024: \$23,030 million). Financial reporting standards require HBRC to recognise the guarantee liability at fair value. However, HBRC has been unable to determine a sufficiently reliable fair value for the guarantee and therefore has not recognised a liability.

HBRC considers the risk of LGFA defaulting on repayment of interest or capital to be very low on the basis that:

- we are not aware of any local authority debt default events in New Zealand
- local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

Note 20 (b) Security

HBRC's bank loans are secured over the rating base of HBRC.

The Port loans are secured by way of a negative pledge over the assets of the Port in respect of both sale of such assets and other security interests.

BNZ holds security stock certificates of \$22 million maintained within HBRC's Debenture Trust Deed (2024 \$22 million), Westpac Bank holds security stock certificates of \$10.5 million maintained within HBRC's Debenture Trust Deed. (2024 \$10.5 million) ANZ Bank holds security stock certificates of \$14 million (2024: Nil). Local Government Funding Agency holds security stock certificates of \$10 million for a standby facility (2024: Nil).

Note 20 (c) Maturity analysis of borrowings

The exposure of the Group's borrowings to interest-rate changes and the contractual repricing dates or maturity dates at the balance sheet date are as follows:

	Regional Council		Group	
	Actual 2024/25 \$'000	Actual 2023/24 \$'000	Actual 2024/25 \$'000	Actual 2023/24 \$'000
6 months or less	450	5,900	12,401	12,401
Between 6 and 12 months	4,200	24,663	4,200	24,663
Between 1 and 2 years	27,250	4,750	11,251	11,251
Between 2 and 5 years	85,700	74,850	198,183	192,755
Over 5 years	-	20,000	-	20,000
	117,600	130,163	226,036	261,071

Note 20 (d) Effective interest rates

	Regional Council		Group	
	Actual 2024/25 %	Actual 2023/24 %	Actual 2024/25 %	Actual 2023/24 %
The effective interest rates at the balance sheet date	0.622 - 6.73	1.61 - 6.83	0.622 - 6.73	1.61 - 6.83



Note 20 (e) Fair values

	Regional Council		Group	
	Actual 2024/25 \$000	Actual 2023/24 \$000	Actual 2024/25 \$000	Actual 2023/24 \$000
Borrowings	117,600	130,163	259,576	259,576
	117,600	130,163	259,576	259,576

The fair values is based on cash flows discounted using a rate based on the average borrowing rate of 4.60% (2024: 4.79%). The carrying amount of borrowings repayable within one year approximates their fair value.

Note 20 (f) Undrawn facilities

The group has the following undrawn borrowing facilities:

	Regional Council		Group	
	Actual 2024/25 \$000	Actual 2023/24 \$000	Actual 2024/25 \$000	Actual 2023/24 \$000
Bank overdraft	20,000	10,000	20,000	10,000
Bank borrowings	-	-	73,000	72,000
	10,000	10,000	93,000	82,000



Note 20 (g) Internal borrowings

The following internal borrowings have been funded by HBRC reserves:

	Regional Council		Group	
	Actual 2024-25 \$000	Actual 2023-24 \$000	Actual 2024-25 \$000	Actual 2023-24 \$000
Internal loan opening balance				
Governance & partnerships	24,003	23,723	24,003	23,723
Policy & regulation	10	30	10	30
Integrated catchment management	17,218	14,082	17,218	14,082
Asset management	11,231	2,258	11,231	2,258
Emergency management	9,156	9,638	9,156	9,638
Transport	64	78	64	78
Corporate services	28,402	18,800	28,402	18,800
	90,083	68,609	90,083	68,609
Internal loans borrowed during the year				
Governance & partnerships	927	3,655	927	3,655
Policy & regulation	840	-	840	-
Integrated catchment management	2,235	4,666	2,235	4,666
Asset management	7,645	9,260	7,645	9,260
Emergency management	-	-	-	-
Transport	-	-	-	-
Corporate services	2,566	10,442	2,566	10,442
	14,213	28,024	14,213	28,024
Internal loans repaid during the year				
Governance & partnerships	3,892	3,376	3,892	3,376
Policy & regulation	10	20	10	20
Integrated catchment management	1,768	1,530	1,768	1,530
Asset management	440	287	440	287
Emergency management	765	482	-	-
Transport	14	14	14	14
Corporate services	1,034	841	1,034	841
	7,923	6,550	7,158	6,068
Internal loan closing balance				
Governance & partnerships	21,038	24,003	21,038	24,003
Policy & regulation	840	10	840	10
Integrated catchment management	17,684	17,218	17,684	17,218
Asset management	18,436	11,231	18,436	11,231
Emergency management	8,391	9,156	8,391	9,156
Transport	50	64	50	64
Corporate services	29,934	28,402	29,934	28,402
	96,374	90,083	96,374	90,083
Interest paid during the year				
Governance & partnerships	1,096	1,219	1,096	1,219
Policy & regulation	19	1	19	1
Integrated catchment management	818	764	818	764
Asset management	432	157	432	157
Emergency management	667	495	-	-
Transport	3	4	3	4
Corporate services	1,255	1,143	1,255	1,143
	4,288	3,784	3,622	3,289



Note 21: Deferred income tax (group)

	Property, Plant & Equipment \$000	Derivatives \$000	Other \$000	Total \$000
Balance at 30 June 2023	(22,354)	(1,670)	1,872	(22,152)
Re-alignment to closing balances	(2,055)	(274)	566	(1,763)
Charged to surplus or deficit re current year	-	-	(1,818)	(1,818)
Amounts charged or credited direct to equity	-	-	-	-
Charges to other comprehensive revenue and expense	-	-	-	-
Balance at 30 June 2024	(24,409)	(1,944)	620	(25,733)
Charged to surplus or deficit re current year	(2,055)	16	(25,089)	(27,128)
Amounts charged or credited direct to equity	-	-	1,794	1,794
Charges to other comprehensive revenue and expense	-	-	-	-
Balance at 30 June 2025	(26,464)	(1,928)	(22,675)	(29,526)

Note 22: Employee benefit liabilities

	Regional Council		Group	
	Actual 2024-25 \$000	Actual 2023-24 \$000	Actual 2024-25 \$000	Actual 2023-24 \$000
Annual leave	2,247	2,176	9,476	8,003
Long service leave	416	387	1,033	980
Sick leave	447	44	447	44
Retirement gratuities	-	118	-	118
Other short-term benefits	205	215	205	216
Accrued payroll expenses	-	-	-	-
Total employee benefit liabilities	3,315	2,939	11,161	9,360
Disclosed as:				
Non-current	346	433	3,731	2,902
Current	2,969	2,505	7,430	6,458
	3,315	2,939	11,161	9,360



Note 23: Trade and other payables

	Note	Regional Council		Group	
		Actual 2024-25 \$000	Actual 2023-24 \$000	Actual 2024-25 \$000	Actual 2023-24 \$000
Trade payables		6,296	7,634	18,635	11,743
Accrued expenses		7,059	10,575	17,380	22,471
Deposits and advances	23a	16,627	37,527	16,938	38,056
Intrabusiness payables		-	-	205	-
		29,982	55,736	53,158	72,270
Funds held on behalf	23b	153	16,456	153	16,456
Total Trade and other payables		30,135	72,192	53,311	88,726
Total trade and other payables comprise:					
Payables and deferred revenue from non-exchange transactions – rates paid in advance (includes clean heat rates in advance).		8,555	23,348	8,555	23,348
Payables and deferred revenue from exchange transactions – amounts payable on commercial transactions		21,580	48,844	44,756	65,378
		30,135	72,192	53,311	88,726

Trade payables are non-interest bearing and are generally on 30 day terms.

The carrying amount of trade and other payables approximates their fair value.

Note 23 (a)

Deposits and advances included HBRC income in advance in 2024 of \$30.4 million under the Sediment and Debris funding agreement. Refer to Note 5 for more details.

Note 23 (b)

Funds held on behalf in 2024 of \$16.5 million was in relation to funds received under the Sediment and Debris funding agreement but not yet allocated to any of the HB councils.

Note 24: ACC leasehold financing liabilities

	Note	Regional Council		Group	
		Actual 2024-25 \$000	Actual 2023-24 \$000	Actual 2024-25 \$000	Actual 2023-24 \$000
Current portion:					
Base loan	24a	820	2,198	820	2,198
Excess payments	24b	960	1,224	960	1,224
		1,780	3,422	1,780	3,422
Non-current portion:					
Base loan	24(a)	6,700	7,474	6,700	7,474
Excess payments	24(b)	22,607	22,100	22,607	22,100
		29,307	29,574	29,307	29,574
Total		31,087	32,996	31,087	32,996



ACC Leasehold financing liability

In December 2013, HBRC entered into a contract with the Accident Compensation Corporation (ACC) to sell the cash flows (both rental and sales proceeds) generated from the portfolio of Napier leasehold properties for a period of 50 years ending 30 June 2063 (after a free-holding initiative to leasees). A lump sum of \$37.651 million was received to fund investment activity.

Note 24 (a) – Base loan

The base loan is the original receipt recognised at fair value, \$37.651 million, and subsequently measured at amortised cost.

Note 24 (b) – Excess payments

The fair value of the excess payments liability at the reporting date has been assessed as two-thirds of the difference between the investment property fair value (\$41,744,000) and the base loan liability (\$8,610,087).

Note 24 (c) – Current/non-current split

HBRC notes that between 10 and 74 units have been freeholded each year since the start of the contract and has assumed that 10 (2023:10) units will be freeholded in the 12 months following the reporting date.

Note 25: Reconciliation of liabilities arising from financing activities

Regional Council	Borrowings \$000	ACC Leasehold \$000	Total \$000
Balance At 30 June 2023	101,493	30,699	132,192
Net cash flows	28,670	-	28,670
Fair value adjustment	-	(518)	(518)
Other	-	(349)	(349)
Balance At 30 June 2024	130,163	29,832	159,995
Net cash flows	-12,567	-	(12,567)
Fair value adjustment	-	(1,649)	(1,649)
Other	-	(349)	(349)
Balance At 30 June 2025	117,596	27,834	145,430
Group	Borrowings \$000	ACC Leasehold \$000	Total \$000
Balance At 30 June 2023	213,776	30,699	244,475
Net cash flows	4,670	-	4,670
Fair value adjustment	-	(518)	(518)
Other	791	(349)	442
Balance At 30 June 2024	219,237	29,832	249,069
Net cash flows	3,104	-	3,100
Fair value adjustment	-	(1,649)	(1,649)
Other	-	(349)	(349)
Balance At 30 June 2025	222,341	27,834	250,175



Note 26: Related-party disclosures (group)

Note 26 (a) The following transactions were carried out with subsidiaries

	Actual 2024-25 \$000	Actual 2023-24 \$000
(i) Sales of services		
By parent	37	572
By Subsidiary	370	504
	408	1,075
(ii) Purchases of services		
By parent	370	504
By subsidiary	37	572
	408	1,075
(iii) Subvention payments		
Received by parent	-	-
Paid by subsidiary	-	-
The subvention payment is the tax effect of total losses transferred from Regional Council to Hawke's Bay Regional Investment Company		
(iv) Dividends (net)		
Received by parent	27,088	7,205
Paid by subsidiary	27,088	7,205

Note 26 (a) The following transactions were carried out with subsidiaries

	Actual 2024-25 \$000	Actual 2023-24 \$000
(v) Loans		
Paid by parent	16,663	-
Received by subsidiary	16,663	-

Note 26 (b) Transactions with key management personnel

During the year, councillors and key management personnel, as a part of normal customer relationship, were involved in minor transactions with the group (such as payment of rates, purchases of small amounts of goods and services). All these transactions were at arm's length.

As part of the Constitution of Hawke's Bay Tourism Limited, HBRC is entitled to appoint one director to the Board of Hawke's Bay Tourism Limited. This position was filled by Councillor Sophie Siers for the 2024/25 year and the 2023/24 year. HBRC has paid Hawke's Bay Tourism Limited \$1,520,000 (excl. GST) in the 2024/25 year and the 2023/24 year as per the funding agreement.



Note 26 (c) Year end balances arising from sales/purchases of goods and services

	Actual 2024-25 \$000	Actual 2023-24 \$000
Receivables from related parties		
Parent	3,208	491
Subsidiary	-	-
	3,208	491
Payables to related parties		
Parent	-	-
Subsidiary	3,208	491
	3,208	491

Note 26 (d) Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made in arm's length transactions at both normal market prices and normal commercial terms.

Outstanding balances at year end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables. At year end, there is no impairment relating to amounts owed by related parties (2023: \$nil).

Note 27: Commitments and contingencies

27(a) Capital Commitments

Capital expenditure contracted for at balance sheet date but not yet incurred as follows:

	Note	Regional Council		Group	
		Actual 2024-25 \$000	Actual 2023-24 \$000	Actual 2024-25 \$000	Actual 2023-24 \$000
Property, plant and equipment		-	97	10,200	2,997
Infrastructure		-	-	-	-
		-	97	10,200	2,997

Note that at 30 June 2025, there were no capital contracts with fixed price commitments. They were all for unit rates for work completed.



Note 27 (b) Operating lease commitments as lessee

The group has entered into commercial leases for certain offices, plant and equipment under non- cancellable operating lease agreements. The leases have varying terms and conditions.

Future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Regional Council		Group	
	Actual 2024-25 \$000	Actual 2023-24 \$000	Actual 2024-25 \$000	Actual 2023-24 \$000
Not later than one year	875	45	975	85
Later than one year but not later than five years	1516	132	1,516	132
Later than five years	-	112	-	112
	2,391	289	2,491	329

Note 27 (c) Operating lease commitments as lessor

The group has entered into commercial leases for certain properties under non- cancellable operating lease agreements. The leases have varying terms and conditions.

Future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Regional Council		Group	
	Actual 2024-25 \$000	Actual 2023-24 \$000	Actual 2024-25 \$000	Actual 2023-24 \$000
Not later than one year	45	4,638	2,209	6,815
Later than one year but not later than five years	132	786	5,988	6,736
Later than five years	46	112	6,697	8,053
	223	5,536	14,894	21,604

Napier leasehold land is leased under operating leases with annual rent payments set for a period of 21 years. As at 30 June 2024 the annual rent receivable by HBRC is \$1,251,046 (2024: \$1,267,088).

At the expiry of the 21 year lease term a rent renewal will be calculated on the current land value. These leases will keep renewing as long as the land is owned by HBRC. Leasehold properties may be freeholded at any time at an amount calculated by an independent valuer. The annual rent receivable figure above assumes no freeholding will take place.

Wellington leasehold land is leased under operating leases with rent review periods between 7 and 14 years. As at 30 June 2025 the annual rent receivable by HBRC is \$930,961 (2024: \$885,854). At the expiry of the lease term a rent renewal will be calculated on the current land value. These leases will keep renewing as long as the land is owned by HBRC. Leasehold properties may be freeholded or sold to another party at any time subject to approval by HBRC. The annual rent receivable figure above assumes no freeholding will take place.



Note 27 (d) Contingencies

In respect of the Council only:

The Tangoio Soil Conservation Reserve fund contains the proceeds from the Reserve since management and control of the Reserve was vested in HBRC in 1985, less the cost of managing the Reserve. This fund is held by HBRC on behalf of the Crown. The value of the funds 30 June 2025 are \$2,046,185 (2024: \$2,295,205).

HBRC is a guarantor of all LGFA's borrowings. See Note 20(a).

Hawke's Bay Regional Council was previously a member of the New Zealand Mutual Liability Riskpool scheme ('Riskpool'). The Scheme is in wind-down, however the Council has an ongoing obligation to contribute to the Riskpool scheme should a call be made in respect of any historical claims (to the extent those claims are not covered by reinsurance or where reinsurance is delayed), and to fund the ongoing operation of the scheme.

The likelihood of any call in respect of historical claims diminishes with each year as limitation periods expire. However, following the Supreme Court decision on 1 August 2023 in Napier City Council v Local Government Mutual Funds Trustee Limited, which addressed the treatment of claims against Riskpool that involved a mixture of non-weathertightness and weathertightness defects (mixed claims), a number of proceedings against Riskpool, which were stayed pending the Supreme Court's decision in 2023, have since recommenced.

Several member Councils have brought proceedings against Riskpool related to mixed claims. Two of these claims are currently listed for trial in September 2025. These cases are important in clarifying the scope of Riskpool's historical obligations and the interpretation of past Scheme terms. At this point the total potential liability of the outstanding claims against Riskpool is unable to be quantified.

Under the terms of The Funding Agreement between FoodEast and MBIE, the HB Food Innovation Hub ('The Hub') may only be used to facilitate innovation and collaboration in the Hawke's Bay food, beverage, agritech, horticulture and related activities. If the Hub ceases to be used for these purposes, then the grant received from MBIE must be repaid. Starting one year after The Hub opens, this liability abates at \$2 million per year until it is fully abated after 6 years. At balance date \$7 million of the \$12 million grant had been drawn down. There are no plans to cease using the Hub for the required activities so the possibility of repaying the grant is low.



Note 28: Local Government Act 2002 Disclosures

Note 28 (a) Remuneration of chair and elected members of Council

Remuneration of Elected Members of HBRC includes salary, vehicle allowance, meeting and hearing fees that, during the year, was paid or payable to the Councillor by the Regional Council or any council organisation. Remuneration levels are set each year for all local authorities by the Remuneration Authority.

2024/25	Salary 2024-25 \$	Hearing Fees 2024-25 \$	Councillor Allowances 2024-25 \$	Total Remuneration 2024-25 \$
Elected Members				
Hinewai Ormsby (chair)	142,499	-	1,510	144,009
William Foley	69,029	-	7,684	76,713
Xan Harding	69,029	-	4,740	73,769
Thompson Hokianga	63,157	-	4,900	68,058
Neil Kirton	69,029	-	2,278	71,307
Charles Lambert	63,157	-	8,241	71,398
Jock Mackintosh	63,157	-	3,794	66,952
Di Roadley	63,157	-	17,942	81,100
Sophie Siers	69,029	-	7,466	76,495
Jerfaas Van Beek	69,029	-	2,535	71,564
Martin Williams	69,029	-	1,744	70,773
	809,302	-	62,834	872,136

The Chair is provided with a vehicle to use on Regional Council business. Use of a vehicle reduces the Chair's salary in accordance with Remuneration Authority policy.



2023/24	Salary 2023-24 \$	Hearing Fees 2023-24 \$	Councillor Allowances 2023-24 \$	Total Remuneration 2023-24 \$
Elected Members				
Hinewai Ormsby (chair)	142,896	-	1,330	144,226
William Foley	67,196	-	9,334	76,530
Xan Harding	64,715	-	3,466	68,182
Thompson Hokianga	61,060	-	2,887	63,947
Neil Kirton	67,196	-	2,282	69,478
Charles Lambert	61,060	-	11,210	72,270
Jock Mackintosh	61,060	-	3,401	64,461
Di Roadley	61,060	-	12,135	73,196
Sophie Siers	67,196	-	8,359	75,555
Jerfaas Van Beek	67,196	-	1,782	68,978
Martin Williams	67,196	-	1,675	68,871
	787,832	-	57,861	845,693

The Chair is provided with a vehicle to use on Regional Council business. Use of vehicle reduces the Chair's salary in accordance with Remuneration Authority policy.

Note 28 (b) Remuneration of chief executive

2024/25	Salary 2024-25 \$	Severance Payments 2024-25 \$	Other Benefits 2024-25 \$	Total Remuneration 2024-25 \$
Dr Nic Peet	341,283	-	15,000	356,283
	341,283	-	15,000	356,283

2023/24	Salary 2023-24 \$	Severance Payments 2023-24 \$	Other Benefits 2023-24 \$	Total Remuneration 2023-24 \$
Dr Nic Peet	328,400	-	15,000	343,400
	328,400	-	15,000	343,400

Note 28 (c) Severance payments

There were three severance payments (2024: four) totalling \$73,000 (2024: \$57,102) made to employees that were outside contractual obligations.



Note 28 (d) Regional Council employees

Total Annual Remuneration by band for Employees as at 30 June	2024-25	2023-24
< \$60,000	13	19
\$60,000 - \$79,999	83	91
\$80,000 - \$99,999	92	111
\$100,000 - \$119,999	80	60
\$120,000 - \$139,999	40	32
\$140,000 - \$159,999	14	15
\$160,000 - \$219,999 (combined band)	20	10
\$220,000 - \$359,999 (combined band)	5	6
Total Employees (headcount)	347	344

Total Remuneration includes non-financial benefits provided to employees.

At balance date, HBRC employed 306 (2024: 302) full-time employees, with the balance of staff representing 28.6 (2024: 30.94) full-time equivalent employees. A full-time employee is determined on the basis of a 40 or more hour working week.

Note 28 (e) Regional planning committee

Committee members	Meeting Fees 2024-25 \$	Travel Allowances 2024-25 \$	Total Remuneration 2024-25 \$
L. Kele - Heretaunga Tamatea Settlement Trust	-	-	-
K. Ropiha - Heretaunga Tamatea Settlement Trust	-	-	-
K. Brown - Ngati Hineuru Iwi Trust	15,956	-	15,956
T. Hopmans - Maungaharuru-Tangitu Trust	31,913	8,588	40,501
T. Thornton - Ngati Pahauwera Development	15,956	969	16,925
N. Kirikiri - Ngati Ruapani mai Waikaremoana Trust	15,956	1,599	17,555
M. Mohi - Te Kotahitanga o Ngati Tuwharetoa Trust	14,601	1,246	15,847
T. Eden - Mana Ahuriri Trust	21,902	-	21,902
M. McIlroy - Tātau Tātau o te Wairoa	15,956	4,173	20,129
E. Ratima	-	-	-
J. Nelson-Smith - Tamatea Pōkai Whenua	25,268	582	25,850
N. Hanley	1,356	-	1,356
	132,241	17,157	148,815



Note 28 (f) Māori Committee

Committee members		Meeting Fees 2024-25 \$	Travel Allowances 2024-25 \$	Total Remuneration 2024-25 \$
K. Kawana - Wairoa Taiwhenua		16,860	1,388	18,248
M. Paku - (Co Chair) Te Taiwhenua o Heretaunga		24,092	8,870	32,963
A. Robin - Te Taiwhenua o Te Whanganui A Orotu		4,520	4,747	9,267
B. Blake - Wairoa Taiwhenua	End Date 29th Sept 2022	-	-	-
H. Hilton - Te Taiwhenua o Heretaunga		-	-	-
M. Apatu - Te Taiwhenua o Heretaunga		904	980	1,884
P. Eden - Te Taiwhenua o Te Whanganui A Orotu		2,260	2,475.38	4,735
P. Sciascia - Te Taiwhenua o Tamatea		2,260	2,971	5,231
M. Hape - (Proxy) Te Taiwhenua o Tamatea		-	-	-
R. Hiha - Te Taiwhenua o Te Whanganui A Orotu		-	-	-
R. Maaka - Te Taiwhenua o Tamatea		1,356	1,946	3,302
D. Smith - Te Taiwhenua o Tamatea		-	-	-
H. Mita - Wairoa Taiwhenua	Start Date 8th Feb 2023	2,712	4,416	7,128
P. Kelly - Kahungunu Executive	Start Date 1st Feb 2023	3,164	3,200	6,364
A. Te Whaiti - Te Taiwhenua o Heretaunga (Proxy)	Start Date 8th Feb 2023	3,616	4,676	8,292
		61,745	35,668	97,413

Note 28 (g) Audit and risk sub-committee

Independent Members		Meeting Fees 2024-25 \$	Travel Allowances 2024-25 \$	Total Remuneration 2024-25 \$
S. Maloy		19,945	-	19,945
		19,945	-	19,945

Note 29: Major budget variances (Parent)

The actual result to 30 June 2025 for the total Comprehensive Revenue and Expense is a surplus of \$104 million, while the budget was a \$57.1 million surplus. This figure includes a \$72 million increase in the valuation of financial assets, predominantly from an increase in the Napier Port share price. The Operating Surplus for the year was \$35.6 million, \$20.1 million below budget.

Statement of comprehensive revenue and expenditure

Excluding Hawke's Bay Regional Recover Agency (HBRA) (\$1.9 million) and Silt Taskforce funding (\$34.9 million), subsidies and grants total \$27.2 million this year, which is \$42.6 million below budget. This shortfall is primarily due to the budget including a higher level of NIWE funding being expected this year (\$45.4 million below budget). This is due to a combination of spend not happening as quickly as originally expected and reimbursement of spend from the Crown taking longer. The spend, and the associated grants, will still occur, just later than originally budgeted

Other revenue is \$26 million above budget, primarily due to the additional dividend from Hawke's Bay Regional Investment Company (HBRI) of \$16.6 million, insurance claims of \$1.5 million, \$1.3 million in logging recoveries and interest earned on HBRA funds held. The HBRI special dividend was used to repay the outstanding loan.



Total expenditure on activities for the full year was \$122.2 million of which \$36.4 million is for HBRRA and Silt Taskforce, this leaves \$85.8 million spent for the full year against a budget of \$83.7 million .

Due to the revaluation of infrastructure assets in 2023-2024, depreciation costs have increased and are \$0.5 million over budget.

The total comprehensive revenue and expenditure includes \$16.1 million of fair value gains and \$14.9 million of fair value losses under revenue and expenditure respectively.

Statement of financial position

Infrastructure assets closing values are \$454.9 million against a budget of \$302.6 million. They continue to increase in value due to the amount of capital work being undertaken to repair assets damaged by Cyclone Gabrielle and to build new assets as part of the NIWE flood resilience programme.

Intangible assets have increased in value this year predominantly due to the carbon credits movement in price from \$50.50 per unit last year to \$58.60 on 30 June 2025.

Napier Port share price on 30 June 2025 was \$3.22 compared to \$2.48 last year on 30 June 2024. This has pushed our asset value up by \$81.4 million. This is reflected in the investment in council-controlled organisations.

Statement of cash flow

Cash provided from operating activities was \$19 million over budget. There were a number of drivers. We received \$16.6 million more in dividends from HBRIC, which in turn was used to repay a loan of the same value. Other revenue was \$14.25 million over budget, being a mix of \$3.3 million from insurance claims, NIWE Funding of \$2 million and \$2.6 million realised gains on investments, which were budgeted.

Cashflow spend on infrastructure assets was \$59M down on budget due to later than anticipated starts for each of the resilience projects. This had a flow on effect of net borrowing in total being \$38M lower than budgeted, being a combination of lower infrastructure borrowing and repaying the \$16.7M to HBRIC.

Note 30: Financial risk management

Introduction

The group's principal financial instruments comprise cash and bank term investments, bank loans, LGFA borrowings, funds under management, shares in listed companies and the Hawke's Bay Regional Investment Company. The main purposes of these financial instruments are to raise finance for the group's operations and to generate income.

Historically, the group has entered into derivatives, consisting principally of interest rate swaps and forward currency contracts. The purpose was to manage interest rate and currency risks arising from the group's operations and its sources of finance.

The group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations. Other than government stock and shares in listed companies, the group does not trade in financial instruments.



Market Risk

Price Risk

Price risk is the risk that the value of a financial instrument will fluctuate because of changes in market prices. The group is exposed to equity and securities price risk on its investments, which are classified as fair value through other comprehensive revenue and expense and held to maturity financial assets. The group manages price risk by diversification of its investment portfolio in accordance with limits set out in its investment policy.

Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. From time to time the group enters into transactions denominated in foreign currencies and uses forward and spot foreign exchange contracts to manage its exposures to currency fluctuations.

Fair Value Interest Rate Risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to change in market interest rates. Borrowing and investing at fixed rates exposes the group to fair value interest rate risk. The group does not usually hedge against this risk.

Cash Flow Interest Rate Risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes to market interest rates. Borrowing at variable interest rates exposes the group to cash flow interest rate risk. The group manages its cash flow interest rate risk on borrowings by using interest rate caps and floating to fixed interest swaps.

Credit Risk

Credit risk is the risk that a third party will default on its obligation to the group, causing it to incur a loss. The group has no significant concentrations of credit risk, as it has a large number of credit customers, mainly ratepayers. Under the Local Government (Rating) Act 2002, HBRC has powers to recover outstanding debts from ratepayers. The group has a policy of assessing the credit risk of significant new customers and monitors the credit quality of existing customers.

The group invests funds with registered banks, fund managers and government stock. Its investment policy limits the amount of credit exposure to any one institution or organisation.

Investments in other local authorities are secured by charges over rates. The group only invests in other entities with a minimum credit rating from Standard and Poors (or other credit agency of similar reputation) of A1 for short term debt (up to twelve months) or A+ for term debt (more than twelve months).

Maximum exposure to credit risk	Regional Council		Group	
	Actual 2024-25 \$000	Actual 2023-24 \$000	Actual 2024-25 \$000	Actual 2023-24 \$000
Cash and cash equivalents	21,073	62,276	32,189	71,717
Bank deposits with terms greater than 91 days	-	-	-	-
Government stocks	1,019	997	1,019	997
Funds under management	124,804	118,723	176,565	167,577
Community loans	16,695	19,504	17,141	19,504
Trade and other receivables	22,237	18,294	38,385	31,532
Advances to CCO	-	-	-	-
Derivative financial instruments	592	1,909	4,692	8,243
	186,420	221,702	269,991	299,569



HBRC is exposed to credit risk as a guarantor of all the LGFA's borrowings. Information about this exposure is explained in Note 20.

Note 30 (a): Financial risk management

Liquidity Risk

Liquidity risk is the risk that the group will encounter difficulty raising liquid funds to meet commitments as they fall due.

The group maintains a level of cash operating balances sufficient to meet its commitments as they fall due as well as managing its borrowings in accordance with its funding and financial policies.

Set out below is a contractual maturity analysis of financial liabilities as at balance sheet date. The contractual amount includes scheduled interest payments.

Contractual maturity analysis	Carrying Amount \$000	Contractual Carrying Amount \$000	Less than 1 Year \$000	1 – 2 Years \$000	3 – 5 Years \$000	More than 5 Years \$000
Regional Council at 30 June 2024						
Creditors and other payables	997	997	997	-	-	-
Bank borrowings	11,950	117,769	17,160	7,210	53,900	39,500
Bank overdraft	16,663	16,996	16,996	-	-	-
Loans from CCO	1,550	1,564	910	4	650	-
Provincial growth fund borrowings	9,671	-	-	-	-	-
ACC leasehold financing liability – base loan	139,931	136,676	35,162	7,214	54,800	39,500
	135,338	145,120	59,651	29,482	40,297	15,689
Regional Council at 30 June 2025						
Creditors and other payables	19,357	19,357	19,357	-	-	-
Bank borrowings	116,050	117,769	17,160	7,210	53,900	39,500
Loans from CCO	-	-	-	-	-	-
Provincial growth fund borrowings	1,550	1,564	910	4	650	-
ACC leasehold financing liability – base loan	7,531	-	-	-	-	-
	144,488	138,690	37,426	7,214	54,550	39,500
Group at 30 June 2024						
Creditors and other payables	72,270	78,744	78,744	-	-	-
Bank borrowings	217,687	248,676	23,661	13,711	171,805	39,500
Interest rate swaps	(4,062)	-	-	-	-	-
Provincial growth fund borrowings	-	1,552	1,220	390	(58)	-
Forward exchange contracts	8,610	-	-	-	-	-
Finance lease	40	40	40	-	-	-
	294,545	329,012	103,665	14,101	171,747	39,500
Group at 30 June 2025						
Creditors and other payables	62,666	69,140	69,140	-	-	-
Bank borrowings	224,486	248,676	23,661	13,711	171,805	39,500
Interest rate swaps	(4,062)	-	-	-	-	-
Forward exchange contracts	-	1,552	1,220	390	(58)	-
ACC leasehold financing liability – base loan	9,671	-	-	-	-	-
Finance lease	40	40	40	-	-	-
	292,801	319,408	-	94,061	14,101	171,747



Note 30 (b): Financial risk management

REGIONAL COUNCIL	2024-25 \$'000				2023-24 \$'000			
	-0.05%		+0.05%		-0.05%		+0.05%	
	Surplus	Other Equity	Surplus	Other Equity	Surplus	Other Equity	Surplus	Other Equity
Interest rate risk								
Financial assets								
Cash and cash equivalents	(105)	-	105	-	(311)	-	311	-
Derivatives	(3)	-	3	-	(10)	-	10	-
Financial liabilities								
Loans	(588)	-	588	-	(651)	-	651	-
Derivatives	-	-	-	-	-	-	-	-
Total sensitivity	(696)	-	696	-	(972)	-	972	-
Foreign Exchange Risk								
Total sensitivity	-	-	-	-	-	-	-	-
Equity Price Risk								
Financial assets								
Publicly listed shares	-	-	-	-	-	(1)	-	1
Government bonds	(5)	-	5	-	-	(5)	-	5
Managed funds	(624)	-	624	-	-	(594)	-	594
Total sensitivity	(630)	-	630	-	-	(600)	-	600



GROUP	2024-25 \$000				2023-24 \$000			
	-0.05%		+0.05%		-0.05%		+0.05%	
	Surplus	Other Equity	Surplus	Other Equity	Surplus	Other Equity	Surplus	Other Equity
Interest Rate Risk								
Financial assets								
Cash and cash equivalents	(161)	-	161	-	(359)	-	359	-
Other financial assets:	-	-	-	-	-	-	-	-
Term deposits	-	-	-	-	-	-	-	-
Financial liabilities								
Bank overdraft	-	-	-	-	-	-	-	-
Loans	(1,130)	-	1,130	-	(1,096)	-	1,096	-
Derivatives	-	-	-	-	-	-	-	-
Total sensitivity	(1,291)	-	1,291	-	(1,455)	-	1,455	-
Foreign exchange risk								
Total sensitivity	-	-	-	-	-	-	-	-
Equity price risk								
Financial assets								
Publicly listed shares	-	-	-	-	-	-	1	-
Government bonds	(5)	-	5	-	(5)	-	5	-
Managed funds	(883)	-	883	-	(838)	-	838	-
Total sensitivity	(888)	-	888	-	(843)	-	844	-

Explanation of interest rate risk sensitivity

The interest rate sensitivity has been calculated based on -5% / +5% (2023: -5% / +5%) movement in interest rates.

Explanation of foreign exchange risk sensitivity

The foreign exchange risk sensitivity has been calculated based on -5% / +5% (2023: -5% / +5%) movement in forward foreign exchange contracts.

Explanation of equity price risk sensitivity

The sensitivity for listed shares, government bonds and managed funds has been calculated based on -5% / +5% (2023: -5% / +5%) movement in the share price at year-end.

Note 30 (c): Capital management

HBRC's capital is its equity (or ratepayers' funds), which comprise accumulated funds and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires HBRC to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by HBRC. Intergenerational equity requires ratepayers to meet the costs of utilising HBRC's assets and not expecting them to meet the full cost of long-term assets that will benefit ratepayers in future generations. Additionally, HBRC has in place



asset management plans for major classes of assets detailing renewal and maintenance programmes to ensure that ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires HBRC to make adequate and effective provision in its Long-Term Plan and Annual Plan (where applicable) to meet the expenditure needs identified in those plans, and the Act sets out the factors that HBRC is required to consider when determining the most appropriate sources of funding for each activity. The sources and levels of funding are set out in the funding and financial policies in HBRC's most recent Long-Term Plan, the 3 Year Plan 2024-2027.

HBRC has the following Council-created reserves:

- Reserves for different areas of benefit - these are used where there is a discrete set of targeted ratepayers as distinct from general ratepayers. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.
- Disaster Damage Reserves - these are built up annually and are made available for specific unforeseen events. The release of these funds can generally be approved only by HBRC.
- Special reserves – funds that are set aside to smooth the costs of irregular expenditure.

Refer to Note 19 for more details regarding HBRC's specific reserves.

Note 31: Financial instrument categories

	Regional Council		Group	
	Actual 2024-25 \$000	Actual 2023-24 \$000	Actual 2024-25 \$000	Actual 2023-24 \$000
Financial assets				
Amortised cost				
Cash and cash equivalents	21,073	62,276	32,189	71,717
Trade and other receivables	22,237	18,294	38,385	31,532
Community loans	16,695	19,504	17,141	19,504
Total held at amortised cost	60,005	100,074	87,716	122,753
Fair value through surplus or deficit				
Derivative financial instruments	592	1,909	2,346	4,121
Managed funds	124,804	118,723	176,565	167,577
Publicly listed shares	-	136	-	-
Total fair value through surplus or deficit	125,396	120,768	178,911	171,698
Fair value through other comprehensive revenue and expense				
Civic assurance shares	18	18	18	18
Derivative financial instruments	-	-	2,346	4,121
Government bonds	1,019	997	1,019	997
Managed funds	-	-	-	-
Shares in Hawke's Bay Regional Investment Company	420,891	351,869	-	-
Total fair value through other comprehensive revenue and expense	421,927	352,884	3,382	5,136
Financial liabilities				
ACC leasehold financing liability – excess payments	23,567	23,324	23,567	23,324
	23,567	23,324	23,567	23,324
Financial liabilities at amortised cost				
Trade and other payables	19,357	18,253	62,676	72,270
Borrowings	117,600	130,163	226,036	219,237
ACC leasehold financing liability – excess payments	7,531	9,671	7,531	9,671
	144,488	158,087	296,243	301,178



Note 31 (a): Fair value hierarchy disclosures

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

Level 1

Quoted market price – Financial instruments with quoted prices for identical instruments in active markets.

Level 2

Valuation technique using observable inputs – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Level 3

Valuation techniques with significant non-observable inputs – Financial instruments valued using models where one or more significant inputs are not observable. The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position:



	Total \$000	Quoted Market Price (level 1) \$000	Observable Inputs (level 2) \$000	Significant Non- observable Inputs (level 3) \$000
Regional Council				
30 June 2024				
Financial assets				
Government bonds	997	997	-	-
Funds under management	118,723	118,723	-	-
Shares in Hawke's Bay Regional Investment Company	352,023	352,023	-	-
Derivatives	1,909	-	1,909	-
Financial liabilities				
ACC leasehold financing liability – excess payments	23,324	-	-	23,324
30 June 2025				
Financial assets				
Government bonds	846	846	-	-
Funds under management	124,804	124,804	-	-
Shares in Hawke's Bay Regional Investment Company	420,909	420,909	-	-
Derivatives	592	-	592	-
Financial liabilities				
ACC leasehold financing liability – excess payments	23,567	-	-	23,567
Group				
30 June 2024				
Financial assets				
Government bonds	997	997	-	-
Funds under management	148,509	148,509	-	-
Derivatives	4,121	-	4,121	-
Financial liabilities				
ACC leasehold financing liability – excess payments	23,324	-	-	23,324
30 June 2025				
Financial assets				
Government bonds	1,019	1,019	-	-
Funds under management	148,509	148,509	-	-
Derivatives	2,346	-	2,346	-
Financial liabilities				
ACC leasehold financing liability – excess payments	23,567	-	-	23,567

The level 1 component of the valuation of HBRIC is the NZX stock price of NPHL and the managed funds held by HBRIC which comprise domestic and international listed shares, bonds, and cash instruments. The level 2 component of the valuation comprises a loan from HBRIC to HBRC which is eliminated on consolidation. The remaining balance comprises the future estimated management expenses that have been assessed as a level 3 valuation technique.



Valuation techniques with significant non-observable inputs (level 3).

The table below provides a reconciliation from the opening balance to the closing balance for the level 3 fair value measurements:

	2024-25 \$000	2023-24 \$000
Balance at 1 July	23,324	21,039
Gains and losses recognised in the surplus or deficit	2,285	2,285
Balance at 30 June	25,609	23,324

Note 32: Events after balance dates

- There have been no events after balance date of note.



NGĀ PŪRONGO PĀNGA Ā PŪTEA FUNDING IMPACT STATEMENTS

Funding impact statement – whole of Council

The following information is presented for compliance with Local Government (Financial Reporting) Regulations 2011. In accordance with the regulations, the information presented is incomplete (in particular, the information presented does not include depreciation and internal transactions such as overheads) and it is not prepared in compliance with generally accepted accounting practice. It should not be relied upon for any other purpose than compliance with the Local Government (Financial Reporting) Regulations 2011.

	Annual Plan 2023-24 \$000	Actual 2023-24 \$000	Annual Plan 2024-25 \$000	Actual 2024-25 \$000
Sources of operating funds				
General rates, uniform annual general charges, rates penalties	12,835	13,110	24,851	25,214
Targeted rates	28,126	27,872	22,647	22,705
Subsidies and grants for operating purposes	33,110	138,448	65,252	45,766
Fees and charges	12,989	10,235	10,761	13,287
Interest and dividends from investments	17,167	13,749	14,733	35,613
Local authorities fuel tax, fines, infringement fees and other receipts	52,558	2,858	2,371	5,412
Total operating funding	156,783	206,273	140,615	147,997
Applications of operating funding				
Payments to staff and suppliers	170,117	210,871	83,705	122,268
Finance costs	4,207	5,071	4,771	5,501
Other operating funding applications	-	181	-	13
Total applications of operating funding	174,324	216,123	88,476	127,781
Surplus / (Deficit) of operating funding	(17,540)	(9,850)	52,139	20,217
Sources of capital funding				
Subsidies and grants for capital expenditure	-	12,220	4,507	18,235
Development and financial contributions	-	-	-	-
Increase / (decrease) in debt	134,603	28,670	235,565	(12,563)
Gross proceeds from sale of assets	808	808	529	529
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	135,411	41,698	240,601	6,201
Applications of capital funding				
Capital expenditure:				
To meet additional demand	-	-	-	-
To improve the level of service	9,260	25,167	79,508	22,646
To replace existing assets	3,858	2,603	2,569	1,767
	13,118	27,770	82,077	24,414
Increase / (decrease) in reserves	107,252	6,434	214,053	5,931
Increase / (decrease) in reserves depreciation	(2,499)	(2,356)	(3,391)	(3,928)
Increase / (decrease) of investments	-	-	-	-
Total applications of capital funding	117,870	31,848	292,740	26,417
Surplus / (deficit) of capital funding	17,541	9,850	(52,139)	(20,217)
Funding balance	-	-	-	-



Funding impact statement – Governance and partnerships

	LTP 2023-24 \$000	LTP 2024-25 \$000	Actual 2024-25 \$000
Sources of operating funds			
General rates, uniform annual general charges, rates penalties	3,039	3,489	3,489
Targeted rates	3,121	2,016	2,024
Subsidies and grants for operating purposes	331	38	1
Fees and charges	1,001	-	906
Interest and dividends from investments	-	1,740	864
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	170
Total operating funding	7,492	7,282	7,454
Applications of operating funding			
Payments to staff and suppliers	4,399	4,468	5,848
Finance costs	545	1,165	1,096
Internal charges and overheads applied	2,569	1,642	-
Other operating funding applications	-	-	-
Total applications of operating funding	7,513	7,275	6,944
Surplus / (deficit) of operating funding	(20)	7	509
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase / (decrease) in debt	3,927	(2,709)	(2,965)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	3,927	(2,709)	(2,965)
Applications of capital funding			
Capital expenditure:			
To meet additional demand	-	-	-
To improve the level of service	-	-	-
To replace existing assets	-	-	-
	-	-	-
Increase / (decrease) in reserves	(312)	(105)	354
Increase / (decrease) in reserves depreciation	-	-	-
Increase / (decrease) of investments	4,219	(2,597)	(2,809)
Total applications of capital funding	3,907	(2,702)	(2,455)
Surplus / (deficit) of capital funding	20	(7)	(510)
Funding balance	-	-	-
Depreciation	-	-	-



Funding impact statement – Policy and regulation

	LTP 2023-24 \$000	LTP 2024-25 \$000	Actual 2024-25 \$000
Sources of operating funds			
General rates, uniform annual general charges, rates penalties	8,058	8,067	8,067
Targeted rates	-	-	-
Subsidies and grants for operating purposes	103	57	34,926
Fees and charges	3,366	3,299	3,305
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	5	5	28
Total operating funding	11,532	11,429	46,326
Applications of operating funding			
Payments to staff and suppliers	2,341	2,192	46,585
Finance costs	-	19	19
Other operating funding applications	9,181	10,040	-
Total applications of operating funding	11,522	12,251	46,604
Surplus / deficit of operating funding	11	(822)	(278)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase / (decrease) in debt	-	830	830
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	-	830	830
Applications of capital funding			
Capital expenditure:			
To meet additional demand	-	-	-
To improve the level of service	-	-	4
To replace existing assets	-	-	-
		-	4
Increase / (decrease) in reserves	11	8	548
Increase / (decrease) in reserves depreciation	-	-	-
Increase / (decrease) of investments	-	-	-
Total applications of capital funding	11	8	552
Surplus / deficit of capital funding	(11)	822	278
Funding balance			
	-	-	-
Depreciation	11	11	8



Funding impact statement – Integrated catchment management

	LTP 2023-24 \$000	LTP 2024-25 \$000	Actual 2024-25 \$000
Sources of operating funds			
General rates, uniform annual general charges, rates penalties	18,052	18,490	18,490
Targeted rates	3,798	2,607	2,614
Subsidies and grants for operating purposes	86	2,784	2,423
Fees and charges	4,180	2,589	3,515
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	10
Total operating funding	26,116	26,469	27,052
Applications of operating funding			
Payments to staff and suppliers	10,229	8,253	24,746
Finance costs	468	819	818
Other operating funding applications	17,226	17,121	-
Total applications of operating funding	27,923	26,192	25,563
Surplus / deficit of operating funding	(1,806)	277	1,489
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase / (decrease) in debt	3,580	415	466
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	3,580	415	466
Applications of capital funding			
Capital expenditure:			
To meet additional demand	-	-	-
To improve the level of service	214	50	287
To replace existing assets	441	387	373
	655	437	660
Increase / (decrease) in reserves	48	255	1,295
Increase / (decrease) in reserves depreciation	-	-	-
Increase / (decrease) of investments	1,071	-	-
Total applications of capital funding	1,774	692	21,955
Surplus / deficit of capital funding	1,806	(277)	(1,489)
Funding balance			
	-	-	-
Depreciation	1,508	1,508	646



Funding impact statement – Asset management

	LTP 2023-24 \$000	LTP 2024-25 \$000	Actual 2024-25 \$000
Sources of operating funds			
General rates, uniform annual general charges, rates penalties	6,052	8,112	8,112
Targeted rates	10,049	9,953	9,958
Subsidies and grants for operating purposes	121	1,994	2,796
Fees and charges	1,815	4,245	4,565
Interest and dividends from investments	-	-	244
Local authorities fuel tax, fines, infringement fees and other receipts	-	158	3,002
Total operating funding	18,037	24,461	28,676
Applications of operating funding			
Payments to staff and suppliers	4,623	9,813	29,138
Finance costs	152	760	432
Other operating funding applications	9,344	15,636	-
Total applications of operating funding	14,119	26,210	29,570
Surplus / deficit of operating funding	3,918	(1,748)	(894)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	58,675	18,235
Development and financial contributions	-	-	-
Increase / (decrease) in debt	1,357	23,634	7,333
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	1,357	82,309	25,568
Applications of capital funding			
Capital expenditure:			
To meet additional demand	-	-	-
To improve the level of service	2,569	79,458	21,717
To replace existing assets	3,883	957	1,006
	6,452	80,415	22,723
Increase / (decrease) in reserves	(1,177)	144	1,952
Increase / (decrease) in reserves depreciation	-	-	-
Increase / (decrease) of investments	-	-	-
Total applications of capital funding	5,275	80,560	24,675
Surplus / deficit of capital funding	(3,918)	1,749	893
Funding balance	-	-	-
Depreciation	1,526	1,526	1,432



Funding impact statement – Emergency management

	LTP 2023-24 \$000	LTP 2024-25 \$000	Actual 2024-25 \$000
Sources of operating funds			
General rates, uniform annual general charges, rates penalties	337	2,160	2,160
Targeted rates	2,892	3,496	3,531
Subsidies and grants for operating purposes	86	326	117
Fees and charges	118	120	639
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total operating funding	3,433	6,101	6,447
Applications of operating funding			
Payments to staff and suppliers	538	719	5,470
Finance costs	-	596	667
Other operating funding applications	2,786	4,099	-
Total applications of operating funding	3,324	5,414	6,136
Surplus / deficit of operating funding	108	687	310
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase / (decrease) in debt	-	(687)	(765)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	-	(687)	(765)
Applications of capital funding			
Capital expenditure:			
To meet additional demand			
	-	-	-
To improve the level of service			
	-	-	5
To replace existing assets			
	-	-	-
	-	-	5
Increase / (decrease) in reserves	108	(0)	(459)
Increase / (decrease) in reserves depreciation	-	-	-
Increase / (decrease) of investments	-	-	-
Total applications of capital funding	108	(0)	(454)
Surplus / deficit of capital funding	(108)	(687)	(310)
Funding balance			
	-	-	-
Depreciation	3		1



Funding impact statement – Transport

	LTP 2023-24 \$000	LTP 2024-25 \$000	Actual 2024-25 \$000
Sources of operating funds			
General rates, uniform annual general charges, rates penalties	256	167	167
Targeted rates	3,285	4,576	4,579
Subsidies and grants for operating purposes	4,384	5,885	5,462
Fees and charges	-	350	895
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total operating funding	7,925	10,979	11,102
Applications of operating funding			
Payments to staff and suppliers	6,212	9,259	10,413
Finance costs	5	3	4
Other operating funding applications	1,581	1,482	-
Total applications of operating funding	7,798	10,744	10,417
Surplus / deficit of operating funding	128	235	687
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase / (decrease) in debt	(24)	(14)	(14)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(24)	(14)	(14)
Applications of capital funding			
Capital expenditure:			
To meet additional demand	-	-	-
To improve the level of service	-	-	155
To replace existing assets	25	-	-
	25	-	155
Increase / (decrease) in reserves	80	221	518
Increase / (decrease) in reserves depreciation	-	-	-
Increase / (decrease) of investments	-	-	-
Total applications of capital funding	105	221	673
Surplus / deficit of capital funding	(128)	(235)	(687)
Funding balance	-	-	-
Depreciation	21	221	209

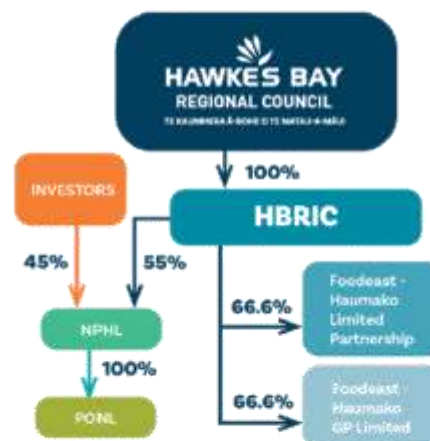


Ngā Rōpū e Whai Mana ai te Kaunihera Council Controlled Organisations

Hawke's Bay Regional Council reports on each Council Controlled Organisation (CCO) in which it is a shareholder, or has the power to appoint directors or members of the governing body of the CCO.

The Regional Council has three CCOs:

- Hawke's Bay Regional Investment Company Limited (HBRIC Ltd)
- Napier Port Holdings Limited (NPHL)
- Foodeast-Haumako Limited Partnership and Foodeast-Haumako Group Limited (Foodeast-Haumako).



Hawke's Bay Regional Investment Company Ltd (HBRIC Ltd)

Ownership and control policies

The Regional Council is required to report on the implementation or attainment of any significant policies and objectives in regard to ownership and control of HBRIC Ltd during the year.

The Regional Council's objectives for HBRIC Ltd are to:

- enhance the Group's capability to actively manage the Group's investment assets
- improve net financial and economic returns from these assets
- provide flexibility of operation not otherwise available directly to the Regional Council, which would increase returns to the Regional Council from its ongoing financial management.

Commentary: During the year there have been no changes in ownership of HBRIC Ltd and no changes in directors.

Nature and scope of activities

The Regional Council is required to compare the intended versus actual nature and scope of the activities provided in the year by CCOs (as set out in the Three-Year Plan 2024-2027). The nature and scope of activities as described in the Three-Year Plan 2024-2027 is noted in below with commentary on actual performance in the financial year.

Nature and scope of activities	Commentary
Own and manage the Group's investment assets.	• HBRIC Ltd assumed full control of the Group's investment portfolio, including investment assets held on HBRC's balance sheet and those held on its own balance sheet. • HBRIC Ltd maintained majority (55%) ownership of the Napier Port following the transfer of shares from the Regional Council on 25 June 2022, through 55% shareholding of the Napier Port Holdings Limited. Napier Port Holdings Limited has 100% ownership of the Napier Port.



Nature and scope of activities	Commentary
Encourage and facilitate subsidiary and associated companies to increase shareholder value and regional prosperity through growth, investment, and dividend payments.	- The value of the 55% ownership investment in the Napier Port as at June 2025 was \$354.2M (\$272.8M in 2024). - The NZX price of Napier Port Holdings Limited shares increased from \$2.48 at the start of the year to \$3.22 as at 30 June 2025. - Napier Port is a vital contributor to the regional economy and a valuable asset. The Port reported strong operational performance under improving trading conditions. The post-cyclone full resumption of major providers' operations has driven a noticeable increase in container volumes. Final settlement of Cyclone Gabrielle material damage and business interruption insurance claims have also contributed to net profit. - Napier Port has combined with Port Otago in a joint venue to build and purchase a new dredge, representing a pivotal step in future-proofing Napier Port as a leading port in central NZ. - In December 2024, Napier Port Holdings Limited paid out a fully imputed dividend of \$6.6M to HBRIC Ltd. A further interim fully imputed dividend, which included a special on-off portion and totalled \$7.15M was paid to HBRIC Ltd in June 2025. Napier Port Holdings Limited's dividend policy is to pay total dividends within a range of 70% to 90% of Free Cash Flow.
Invest in equity investments providing long term commercial returns and, where possible, also provide a regional benefit.	No further equity investments were made during the year outside of the Managed Funds portfolios.
Invest in real assets providing long-term commercial returns and where possible also provide a regional benefit.	HBRIC Ltd continued its investment in Foodeast-Haumako Limited Partnership which operates a purpose-built food and beverage innovation facility located in the Tomoana Food Hub of Hawke's Bay. Their goal is to create 500+ jobs and add over \$100M to the Gross Domestic Product of the Hawke's Bay region over the next 10 years.
Ensure that best practice governance procedures are applied to the key regional infrastructure and financial investments that are under HBRIC Ltd's ownership.	- The Regional Council annually approves HBRIC Ltd's Statement of Intent and, based on this guidance, HBRIC Ltd has written its own Investment Strategy and Treasury Policy. - All managed funds investments are governed by the Regional Council Statement of Investment Policy and Objectives (SIPO). - Following the SIPO in 2019, the Regional Council shareholding of Napier Port reduced from 100% to 55%. In order to protect the investment in the Napier Port, the Regional Council resolved to have the following protections in place: - Regional Council's majority ownership position in Napier Port could not be diluted, such as through any subsequent share issues or equity raising, below 51% in the future. - The right to determine the composition of the Napier Port Holdings and Napier Port Boards through a majority vote. - Inserting a restrictive covenant on the strategically important Port land at the main Ahuriri site, including limiting any potential future sale of the land without the Regional Council consent and limiting the use of the Port site to Port purposes.
Monitor the performance of each subsidiary and associated company against their stated economic, environmental, and social performance objectives and against relevant benchmarks, ensure that they have proper governance procedures in place, and promote sustainable business practices.	- The 2024-25 performance of Napier Port will be reported to the Regional Council under the NZX continuous disclosure requirements. - In addition, Napier Port publishes regular market updates, which provides insights into its financial performance, trade outlook, and capital expenditure. - HBRIC continued its investment in Foodeast-Haumako and receives regular reports of progress against its Statement of Intent.



Nature and scope of activities	Commentary
Advise the Regional Council on strategic issues relating to its investments including, but not limited to, ownership structures, capital structures and rates of return.	- HBRC Ltd reports regularly to the Regional Council on the performance of its current investments and notifies the Regional Council of any Investments on the horizon. - HBRC Ltd continues to work closely with the Regional Council in developing long-term strategic investment plans, which includes advising on strategic issues relating to its current and future investments.
Perform financial, custodial and other functions required by the Regional Council which may include: - enabling diversification of the region's income streams for the benefit of ratepayers - enhancing the Regional Council's capability to manage an active investment policy.	- HBRC Ltd managed all its investments in line with HBRC mandates in order to generate financial and strategic returns. All managed funds investments were managed in accordance with the Regional Council's SIPO. - During the year HBRC commenced reviews on the Group's investment assets. These reviews are on-going.
Comply with the LGA provisions requiring a special consultative process, and with the Regional Council policies, in regard to any disposal or part-disposal of shares in any Strategic Asset.	No disposal or part-disposal of any Strategic Asset was proposed during the year.
Advise the Regional Council of any material capital expenditure projects by HBRC or via its subsidiaries.	- No material capital projects were undertaken in the year, with the exception of the Port. - Napier Port advised both HBRC and the Regional Council of their intended purchase, in partnership with Port Otago, of a new dredge.

Key performance targets

HBRC actively manages the Group's investment portfolio and any new investment it makes to ensure the following indicators:

Indicator	Result 2024-25	Commentary
There is growth in long term shareholder value.	Met	- Group Managed Funds rose \$9.0M during the year to be \$176M at 30 June 2025 - Port of Napier shares increased \$81.4M to \$354M at 30 June 2025.
Financial and strategic returns are increased.	Met	- Group Managed funds returned gross 8.34% - Napier Port returned 34.88%
Investments are secure and sustainable over the long term.	Not met	HBRC is currently reviewing all assets to assess sustainability.
Investments will assist achievement of the Regional Council's regional strategic development objectives.	Not met	HBRC is currently reviewing all assets to assess sustainability.
A majority ownership of NPHL is maintained.	Met	HBRC Ltd maintains majority (55%) ownership of the Napier Port.
Commercial returns are generated across the managed funds portfolio, sufficient to protect and grow the capital base and contribute towards funding the Regional Council's operating costs.	Met	Group Managed funds returned gross 8.34%, contributed \$5M cash to the Regional Council, and exceeded its capital protected requirement.
Investment in equity investments provides long term commercial returns and, where possible, a regional benefit.	Not met	HBRC's investment in Foodeast-Haumako is an ongoing investment in regional development but is yet to deliver a commercial return.



Indicator	Result 2024-25	Commentary
Investment in real assets provides long term commercial returns and, where possible, a regional benefit.	Not met	- Wellington Property Portfolio returned 4.12% to June 2025. - Napier Property Portfolio returned 4.03% to June 2025. - Average market returns were between 5 and 6% p.a.

Table 1: Specific financial performance targets and actual results for 2024-25

Measure	Target	Actual
Deliver shareholder cash expectations, including additional dividend	\$15,050,000	\$15,050,000
Deliver shareholder growth expectations on the Group investment portfolio for the financial year	2.5% p.a.	28.01%

Napier Port Holdings Limited (NPHL)

NPHL was incorporated in June 2019 to provide an efficient and effective structure to facilitate a minority share issue of Napier Port. NPHL sat as a shell company until shares were listed on the NZX on 20 August 2019. The Local Government Act 2002 (LGA) section 71A exemption applies to NPHL as a result of it being a listed entity and, therefore, is not required to:

- have a statement of intent under section 64 of the LGA
- deliver quarterly or half-yearly reports to HBRC under section 66 of the LGA
- deliver an annual report to the Regional Council under section 67 of the LGA.

As such, no assessment of performance against targets has been reported.

HBRC's policy and objectives in relation to ownership and control of the port include:

Indicator	Result 2024-25	Commentary
Be a responsible and inquiring shareholder of PONL.	Met	- HBRC has two directors on the Board of Napier Port. - Napier Port is required to present twice a year to the Regional Council or HBRC. They presented to HBRC on 2 December 2024 and 21 July 2025.
Ensure a corporate and governance structure accountable to all shareholders. The constitution of NPHL will require its board to mirror the board of PONL.	Met	As NPHL is NZX listed and remains continuously compliant with NZX listing rules the Regional Council is satisfied this objective is met.

HBRC's nature and scope of activities of the port include:

Indicator	Result 2024-25	Commentary
Own and oversee the successful operation of PONL.	Met	HBRC Ltd maintains majority (55%) ownership of the Napier Port.
Meet NZ Stock Exchange (NZX) regulatory requirements and be the listed entity which is subject to the NZX listing rules and other financial markets legislation.	Met	- HBRC appointed directors on PONL board are provided with evidence of compliance. - As NPHL is NZX listed and remains continuously compliant with NZX listing rules the Regional Council is satisfied this objective is met.
Ensure the best practice governance procedures are applied to NPHL and PONL.	Met	HBRC appointed directors on PONL board advise on governance procedures.



Foodeast-Haumako

Ownership and control policies

The Regional Council is required to report on the implementation or attainment of any significant policies and objectives in regard to ownership and control of Foodeast-Haumako during the year.

HBRC's and HBRIC Ltd's objectives for Foodeast-Haumako are to:

- establish an organisation that will contribute positively toward the region's economic development
- have a physical presence that will be designed to be an innovation centre to promote more cost-effective food and beverage product innovation
- facilitate innovation and collaboration in the Hawke's Bay food and beverage, agritech, horticulture industries, and related activities
- provide a base for clustering food technology firms, improving co-operation, and bringing in scientific and technical expertise in all areas relating to food innovation, including research activity.

Commentary: During the year there have been no changes in ownership of Foodeast-Haumako Group Ltd. One director retired, with CJ Campbell stepping down on 31 May 2025, reducing the Board by one.

Nature and scope of activities

The Regional Council is required to compare the intended versus actual nature and scope of the activities provided in the year by CCOs (as set out in the Three-Year Plan 2024-2027). The nature and scope of activities as described in the Three-Year Plan 2024-2027 is noted in below with commentary on actual performance in the financial year.

Nature and scope of activities	Commentary
Own and oversee the successful operation of Foodeast-Haumako.	• The HBRIC Ltd Board receives regular updates on the progress of Foodeast-Haumako.
Ensure that best practice governance procedures are applied in the operation of Foodeast-Haumako.	• Foodeast-Haumako presented their Statement of Intent (SOI) as required under the Local Government Act 2022 and have reported on a quarterly basis to HBRIC Ltd Directors.

Key performance targets

KPIs	Target 2024-25	Result 2024-25	Commentary
Achieve or exceed tenancy revenue targets.	Hub at 75% occupancy by 30 June 2025.	Not met	• Confirmed occupancy at 30 June • Building A – 31% • Building B – 51%
Develop and implement a commercial strategy for Foodeast-Haumako, identifying special activities that will enable financial sustainability and deliver on Foodeast-Haumako's commercial and innovation mandates.	Commercial strategy approved by Board prior to 30 June and shared with shareholders in July 2024 with implementation following.	Met	• Commercial plan approved by board prior to 30 June 2024 and available on request.
Develop an updated strategic financial model, revisiting and updating original assumptions.	Financial model approved by board prior to 30 June and shared with shareholders in July 2024.	Met	• Updated financial model approved by board prior to 30 June and reflected in quarterly reporting to shareholders.



KPIs	Target 2024-25	Result 2024-25	Commentary
Develop and deliver a programme of activities that will create, develop and support an innovation eco-system centred at Foodeast-Haumako.	Work programme for 2024-25 developed and approved by Board by 30 September 2024.	Met	Innovation plan approved by board in October 2024 with 6-monthly reviews scheduled in annual work calendar.
To operate Foodeast-Haumako without harm to workers, equipment, property or the environment.	Development, implementation, and ongoing management of a robust Health & Safety system prior to any confirmed tenancy start date.	Met	Health & Safety risk register and work programme reviewed by Board monthly. No incidents reported in full year to 30 June 2025.
Prudent financial risk management.	Investment in infrastructure requires a Board-approved business case.	Met	Board endorsed a business case and approving funding to construct a ~20sqm laboratory. Business case being developed for fermentation pilot scale production facility.
Regular transparent communication with funders and shareholders.	Fulfilment of reporting requirements, open invitation to funders and shareholders to attend board meetings, regular attendance at shareholder meetings on invitation. Continuous and no surprises disclosure obligations met.	Met	- Active oversight by Board on shareholder reporting. Compliance with reporting cycles. - Stakeholder plan developed, being implemented and reviewed 6-monthly.
Governance practices and processes are appropriate, reflect best-practice, and are continually improving.	An appropriate suite of policies will be developed and annually reviewed, as documents in the Board's work plan	Met	An appropriate suite of policies has been developed and reviews scheduled in annual Board calendar.
Employment practices and processes are appropriate, reflect best-practice, and are continually improving.	Development, implementation, and ongoing oversight of HR processes and systems.	Met	Appropriate HR processes and systems have been developed and are periodically reviewed in step with operationalising FEH.



He Tauākī mō te Tutukinga o ngā Tūtohu me ngā Haepapa

Statement of Compliance and Responsibility

Compliance

1. Hawke’s Bay Regional Council (the Regional Council) and management of the Regional Council confirm that all the statutory requirements of the Local Government Act 2002, in relation to the annual report, have been complied with.

Responsibility

2. The Regional Council and management of the Regional Council accept responsibility for the preparation of the annual financial statements and the judgements used in them.
3. The Regional Council and management of Regional Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.
4. In the opinion of the Regional Council and management of the Regional Council, the annual financial statements for the year ended 30 June 2025 fairly reflect the financial position and operations of the Regional Council.

Hinewai Ormsby

Chair

8 October 2025

Dr Nic Peet

Chief Executive

8 October 2025

Pip O’Connor

Group Manager,
Corporate Services

8 October 2025





He Rīporta Arotake Pūtea

Independent Auditor’s Report

Independent Auditor’s Report

To the readers of Hawke’s Bay Regional Council’s Annual Report for the year ended 30 June 2025

The Auditor-General is the auditor of Hawke’s Bay Regional Council (the Regional Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, David Borrie, using the staff and resources of Ernst & Young, to report on the information in the Regional Council’s annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as “the audited information” in our report.

We are also required to report on:

- whether the Regional Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the Regional Council’s disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as “the disclosure requirements” in our report.

We completed our work on [date] 2025. This is the date on which we give our report.

Opinion on the audited information

[insert]

Report on the disclosure requirements

[insert]

Basis for our opinions, including qualified opinion on the financial statements

[insert]

Other matter

[insert]

Responsibilities of the Council for the audited information

[insert]

Responsibilities of the auditor for the audited information

[insert]

Other Information

[insert]





Independence

We are independent of the Regional Council and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1) issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on disclosure requirements, we have carried out a limited assurance engagement related to the Regional Council's debenture trust deed and an agreed upon procedures engagement in relation to vote scrutineering. These engagements are compatible with those independence requirements.

David Borrie

Ernst & Young

Chartered Accountants

On behalf of the Auditor-General

Wellington, New Zealand



Wāhanga 6
Tō Kaunihera

Part 6

Your Council



Ngā kaikaunihera me ō rātau takiwā pōti

Your councillors and their constituencies

Elected members are responsible for setting the strategic direction and adopting all major policies to enable the Regional Council to achieve its vision for a healthy environment, and a resilient and prosperous community.

The Hawke's Bay region has seven constituencies with representation determined by the Electoral Commission New Zealand and based on population. On the general roll, the constituencies of Wairoa, Ngaruroro, and Tamatea-Central Hawke's Bay are represented by one member each, and Ahuriri-Napier and Heretaunga-Hastings by three members each. On the Māori roll, the constituencies of Māui ki te Raki and Māui ki te Tonga are represented by one member each.

Councillors elect a Chair at the first Regional Council meeting following a local body election. The most recent election was on 8 October 2022.



Te kāhui hautū me te anga kōmiti

Leadership team and committee structure

Executive leadership team

Hawke's Bay Regional Council is supported by a professional corporate organisation, led by the Chief Executive.

The Chief Executive and staff are responsible for managing day-to-day issues, and implementing the decisions and policies of the elected members of the Regional Council.

The Executive Team considers organisation-wide issues, and provides a key linkage between elected members and staff. They ensure what is undertaken within the groups is consistent with the goals and objectives in the long term and annual plans.



Chief Executive

Dr Nic Peet

Executive Assistant to Chief Executive & Chair

Executive Advisory Group:

- Civil Defence Emergency Management
- Strategy & Governance



Māori Partnerships Group

Te Wainama Munro
Te Pou Whakarae



Policy and Regulation Group

Katrina Brunton
Group Manager



Integrated Catchment Management Group

Richard Wakelin
Group Manager



Asset Management Group

Chris Dolley
Group Manager



Corporate Services Group

Pip O'Connor
Group Manager

Council committees

Regional Council and committee meetings are open to the public, except where items of business exclude the public for specific reasons. Meeting dates and times are published in *Hawke's Bay Today* and on our website hbrc.govt.nz, search: #meetings

The committees (listed right) were operational during 2024-25.

Joint committees

- Hawke's Bay Civil Defence Emergency Management Group Joint Committee
- Clifton to Tangoio Coastal Hazards Strategy Joint Committee
- Climate Action Joint Committee
- Napier-Hastings Future Development Strategy Joint Committee
- Ahuriri Regional Park Joint Committee

Committees

- Environment and Integrated Catchments Committee
- Corporate and Strategic Committee
- Risk and Audit Committee
- Regional Planning Committee
- Māori Committee
- Regional Transport Committee
- Tenders Committee



hbrc.govt.nz


HAWKES BAY
REGIONAL COUNCIL
TE KAUNIHERA Ā-ROHE O TE MATAU-A-MĀUI