SHAPING OUR FUTURE

2019
Pre Election Report

For more info visit hbrc.govt.nz
Ohonga ake ki te Taiao e tangi aurere ana, Rata wareware, maranga mai! Me pēwhea ngā uri whakaheke?
The inconsolable despair of our environment
Oh forgetful one, be awake, be alert
Lest the legacy to your children be lost.

"Rata wareware" is a metaphor for people, their forgetfulness and forsake of ambition. Māori relate the story of Rata who, so incensed with his desire to build a waka, cut down a tree without paying respect to Tāne, atua of the forest. Tāne’s children, the insects, birds and creatures of the forest spying Rata’s departure at day’s end, resurrected the tree as if it had never been felled. This happened three times at which point Rata secreted himself and watched. The creatures returned and on hearing their work and chanting, “Rata wareware – Rata the forgetful one”, realised his mistake.
E ngā mana, e ngā reo, tēnā koutou katoa
We are a council with a focus on the Hawke’s Bay region as a whole, and particularly on our natural environment – the air, land, lakes, rivers, aquifers and the marine areas that sustain all of us.

This Pre-Election Report has been prepared to inform public discussion about the issues facing Hawke’s Bay relevant to the Hawke’s Bay Regional Council ahead of the upcoming council elections in October 2019.

I lead a team of passionate staff who actively care for our region – from Mahanga in the north to Pōrangahau in the south. We want nothing more than a healthy environment, a vibrant community and a prosperous economy.

So we have a big job to do now, and in the years ahead, working together to protect what we have left and to restore what we have lost.

Through our work, we care for our land and biodiversity, our waterways and marine environment, working directly with individual landowners, tāngata whenua, businesses and industries, local government and central government.

Our most popular work includes the region’s cycle trails, regional parks and open spaces, public transport and sustainable homes programmes.

Some of our most important work includes the management of pumping stations and stop banks, long-term planning, consents for using natural resources, science monitoring and reporting, compliance monitoring and enforcement.

In the following pages, we cover many of the major projects the Regional Council is funding to protect and enhance our environment, particularly over the next three years. Without a doubt, this includes a stronger focus on climate change and our current climate-related work programmes, such as erosion control, water security, coastal hazards and our long-standing flood protection schemes.

The Napier Port share offer means we retain majority ownership of the Port, at the same time as enabling our Port to grow.

This report includes a full picture of how the Regional Council is performing financially, with information on our past, current and forecast financial position and has been prepared bringing together information from other published Regional Council documents. This includes the 2018-28 Long Term Plan, 2019-20 Annual Plan and relevant Annual Reports.

For election-related information, please contact the Regional Council’s Electoral Officer, Leeanne Hooper at leeanne@hbrc.govt.nz. You can also gain a good understanding of our role and work by visiting our website hbrc.govt.nz.

Nāku noa, nā James Palmer
Chief Executive
Tumu Whakarae
Community feedback

The results of the Regional Council’s two-yearly regional survey of 800 ratepayers confirm widespread support for our increasing focus on the environment. Water is the most highly-rated issue in Hawke’s Bay. In response to feedback on Climate Change, there is a clear desire to focus on activities to counter the effects of rising seas, coastal erosion and weather changes.

What you told us – our top three roles:
1. Environmental management
2. Waterways and coastal management
3. Water management

Main perceived effects of climate change:
1. Rising sea levels and coastal erosion
2. Weather changes, warming and extremes
3. Water shortage and drought
4. of Hawke’s Bay people are concerned about the impact of climate change
5. state the value of the services received from Regional Council rates are acceptable to very good
6. of you named Hawke’s Bay Regional Council as the main environmental organisation.
7. of you said email was the most preferred way of receiving Regional Council information.

About this document

The purpose of this Pre-Election Report is to provide information to stimulate public debate in the upcoming local election on the issues facing Hawke’s Bay Regional Council.

This document informs both potential candidates and the voting community. It briefly potential candidates and helps voters choose the best candidate for the job of Regional Councillor.

The Pre-Election Report is required under section 99A of the Local Government Act 2002 (the Act). It is an apolitical document therefore it is the responsibility of the Chief Executive rather than the Council. The Pre-Election Report must be published no later than two weeks before nomination day. Nomination day is the 57th day before polling day. Polling day is 12 October 2019.

Earlier in 2019, an amendment was made to the Act to require Chief Executives to proactively promote candidate and voter participation. The Pre-Election Report is one way to give effect to this new duty on Chief Executives for “42(2)(da) facilitating and fostering representative and substantial elector participation in elections and polls held under the Local Electoral Act 2001.”

The content in the Pre-Election Report collates existing information from a number of sources such as the Regional Council’s Strategic Plan, Long Term Plan, community surveys and financial information. It describes the key challenges we face as a region, and how the Regional Council plans to make positive impacts in the areas that matter to our communities.

This report has a particular focus on how the Regional Council is performing financially. It covers the major strategic projects to be funded over the next three years and the Regional Council’s past, current and forecast financial position. Financial information for the 2018-19 financial year is based on planned expenditure and is consistent with the financials used in the 2019-20 Annual Plan. This will differ from the audited accounts once completed for the 2018-19 Annual Report.
Through partnerships with tāngata whenua, and other community and business organisations we can do more, faster.

A joined-up and coordinated approach will ensure that our efforts are greater than the sum of the parts. By tapping into funding opportunities and working with others the Regional Council can make ratepayer funding go substantially further. This philosophy is evident in a number of the Regional Council’s current projects.

In the last year, examples include:

**Partnerships with Tāngata Whenua**

Council recognises and is committed to having strong relationships with tāngata whenua as a critical part of its core business. This relationship must be underpinned by growing more trust and confidence with one another because the environmental challenges in front of us all are formidable.

The initial groundwork for the establishment of tāngata whenua direct input into Regional Council began before the 1989 reorganisation of local government and before the requirements of the Resource Management Act 1991. The then Hawke’s Bay United Council recognised the need for special input into decision making by Māori, and established a consultative committee of tāngata whenua. In terms of the new Regional Council, a Māori consultative committee was not formalised until requested by tāngata whenua following a hui at Kohuapātiki Marae in June 1990. The iwi at this hui requested that:

“Hawke’s Bay Regional Council amend their structure to include a ‘Māori Standing Committee’.

This request was duly considered by the Regional Council and adopted in July 1990. This approach has been replicated by other councils throughout New Zealand. A number of Treaty of Waitangi negotiations have since been settled or are nearing settlement. In Hawke’s Bay there are 23 Iwi Authorities, around 88 Hapū and 68 Marae. To date, Deeds of Settlement have been signed with the majority of the region’s iwi and Hapū. The Treaty settlements are expected to benefit not just Māori, but also the region as a whole, bringing wealth, both economically and in the full context of wellness.

Increasingly, Māori are key economic players and landowners in the region. Sustained partnerships are vital to ensure the region moves forward as a whole. These developments are rapidly increasing expectations on HBRC to co-govern and co-manage the region’s natural resources. There are already a number of agreements and/or plans in place but more are on the horizon. Discussions during Treaty settlement negotiations identified a need for greater tāngata whenua involvement in the management of natural resources in the region. The Hawke’s Bay Regional Planning Committee Act 2015 formally established a joint committee of nine HBRC elected and one appointed member and ten tāngata whenua members of iwi/ Hapū groups to consider resource management strategies, policies and plans for the region.

The Council’s Māori Committee also plays a critical role ensuring that the voice of Hapū, Marae and Whānau is heard on environmental activities and woven into HBRC’s work programmes.

The Regional Planning Committee and the Māori Committee are important avenues for tāngata whenua and Māori to contribute to the Council’s decision-making, and as required by section 81 of the Local Government Act 2002. Alongside this, Council has recognised the need to grow cultural capability and has appointed a Te Pou Whakarae in its executive leadership team reporting directly to the Chief Executive, and two supporting and permanent roles to form Council’s Māori Partnerships team. Their focus is growing council-wide cultural capability, enhancing council’s engagement with tāngata whenua and facilitating technical input to meet all statutory requirements.

As expressed in our purpose statement “working with our community” is at the heart of everything we do.

**Strategic Partnerships**

- Freshwater Improvement Funding from central government for Te Waiū o Tūtira - the milk of Tūtira
- Freshwater Improvement Funding from central government for Lake Whakakī
- Funding from Predator Free 2050 Ltd ($1.6m) and other external funders for the Whakatipu Mahia project at Mahia Peninsula
- Funding is approved from the Ministry for Primary Industries’ Hill Country Erosion Fund to address Hawke’s Bay’s most vulnerable steep, eroding land

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As expressed in our purpose statement “working with our community” is at the heart of everything we do.
Hawke’s Bay covers a total land area of 1.42 million hectares of diverse geography from the foothills of major mountain ranges in the west, seven major river systems and extensive river plain areas, to coastal hills and a 350km eastern coastline with a range of physical features.

Increasing pressure on our natural capital

Most environmental issues managed by Hawke’s Bay Regional Council are not new. They are a legacy of the cumulative and chronic effects of previous decisions. The region’s resource management challenges have taken centuries to develop to their current state, dating back to destruction of much of the region’s lowland forest around 700 years ago. Hawke’s Bay is equally exposed to global pressures such as climate change and impacts on the marine environment from sea level rise and ocean acidification.

A lot of Hawke’s Bay’s wealth comes from its natural resource base. Hawke’s Bay has strategic competitive advantages with its climate, soils and water resources, generating economic outputs and jobs, and bringing social wellbeing to the community.

Transforming our natural resources into goods and services requires resilient infrastructure such as flood protection and drainage, freshwater security for irrigation, and efficient transport options. National and regional State of the Environment (SOE) monitoring has increasingly revealed human pressures on our ‘natural capital’ of soil, air, water, species, habitats and the marine environment, and the ecosystem services they provide. The more we monitor, the more we learn and the more we need to do.

During the year, the Regional Council undertakes a range of land, water and air monitoring as part of its statutory responsibility for monitoring the State of the Environment (SOE). A SOE Report is published every 5 years and supplemented with annual report cards and monthly updates online. The annual report cards provide a snapshot of how the environment is tracking. The information gathered helps inform the work that Council does with the community to improve and protect the environment including responding to new risks and informing policy setting.

The full report cards are available online: hbrc.govt.nz, search: #SOEreportcards. The 2018 Report cards for Groundwater and Lake Water Quality are available now.

In response to new knowledge and growing community expectations for action, central government is implementing an increasingly prescriptive resource management system through reform to the Resource Management Act, the Environmental Reporting Act 2015, planning instruments such as National Policy Statements and Environmental Standards with target compliance dates. These legal and rule-based instruments require our Regional Council to do more in certain areas and to prescribe more explicitly what we must do and by when.

As a result, there is an increasing expectation on regional councils for more active management of natural resources to deliver better outcomes, faster, with more hands-on intervention, monitoring and compliance.

Hazards and emergency management

Living on the Hikurangi plate boundary means we could be affected by earthquakes, tsunami, coastal erosion and volcanic ash, and our risk has increased with recent earthquakes.

Although there is an increasing community awareness, surveys show lives continue to be at risk with people confused on how to react. So there needs to be more focus on risk and education. There will also be tough decisions and leadership required on coastal and flood hazard zones. Through the Hawke’s Bay Civil Defence Emergency Management Group the region has made good progress developing its regional civil defence capabilities, and community readiness is improving. However, the risks are ever present and some risks are growing.

Climate change is expected to bring increased frequency and intensity of storm events, which coupled with sea level rise makes the coastal environment increasingly hazardous.

Hawke’s Bay Regional Council is working with Hastings District Council and Napier City Council on the Coastal Hazards Strategy but the hard yards lie ahead with the difficult decisions around retreat and defend, and the associated costs and upheaval of this.

To emphasise this risk, Hawke’s Bay Regional Council declared a climate emergency.
In response to our regional challenges Hawke’s Bay Regional Council adopted a new 5-year Strategic Plan in August 2017. This signalled a significant change in direction for the organisation. The new mission reinforces this Regional Council’s core role in environmental management, deliberately taking a more proactive, forward looking and aspirational approach. These along with “working together” are common themes throughout the Strategic Plan.

Our new purpose states a greater focus on managing for outcomes – versus a functional approach – and puts the environment at the centre of everything we do.

Our Vision and Community Outcomes:
We want a healthy environment, a vibrant community and a prosperous economy.

Our Purpose:
We work with our community to protect and manage the region’s precious taonga of rivers, lakes, soils, air, coast and biodiversity for health, wellbeing and connectivity.

Our Values:
We believe in:
Partnership and Collaboration: we work with our community in everything we do.
Accountability: we hold ourselves to account to deliver results, be responsive to community expectations, and the best use of ratepayers’ funds and assets.
Transparency: we report on what we do and the value this delivers for our community.
Excellence: we set our sights and expectations high, and never stop striving to do better.

The Strategic Plan identifies time bound goals that sit below four focus areas: Water, Land, Biodiversity, and Infrastructure & Services.

The Strategic Snapshot (next page) gives an holistic view of the Regional Council’s activity. The columns represent the four focus areas in the 2017-2021 Strategic Plan, to show how our activities are contributing to achieve each of the 23 strategic goals in the Strategic Plan.

Major Projects from the Strategic Snapshot follow, see page 16
By 2025, stock is excluded from all year-round flowing streams and rivers and at least 30% are fenced and planted to filter contaminants.

By 2025, Land Use Suitability information is available to all commercial land owners to inform smarter land use.

By 2030, all farms in critical source areas have phosphorous management plans being implemented, with at least 50% of highly erodible land treated with soil conservation plantings.

By 2030, key (target) species of highly erodible land are being managed to meet foreseeable climate change risks out to 2100.

By 2025, Tāngata Whenua values for all catchments are identified and embedded in the Regional Resource Management Plan.

By 2030, all aquifers, lakes and rivers have community- agreed quantity and quality limits in force.

By 2040, Hawke’s Bay swimming sites are swimmable 80% of the time, and 90% of the time by 2050.

By 2030, Hawke’s Bay has harvestable water identified or plans to be stored if required.

By 2020, the Napier Port is future-proofed with the addition of a new wharf with supporting land transport infrastructure.

By 2030, Hawke’s Bay has environmentally sustainable, harvestable water identified and stored or plans to be stored if required.

By 2025, all highly erodible land is under tree cover.

By 2050, Hawke’s Bay is predator free in line with NZ Predator Free 2050 target (source: Regional Pest Management Plan).

By 2030, Hawke’s Bay has carbon neutral.

By 2025, there is 50% less land is under tree cover.

By 2030, all popular Hawke’s Bay swimming sites are swimmable 80% of the time, and 90% of the time by 2040.

By 2025, all farms in critical source areas have phosphorous management plans being implemented, with at least 50% of highly erodible land treated with soil conservation plantings.

By 2030, all popular Hawke’s Bay swimming sites are swimmable 80% of the time, and 90% of the time by 2040.

By 2030, all commercial farms, orchards and vineyards operate under a Farm Environment Management Plan or an independently audited industry best-practice framework.

By 2040, Hawke’s Bay swimming sites are swimmable 80% of the time, and 90% of the time by 2050.

By 2020, regional priority locations for ecosystem restoration - including in the coastal marine area - have been identified.
Major Projects

These pages provide more information on key projects in the Strategic Narrative. The projects are colour-coded to the focus area they mainly contribute to.

### Major Project Description

**Development**

Plains Urban

hpuds.co.nz

the Tukituki

Heretaunga

Implement

Right Tree

Strategy

Farming

Scheme

Control

Erosion

Future

Farming

Capacity which classifies the Hastings/Napier area as a ‘medium growth’ urban area.

The HPUDS joint implementation Working Group oversees implementation of the Strategy and is supported by a small technical advisory group of senior staff from the three councils. Much of the implementation, monitoring and reporting of development indicators is also driven by the 2017 National Policy Statement for Urban Development Capacity which classifies the Hastings/Napier area as a ‘medium growth’ urban area.

**Regional Hotspots Programme**

Tukituki was the first of Hawke’s Bay’s catchments to be subject to a plan change under the National Policy Statement for Freshwater Management (NPSFM). This reflected the poor water quality and a decline in natural biodiversity values that need to be resolved. New rules under the Tukituki Plan include stock exclusion from permanent and some intermittent streams, Farm Environment Management Plans, and maintaining records for nutrient budgeting and restrictions on water takes. Putting this plan change into practice will take a coordinated effort from the Regional Council, landowners and the community.

**Right Tree Right Place**

Planting the right trees in the right places in the rural landscape will be a substantial part of the solution to this region’s significant nutrient and sediment-related land and water challenges. The focus of this project is to inform investment in tree planting in Hawke’s Bay.

**Regional Freshwater Security Programme**

The 2018-28 Long Term Plan set aside $5 million to develop an integrated set of freshwater security of supply solutions. The package includes:

- Investigating and developing a Managed Aquifer Recharge programme in Central Hawke’s Bay
- Investigating small-scale water storage across the Heretaunga Plains
- An aerial electromagnetic survey of Hawke’s Bay aquifers
- A regional freshwater demand and supply assessment

**Outstanding Water Bodies**

The 2017-18 Annual Plan, we allocated $1 million annually for freshwater improvement work in identified environmental hotspots across the region. Currently, these are Lake Tūtira, Te Whanganui-ā-Orotu (Ahuriri Estuary), Whakākā Lake, Lake Whatuma and the Tukituki Catchment, and the Marine Environment (refer to the Coastal Marine Science Programme).

**Mohaka Plan**

A plan change under the RMA to identify and ensure policies are in place for protection of the region’s outstanding waterbodies is progressing towards public notification for submissions in late 2019, with hearings to follow in 2020.

**Regional Watershed Management Programme**

In 2018, a reviewed HPUDS was jointly adopted by HBRC, Hastings District Council and Napier City Council as an updated version of the original 2010 strategy for urban development within the Heretaunga Plains sub-region. The HPUDS joint implementation Working Group oversees implementation of the Strategy and is supported by a small technical advisory group of senior staff from the three councils.

**3 Waters**

Central Hawke’s Bay District Council, Hastings District Council, Hawke’s Bay Regional Council, Napier City Council and Wairoa District Council (“the Councils”) have collectively commenced a review of Hawke’s Bay’s three waters service delivery. The three waters are drinking water, wastewater and stormwater. The primary objective of this review is to complete an assessment and recommendations of the current and potential service delivery models for three waters in the Hawke’s Bay region. The review’s first phase is progressing well and is intended to provide the Councils with information to engage effectively with central government on the water sector reforms. Ultimately a recommendation will be provided to the Councils about the best way forward. It will then be for the Councils and their communities to decide the next steps.

Work is ramping up on a plan change under the Resource Management Act (RMA) to set rules for water quality and limits in the Mohaka catchment, as required under the National Policy Statement for Freshwater Management (NPSFM). Science plus engagement with iwi and stakeholders will inform drafting of freshwater objectives and limits for water quality and quantity to be incorporated into the Mohaka plan change.

**Future Water Bodies**

In the 2017-18 Annual Plan, we allocated $1 million annually for freshwater improvement work in identified environmental hotspots across the region. Currently, these are Lake Tūtira, Te Whanganui-ā-Orotu (Ahuriri Estuary), Whakākā Lake, Lake Whatuma and the Tukituki Catchment, and the Marine Environment (refer to the Coastal Marine Science Programme).

**Te Waiū o Tūtira – the milk of Tūtira**

To Whakākā Lake, Lake Whatuma and the Tukituki Catchment, and the Marine Environment (refer to the Coastal Marine Science Programme). The Ahuriri Estuary project is a partnership with Mana Ahuriri and associated hapu, Napier City Council, Hastings District Council, Department of Conservation, other landowners and businesses in this area - a national treasure - to clean up water entering the estuary, remove pests and restore the environment to good health. The Whakākā Lake project, supported by the Whakākā Lake Trust, local iwi and Whakākā community, aims to develop a vision and plan for the Whakākā Lake that will ensure freshwater and aquatic habitat are protected.

**Te Waiū o Tūtira – the milk of Tūtira**

Ahuriri Estuary project is a joint project with Mangaharanui-Tangi Trust, Trust for the Environment, Tūtira local residents and the Regional Council. This project aims to restore the mauri of Lakes Tūtira, Waikōpiro, and Orakai, making it a place that families can happily return to, and where children can swim. This work relies on a total investment of $3.1 million over four years, including $1.5 million available in 2018.

**Te Waiū o Tūtira – the milk of Tūtira**

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**Regional Hotspots Programme**

**Regional Water Bodies**

The Bay Whatuma project objective is to partner with tangata whenua, and other key stakeholders, for the long term restoration and management of Lake Whatuma. We want to help create a foundation that will provide a platform for establishing a shared vision and collaborative decision making, to pursue potential actions for enhancing Lake Whatuma.
Major Project Description

**Major Project**

**Regional Policy Statement (RPS) and Resource Management Plan (RRMP)**

The RRMP became operative in 2006 replacing a suite of individual regional plans and RPS that were prepared after the RMA came into force in 1991. A Review of the RRMP was scheduled to commence in 2020/21 financial year, but timing is likely to be adjusted to accommodate other RMA plan change priorities, particularly freshwater.

**Tukutuki Taskforce**

A taskforce set up by the Regional Council and Central Hawke’s Bay District Council in September 2018 seeks solutions to water quality issues in Central Hawke’s Bay. The members include irrigators, local residents, environmental groups and local iwi. Currently, the group – in conjunction with staff and governors of CHFCD and HBRC – is investigating the right approach to this going forward, with adequate resourcing and support to ensure that the policy intent is met while at the same time ensuring CHB communities are adequately supported.

**Water Conservation Order (WCO)**

In 2017, HBRC submitted in opposition to an application for a WCO spanning the Ngauroro River, Clive River and connected groundwater basins because it cuts across the TANK/PC9 community decision process. A Minister-appointed Special Tribunal has concluded hearings submissions, (including evidence presented by HBRC) and is currently preparing its report and recommendations back to the Environment Minister.

**Coastal Marine Science Programme**

The Hawke’s Bay Marine and Coast Group (HBMaC) has developed a ‘roadmap’ for future coastal and marine research for the region. Their intent and vision is to achieve a healthy and functioning marine ecosystem in Hawke’s Bay that supports an abundant and sustainable fishery. The multi-stakeholder HBMaC group includes recreation and commercial fishing interests, tāngata whenua as well as government agencies and the Regional Council. The Regional Council is currently undertaking a master science programme to give effect to the roadmap.

**Ecosystem Prioritisation**

Our team has mapped and prioritised our most at-risk ecosystems, in partnership with the Hawke’s Bay Biodiversity Foundation and Guardians. Work is ongoing to map and study these areas with landowners. Our goal is to secure and improve prioritised ecosystem sites for biodiversity benefits. The 2018-2021 Long Term Plan set aside $200,000 funding annually for planting, fencing, pest management and other enhancement work, such as improving water quality in wetlands.

**Hawke’s Bay Biodiversity Strategy, Foundation and Guardians**

We have been assisting with the establishment of the Hawke’s Bay Biodiversity Foundation and the HB Biodiversity Guardians as part of implementing the HB Biodiversity Strategy and Action Plan. The Hawke’s Bay Foundation is chartered trust set up in November 2017 to build and administer an endowment fund, with seed funding from the Hawke’s Bay Regional Council. The Guardians are an Incorporated Society focused on building the conservation community through events, education and small-scale community projects. Both the Trust and the Guardians are supported by a Project Manager funded by Hawke’s Bay Regional Council.

**Regional Pest Management Plan**

The new Regional Pest Management Plan came into effect on 1 February 2019. Its primary aim is to limit the adverse effects of unwanted plants, animals, horticultural and marine pests. These invasive species can have wide-ranging effects on human health, indigenous flora and fauna, our heritage, or the economy. Hawke’s Bay Regional Council implements this plan alongside landowners.

**Civil Defence and Emergency Management**

Since 2018-19, the Hawke’s Bay CDEM Group is funded by a single regional rate. This completes that consolidation of CDEM Group as a shared services across all councils with in the Hawke’s Bay region. With savings from this approach, the focus is on strengthening civil defence capability with more focus on public education and information during an event.

**Coastal Hazards**

The Hawke’s Bay Tourism (HBT) Funding Review

Hawke’s Bay Tourism receives annual funding of $1.52 million to market and promote the region, generated through the Economic Development rate. A review is underway to develop a long-term sustainable funding model for tourism to ensure that those who benefit the most contribute more, and to lessen the burden on Hawke’s Bay ratepayers.

**Heretaunga Plains Flood Protection**

Regional Council administers 25 flood control and drainage schemes throughout the region to reduce the likelihood of flooding on people, property, production and the regional economy. The schemes consist of stopbanks, river and drainage channels, pumping stations, structures and culverts with a replacement value (RV) of close to $185 million. The Heretaunga Plains Scheme is the largest scheme with a RV of $139 million. Phased design and construction planning is under way to improve the level of protection from provided by the Heretaunga Plains Flood Control and Drainage Scheme (from 1 in 100 year return period) to 0.2% AEP (1 in 500 year return period) to accommodate climate change impacts.

**Open Spaces**

Further regional park development will include protecting and enhancing biodiversity values at Hawke Historical Park, Pakowhai Regional Park Pekapeka Regional Park, Te Mata Park, Tutira Regional Park, Waipātiki Campground and Waitangi Regional Park.

**Sustainable Homes**

The scheme now applies across the region to include Clean Heat, insulation, solar power systems, double-glazing, water storage and septic tanks. Eligible ratepayers can now borrow up to $20,000 at 4% from the Regional Council and repay over 10 years by way of a voluntary targeted rate.

**Transport**

A new bus ticketing and smartcard system for bus services will be introduced, once testing is complete. The new system means that passengers can top-up their travel cards online, and will return accurate data on passenger trips. NZta is a major partner in the new system, funding 65% of the implementation cost.
Hawke’s Bay Regional Council was established as part of the framework of Local Government [Local Government (Hawke’s Bay Region) Reorganisation Order 1989] whose purpose is to enable democratic local decision-making and action by, and on behalf of, communities; and to promote the social, economic, environmental and cultural well-being of communities in the present and for the future.

All councils have the full capacity, rights, powers and privileges to carry on or undertake any activity or business, do any act, or enter into any transaction. However, the Regional Council must exercise these powers wholly or principally for the benefit of all or a significant part of its region and not for the benefit of a single district.

It is important to note that there are numerous statutes, which specifically identify regional councils as having a specific function and role in various activities. These include:
- Biosecurity Act 1993
- Civil Defence Emergency Management Act 2002
- Hawke’s Bay Endowment Land Empowering Act 2002
- Land Drainage Act 1908
- Land Transport Management Act 2003
- Local Electoral Act 2001 and Regulations
- Local Government Act 2002
- Local Government (Rating) Act 2002
- Maritime Transport Act 1994
- Resource Management Act 1991
- Soil Conservation and Rivers Control Act 1941

These statutes have, to date, principally directed and determined the responsibilities and activities of the Council.

Hawke’s Bay Regional Council is this region’s environmental management authority. We are all about the wise use of Hawke’s Bay’s natural resources, now and for generations to come.

We are also all about the people of this region, employing our own passionate team of around 220 people who live all over Hawke’s Bay and take pride in the work we do on your behalf.

As an organisation, Hawke’s Bay Regional Council is:
- Outcome and result focused
- Agile and forward looking
- Open out outward facing
- Data driven and science informed
- In tune with the community we serve
- Committed to continuous improvement
- An employer of choice
- Committed to health and safety
- Passionate about our work

The boundaries of a region are generally based on river catchments, while district and city council territories are based on population and communities of interest.

The Regional Council has historically, and through legislative direction, concentrated more on the ‘natural environment’ - water, air, land, the coast - with a long-term view to make sure these are used sustainably, and are just as available and just as good (if not better) in the future as they are today.

The Resource Management Act 1991 is one of the principal Acts behind the work of regional councils and many of our activities are aimed primarily at benefiting the environment.

We also have responsibility for functions that are more appropriately carried out on a regional basis such as economic development, land transport planning, river control and land drainage, and plant and animal pest control.
Organisation and Structure

Hawke’s Bay Regional Council is supported by a professional corporate organisation, led by the Chief Executive. Officers provide Council with policy advice and are responsible for implementing Council’s policies to achieve the results Council wants.

The organisation is structured under eight Groups, each headed by a member of the Executive Leadership Team.

The Executive Team considers organisation-wide issues and provides a key linkage between Councillors and staff. They ensure what is undertaken within the Groups is consistent with Council’s goals and objectives in the Strategic, Long Term and Annual plans.

The elected members and Council staff work together at different levels to decide what activities should be carried out to achieve the community’s vision and goals, and to plan how they can best be undertaken. This takes place within a framework of competing priorities, timeframes, resources, decisions of Council, and within the overall goal of growing and developing the region in a sustainable environmental, social, cultural and economic context.

Governance

Elected members govern the Hawke’s Bay region, collectively exercising the powers, duties, authorities and responsibilities vested in the Council by the Local Government Act, Resource Management Act and other Acts.

Individual members do not have any specific authority to act or make decisions as individuals, and actions of Councillors are covered by an adopted Code of Conduct.

The purpose of the Councillor’s role is to represent the interests of all communities in the Hawke’s Bay region, ensuring ongoing community and economic development, the effective stewardship of existing assets, sustainable management of the environment, and the prudent management of the Council’s financial resources.

In order to facilitate decision making and discharge Council’s governance responsibilities, the Council reviewed its committee structure following the October 2016 elections and established the Committee structure currently in place.
The Long Term Plan (LTP) is a strategic planning document, adopted every three years, describing the community outcomes the Council aims to achieve and the activities it will fund and undertake to achieve those outcomes over a ten year period.

The LTP is part of the broader planning cycle, including an Annual Plan which is prepared in intervening years to set the budget and sources of funding for that year. Hawke’s Bay Regional Council is also required by law to prepare a number of statutory planning documents, under various pieces of legislation, including the Local Government Act 2002, Resource Management Act 1991, Biosecurity Act 1993, Civil Defence Emergency Management Act 2002, and the Land Transport Management Act 2003.

The following have been identified as key Council planning purposes:

1. To assist Hawke’s Bay Regional Council’s role under the RMA by setting out a policy framework for managing natural and physical resource use in an integrated manner across the whole of the region (the regional policy statement), and regional planning provisions applicable for the region, excluding the coastal environment.

2. To assist Hawke’s Bay Regional Council’s role under the RMA of promoting the sustainable management of natural and physical resources within the coastal environment, including the coastal marine area.

3. Provides the framework for managing defined pests in the region and sets out objectives Council wishes to achieve.

4. To guide and inform the agencies involved in CDEM (local government, emergency services, non-government organisations). It also gives the Hawke’s Bay community an overview of how hazards and risks in the region will be managed and well as what individuals and communities can do to prepare.

5. The Regional Land Transport Plan sets out the region’s land transport objectives, policies and measures for a ten year period. It includes the region’s funding application to the New Zealand Transport Agency for local road and state highway maintenance and improvements, public transport, walking and cycling, road safety education, transport planning and other activities.

6. The Regional Public Transport Plan sets out which public transport services are integral to the region’s network. The Plan is also a statement of policies and procedures that apply to the public transport services provided in the region, and describes how they will be managed.

The LTP is in effect from July 2018. Amended in 2019 this plan, which includes the Annual Plan 2018-19, includes information on Council’s policies, actions and funding that are to be undertaken over the ten years of the planning period. This Plan includes community outcomes, policies and statements required by the Local Government Act 2002.

Local Government Act 2002

2018-28 LONG TERM PLAN (LTP)

In effect from July 2018. Amended in 2019 this plan, which includes the Annual Plan 2018-19, includes information on Council’s policies, actions and funding that are to be undertaken over the ten years of the planning period. This Plan includes community outcomes, policies and statements required by the Local Government Act 2002.

ANNUAL REPORT YEAR END 30 JUNE 2018

In effect from November 2018.

This report compares actual performance with proposed performance set out in Council’s planning documents, and contains audited financial statements, set of accounts, and annual financial reports which assess Council’s financial performance against budget.

ASSET MANAGEMENT PLANS

Operative 2018

These plans focus on the management of flood control and drainage scheme assets; the level of service they provide; and their improvements and replacement. There are 3 plans for Council’s flood and drainage schemes, and these are updated regularly.

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HBRC SIGNIFICANCE & ENGAGEMENT POLICY
Adopted by Council resolution 27 June 2018
This policy:
• Enables Council and our communities to identify the degree of significance attached to particular issues, proposals, assets, decisions and activities
• Provides clarity about how and when communities can expect to be engaged in decisions made by Council
• Informs Council from the beginning of a decision-making process about the extent, form and type of engagement required.

TRIENNIAL AGREEMENT
Adopted by Council resolution 22 February 2017
To be revised before 1 March 2020
This agreement promotes cooperation between local authorities for communication and coordination, also to avoid duplication when engaging communities and exercising general empowerment.

NAVIGATION SAFETY BYLAWS
In effect from September 2018
The Navigation Safety Bylaws 2018 provide for Council to regulate or control navigation of vessels in the navigable waters within its region out to the 12 mile limit and also to regulate related activities for the purpose of safety, such as the mandatory carriage of lifejackets. In addition, the bylaws enable certain areas to be reserved for certain activities in the interest of separating conflicting recreational activities.

HBRC 2017-21 STRATEGIC PLAN
Adopted August 2017
To describe the vision, purpose, focus areas, values and intended approaches for the Council’s operations over the next 5 years.

Councillor Representation
Community Input
Statutory Documents
Review Initiatives
Strategic Plan
Community Outcomes
Long Term Plan: (10 Year Plan)
Annual Report
Annual Plan

Financial Information
This section includes the Council’s Financial Strategy and key financial statements for the Regional Council.
We have included sources of operating and capital funding, and how this funding is applied. These statements also show the Regional Council’s financial position and compliance with financial benchmarks. One key variance in this year’s Annual Plan figures - compared to other years - is the assumptions on the Napier Port capital transaction, the associated revenue and capital release.
Financial Strategy and Performance

The Financial Strategy adopted in the 2018-2028 Long Term Plan signals a step-change in Regional Council activity, particularly in the areas of land and water to achieve real results on-the-ground at a regional pace and scale.

This supports the goals set out in the 2017-2021 Strategic Plan in the focus areas of Land, Water, Biodiversity, Infrastructure and Services.

The Financial Strategy shows the financial levers available to the Regional Council to accelerate and up-scale activity and influence behavioural changes to achieve these goals. We have deliberately front-loaded the current incremental activity for greater impact sooner.

Key levers include the Regional Council’s funding mix - fees and charges, investment income, debt, external grant funding and rates. We have also adjusted the balance of incentives and regulation, increased internal capacity, and operating and capital expenditure.

This Financial Strategy includes an increase in debt funding for long-term projects that provide intergenerational benefits. This includes projected new borrowing of $71 million over ten years with a total outstanding loan balance of $38 million by the end of the 2018-20 Long Term Plan period, after repayments.

There are a range of interventions available to the Council to achieve its goals and objectives. Council always considers the best mix of these to get results within a desired timeframe. This does not mean that it will always take the lead on an issue. A regional leadership role means proactively identifying regional issues and working with others to deal with these. Leveraging funding from external parties or agencies is a key strategy within the existing delivery model. When working in partnership greater flexibility can be required for delivery timeframes.

During the 2018-19 financial year considerable additional funding has been secured and is expected to continue, for example funding received from the Provincial Growth Fund for freshwater security projects, LINZ for Lidar and NZTA for transport projects.

Key Port Statistics (FY2018)

<table>
<thead>
<tr>
<th>Key Port Statistics (FY2018)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>5 million tonnes of cargo handled</td>
<td>3 million tonnes of bulk cargo handled</td>
</tr>
<tr>
<td>$92 million total revenue in 2018</td>
<td>260,000 TEU of containers handled</td>
</tr>
<tr>
<td>$37 million Pro formula EBITDA</td>
<td>&gt;280 number of employees</td>
</tr>
</tbody>
</table>

Napier Port Transaction

A significant financial lever the Council has recently pulled is to introduce new capital, via an IPO, to the Port of Napier Limited (Napier Port) to fund the Port’s growth and release capital for the Hawke’s Bay Regional Council.

This decision followed an extensive community consultation around four options for the funding of significant investment in Napier Port. The Regional Council’s preferred option was to offer shares to the public in an up to 49% stake in the Port via an Initial Public Offering (IPO) on the New Zealand Stock Exchange (NZX). Council’s objectives for the funding were:

- Retain majority community ownership of Napier Port
- Secure the investment Napier Port requires (for a new wharf and other capital items)
- Protect ratepayers from the costs of funding the development
- Diversify and de-risk the Council’s investments to better protect ratepayers
- Retain exposure to the future financial performance of a growing strategic asset

A final decision of Council was made on 26 June 2019 to proceed with a 45% IPO of shares in the Port.

This 45% IPO of Napier Port will deliver the funds needed to enable the Port to invest in future growth, while protecting ratepayers from the costs, diversifying the Regional Council’s income streams and maintaining majority ownership and control.

The IPO will be conducted by newly-formed Napier Port Holdings Limited as the entity that will prepare and lodge the product disclosure statement setting out the details of the IPO, offer the shares under the IPO, become the entity listed on NZX and be the parent company of Napier Port.

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### Funding Impact Statement

This table contains the Regional Council’s sources of funding and how we plan to apply it.

<table>
<thead>
<tr>
<th>Sources of operating funding</th>
<th>Actual 2016/17 ($’000)</th>
<th>Actual 2017/18 ($’000)</th>
<th>Forecast 2018/19 ($’000)</th>
<th>Ann Pln 2019/20 ($’000)</th>
<th>LTP 2020/21 ($’000)</th>
<th>LTP 2021/22 ($’000)</th>
<th>LTP 2022/23 ($’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>General rates &amp; uniform annual general charges</td>
<td>3,358</td>
<td>4,528</td>
<td>6,952</td>
<td>8,427</td>
<td>9,393</td>
<td>9,714</td>
<td>10,230</td>
</tr>
<tr>
<td>Targeted rates</td>
<td>14,303</td>
<td>14,947</td>
<td>15,877</td>
<td>16,215</td>
<td>17,042</td>
<td>17,553</td>
<td>17,939</td>
</tr>
<tr>
<td>Subsidies &amp; grants for operating purposes</td>
<td>4,710</td>
<td>4,972</td>
<td>5,910</td>
<td>5,551</td>
<td>5,481</td>
<td>5,345</td>
<td>5,102</td>
</tr>
<tr>
<td>Fees &amp; charges</td>
<td>6,532</td>
<td>6,548</td>
<td>7,106</td>
<td>10,719</td>
<td>10,729</td>
<td>10,729</td>
<td>10,957</td>
</tr>
<tr>
<td>Interest &amp; dividends from investments</td>
<td>11,246</td>
<td>13,201</td>
<td>13,201</td>
<td>15,812</td>
<td>15,808</td>
<td>15,479</td>
<td>15,251</td>
</tr>
<tr>
<td>Fines, infringement fees &amp; other receipts</td>
<td>3,715</td>
<td>3,272</td>
<td>3,237</td>
<td>3,794</td>
<td>3,395</td>
<td>3,196</td>
<td>3,114</td>
</tr>
<tr>
<td>Total operating funding</td>
<td>43,913</td>
<td>46,453</td>
<td>51,424</td>
<td>140,533</td>
<td>58,857</td>
<td>60,447</td>
<td>60,291</td>
</tr>
</tbody>
</table>

| Applications of operating funding | Payments to staff & suppliers | 40,360 | 41,317 | 44,332 | 50,350 | 47,238 | 47,454 | 48,459 |
| | Finance costs | 2,979 | 2,803 | 2,447 | 2,713 | 3,161 | 3,363 | 3,552 |
| | Other operating funding applications | - | - | - | - | - | - | - |
| Total applications of operating funding | 43,339 | 44,120 | 46,779 | 53,063 | 50,399 | 50,817 | 51,803 |

| Surplus / (deficit) of operating funding | 574 | 2,333 | 4,645 | 87,470 | 8,458 | 9,630 | 8,488 |

| Sources of capital funding | Subsidies & grants for capital purposes | 843 | 411 | 1,882 | 2,314 | 2,626 | 3,134 | 3,204 |
| | Development & financial contributions | - | - | - | - | - | - | - |
| | Increase / (decrease) in debt | 280 | 160 | 2,758 | 5,506 | 3,346 | 624 | 795 |
| | Gross proceeds from sale of assets | 7,191 | 5,954 | 1,006 | 795 | 483 | 1,443 | 374 |
| | Lump sum contributions | - | - | - | - | - | - | - |
| | Other dedicated capital funding | - | - | - | - | - | - | - |
| Total sources of capital funding | 8,314 | 6,525 | 5,646 | 8,616 | 5,401 | 4,373 | 4,373 |

| Applications of capital funding | Capital expenditure: | - to meet additional demand | 1,496 | 435 | 150 | 3,160 | 150 | 150 |
| | - to improve the level of service including freshwater storage | 2,964 | 1,457 | 3,260 | 5,084 | 2,158 | 3,456 |
| | - to replace existing assets | 3,192 | 3,423 | 6,139 | 8,277 | 4,079 | 2,816 | 2,483 |
| | Increase / (decrease) in reserves | (2,125) | (1,028) | (3,470) | 70,345 | (3,006) | 2,022 | 1,040 |
| | Increase / (decrease) in investments | 5,569 | 3,292 | 6,135 | 9,523 | 8,789 | 6,497 | 5,868 |
| Total application of capital funding | 3,466 | 4,058 | 1,230 | 31,825 | 4,858 | 5,319 | 7,201 |

| Surplus / (deficit) of capital funding | (794) | (3,233) | (4,541) | (79,419) | (6,498) | (5,550) | (2,483) |

**Funding balance**: (Note: The above 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.)
This table shows the way rating is broken down, and forecast year-on-year increases.

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Targeted Rates</td>
<td>12,545</td>
<td>14,393</td>
<td>14,947</td>
<td>15,877</td>
<td>16,415</td>
<td>17,543</td>
<td>17,932</td>
</tr>
<tr>
<td>Total Rates</td>
<td>16,805</td>
<td>17,655</td>
<td>19,475</td>
<td>22,219</td>
<td>24,642</td>
<td>25,415</td>
<td>27,307</td>
</tr>
</tbody>
</table>

Rate increases/(Decreases)

| General Rates | ↑ 5.1% | ↑ 3.9% | ↑ 4.7% | ↑ 3.1% | ↑ 2.4% | ↑ 2.6% | ↑ 2.9% | ↑ 5.3% |
| Total Targeted Rates | ↑ 5.8% | ↑ 4.5% | ↑ 6.2% | ↑ 2.1% | ↑ 5.1% | ↑ 3.0% | ↑ 2.2% |
| Total Rates | ↑ 5.1% | ↑ 10.3% | ↑ 17.3% | ↑ 7.9% | ↑ 3.9% | ↑ 3.7% | ↑ 3.3% |

The rate increases over the last five years have specifically enabled the Regional Council to accelerate our work on sustaining and enhancing natural resources, including water, land management and biodiversity. Alongside rate funding, we manage and optimise returns from the Hawke’s Bay Regional Investment Company’s (HBRIC Ltd) investment portfolio at a level that sustains a balanced operating budget.

Notes:
*The 2018/19 forecast is a best estimate at the time of preparation of these statements. These estimates were based on the best information available at the time the statements were prepared but may have material differences to the 2018/19 Annual Report once completed.

*This Pre-Election report is not separately audited, although much of the information has already been audited. The actual figures used for 2016/17 and 2017/18 are taken directly from the audited Annual Reports and 2020/21, 2021/22 & 2022/23 are taken from the audited 2018-19 LTP.
Financial Reporting Benchmarks

The following information shows the Regional Council’s planned financial performance relative to various benchmarks. This is to help you to assess whether the Regional Council is prudently managing its revenues, expenses, assets, liabilities and general financial dealings.

Rates Income Affordability
The graph below compares the Regional Council’s planned rates to a quantified limit on rates from the financial strategy. The quantified limit is that total rates revenue will not exceed 50% of the Regional Council’s annual revenue requirements.

Rates Increases Affordability
The following graph compares the Regional Council’s planned rates with a quantified limit on rates contained in the financial strategy. The quantified limit is that an increase in the annual rate revenue requirement will not exceed 8% of the Regional Council’s annual operating expenditure requirements.

Debt Affordability
Hawke’s Bay Regional Council meets the debt affordability benchmark if its planned borrowing is within each quantified limit of borrowing. The Financial Strategy sets out two quantified limits on borrowing:
- Net external debt as a percentage of total revenue must be less than 150%
- Net interest on external debt as a percentage of annual rates income must be less than 20%.

“The Financial Strategy adopted in the 2018-2028 Long Term Plan signals a step-change in Regional Council activity, particularly in the areas of land and water to achieve real results on-the-ground at a regional pace and scale.”
Local government elections are held every three years, with the next local election on 12 October 2019. This year’s election timeline is:

- **Candidate Nominations Open**
  19 July

- **Candidate Nominations Close**
  16 August

- **Postal Voting**
  20 September - 12 October

- **Results Announced**
  17 - 23 October

The Hawke’s Bay Region is made up of five constituencies, from which 9 councillors are elected as follows:

- 1 representative each, elected by voters in the Central Hawke’s Bay, Ngaruroro and Wairoa constituencies.
- 3 representatives each, elected by the voters in the Hastings and Napier constituencies.

You can gain a good understanding of our role and work by browsing our website [hbrc.govt.nz/our-council/elections/stand/](http://hbrc.govt.nz/our-council/elections/stand/)

For more info visit [hbrc.govt.nz](http://hbrc.govt.nz)